

Notice of Initial COBRA Rights (Effective January 1, 2026)

You are receiving this notice because you are eligible for and/or covered under the Arizona State Retirement System Health Plan (“ASRS Health Plan” or “Plan”). This notice summarizes your potential future options and obligations under the continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). Under COBRA, ASRS is required to offer the opportunity to certain covered individuals for a temporary extension of health coverage, called **continuation coverage**, at group rates when coverage under the Plan would otherwise end due to certain “Qualifying Events.” It is important that all covered individuals read this notice carefully and be familiar with its contents. This notice does not fully describe continuation coverage or other rights under the Plan. More complete information is available from ASRS and in the ASRS Health Plan Wrap Document.

Attention Retirees: When you retired, you (the Member) were offered a choice between electing a temporary continuation of your active group health coverage (“COBRA Continuation Coverage”) or electing retiree health coverage. As you elected retiree health coverage, you have no further COBRA continuation rights. However, your Dependent(s) may experience a COBRA Qualifying Event as described in this notice. COBRA continuation rights are only applicable due to a loss of coverage from an ASRS non-Medicare health plan or ASRS dental plan and do not extend to ASRS Medicare plan enrollees.

Alternatives to COBRA

Instead of enrolling in COBRA, there may be other health coverage alternatives available that can be purchased through the Health Insurance Marketplace. Also, in the Marketplace, there may be available tax credits that lower your monthly premiums for Marketplace-purchased coverage. Being eligible for COBRA does not limit eligibility for coverage for a tax credit. For more information about the Health Insurance Marketplace, visit www.healthcare.gov. Also, you or your Dependents may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse’s plan), if you request enrollment in that plan within 30 days, even if that plan generally does not accept late enrollees.

COBRA Qualifying Events

To be eligible to elect COBRA coverage, your **Dependent** must lose coverage from an **ASRS non-Medicare health plan or ASRS dental plan** due to any one of the following COBRA Qualifying Events:

COBRA Qualifying Event	Who May Purchase Continuation Coverage?	For How Long?
You become legally separated or divorced from your spouse	Eligible spouse and stepchildren (only step-children will lose coverage upon legal separation or divorce)	36 months
Your dependent child is no longer considered a Dependent under this Plan’s definition (e.g., he or she reaches the maximum age limit)*	Eligible dependent child	36 months

***Note:** When a dependent child who is covered turns 26 years old, they are no longer eligible to be covered under the ASRS plans and will be automatically terminated from coverage. There will not be any notification of this required change. To ensure that you are aware of upcoming changes, please keep track of your Dependents’ eligibility based on age.

Individuals seeking COBRA must notify the Plan Administrator in writing no later than 60 days from whichever date is later: the date of the COBRA Qualifying Event or the date on which health plan coverage would be lost because of the event. Notice may be provided by the Participant or Qualified Beneficiary with respect to the COBRA Qualifying Event, or any representative acting on behalf of the Participant or Qualified Beneficiary. Notice from one individual will satisfy the notice requirement for all related Qualified Beneficiaries affected by the same COBRA Qualifying Event. ***If this notification is not completed, then rights to COBRA continuation coverage will be forfeited.***

Once ASRS learns a qualifying event has occurred, it will notify all qualified beneficiaries of their right to elect continuation coverage. Each qualified beneficiary has independent COBRA election rights and will have 60 days to elect continuation coverage. The 60-day election period is measured from the later of the date health plan coverage is lost due to the event or from the date of COBRA notification, unless the Plan provides an extension of the election period beyond that required by law. ***If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end.***

Qualified beneficiaries do not have to show they are insurable to elect COBRA; however, they must have been actually covered by the Plan for at least one day prior to the Qualifying Event to be eligible for COBRA. A qualified beneficiary participating in COBRA has the same rights as an active participant to add dependents to the Plan. For example, a child who becomes a Dependent by birth, adoption, or placement for adoption to someone

enrolled under COBRA is also a Qualified Beneficiary. ASRS reserves the right to verify COBRA eligibility status and terminate continuation coverage retroactively if you are determined to be ineligible or if there has been a material misrepresentation of the facts.

Payment for COBRA Coverage

When your Dependents become entitled to COBRA coverage, the Plan Administrator, or its contracted COBRA Administration vendor, will provide notice regarding the COBRA premium amounts. Those who continue coverage under COBRA are responsible for the entire cost of COBRA coverage and pay for the coverage on a monthly basis. The cost of COBRA is up to 102% of the Plan's cost.

If your Dependents elect COBRA coverage, no payment needs to be sent along with the Election Form. However, the first COBRA payment must be sent to the Plan Administrator, or its contracted COBRA Administration vendor, not later than 45 days after the date of the COBRA election (which is the date the Election Notice is post-marked, if mailed). If the first payment for COBRA is not paid in full within 45 days after the date of the COBRA election, all continuation coverage rights under the Plan will be lost.

Early Termination of COBRA Coverage

COBRA coverage will terminate on the last day of the maximum period of coverage unless it is cut short for any of the following reasons:

- The first date of the time period for which COBRA premiums are not paid within the required timeframe after electing COBRA.
- The date, after the date of the COBRA election, in which your Dependent(s) first become covered by another group health Plan.
- The date, after the date of the COBRA election, on which your Dependent(s) first become entitled to Medicare (usually age 65); or
- The date the Plan terminates its group health plan and no longer provides group health insurance coverage to its Members.

The Plan Administrator, or its contracted COBRA Administration vendor, will notify the Qualified Beneficiary(ies) if COBRA coverage terminates earlier than the end of the maximum period of coverage applicable to the COBRA Qualifying Event that entitled the Qualified Beneficiary(ies) to COBRA coverage. This written notice will explain the reason COBRA terminated earlier than the maximum period, the date COBRA coverage terminated and any rights the Qualified Beneficiary(ies) may have under the Plan to elect alternate or conversion coverage. The notice will be provided as soon as practicable after the Plan Administrator, or its contracted COBRA Administration vendor, determines that COBRA coverage will terminate early.

COBRA and Medicare

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an 8-month special enrollment period to sign up for Medicare Part A or B, beginning on the earlier of:

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA continuation coverage will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare. For more information visit <https://www.medicare.gov/medicare-and-you>.

More Information

For more information on general Plan terms or COBRA, contact the Plan Administrator:

Arizona State Retirement System
602-240-2000 Phoenix Area
800-621-3778 Out-of-Area
AzASRS.gov

Mailing Address:
Arizona State Retirement System
P.O. Box 33910
Phoenix, AZ 85067-3910

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit www.HealthCare.gov.

Language Assistance

If you are not proficient in English and have questions about this notice, contact the Plan Administrator to find out if assistance is available.

- SPANISH (Español): Para obtener asistencia en Español, llame al 800-621-3778.
- TAGALOG (Tagalog): Kung kailangan niyo ang tulong sa Tagalog tumawag sa 800-621-3778.
- CHINESE (中文): 如果需要中文的帮助, 请拨打这个号码 800-621-3778.
- NAVAJO (Dine): Dinek'ehgo shika at'ohwol ninisingo, kwijigo holne' 800-621-3778.