

## **Important Notice Group Health Continuation Coverage Under COBRA**

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires The Walt Disney Company to offer employees and their families the opportunity to temporarily continue their group health coverage under the Disney Group Health Plan (the Plan) in certain instances where coverage under the Plan would otherwise end.

This notice contains important information about your right to COBRA continuation coverage. **It generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.** When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.

This is only a summary of your COBRA continuation coverage rights. For additional information about your rights and obligations under the Plan and federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator.

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

### **COBRA Qualifying Events**

If a qualifying event (as specified below) occurs, COBRA continuation coverage must be offered to each "qualified beneficiary." You, your spouse and your dependent children, who are covered under the Plan on the day before the qualifying event, could become qualified beneficiaries if coverage under the Plan is lost due to the qualifying event.

### **Employee**

If you are an employee covered by the Plan, you will become a qualified beneficiary and have the right to elect COBRA continuation coverage if you lose your group health coverage due to any of the following qualifying events:

- Termination of your employment for any reason other than your gross misconduct.
- A reduction in your hours of employment.

### **Spouse**

If you are the spouse of an employee and are covered by the Plan you will become a qualified beneficiary and have the right to elect COBRA continuation coverage for yourself if you lose your group health coverage due to any of the following qualifying events:

- The death of your spouse.
- The termination of your spouse's employment for any reason other than gross misconduct.
- A reduction in your spouse's hours of employment.
- Divorce or legal separation from your spouse.
- Your spouse becomes entitled to Medicare (Part A, Part B, or both).

## **Dependent**

If a dependent child is covered by the Plan, he or she will become a qualified beneficiary and have the right to elect COBRA continuation coverage if group health coverage under the Plan is lost due to any of the following qualifying events:

- The death of the parent-employee
- The termination of the parent-employee's employment for any reason other than gross misconduct
- A reduction in the parent-employee's hours of employment
- Parent's divorce or legal separation
- The parent-employee becomes entitled to Medicare (Part A, Part B, or both)
- The dependent child ceases to be a "dependent child" under the terms of the Plan.

A child born to, adopted by or placed for adoption with the parent-employee during the period of COBRA continuation coverage would also be a qualified beneficiary and has the right to COBRA continuation coverage.

Retirees and spouses, surviving spouses and dependent children of retirees will become qualified beneficiaries and have the right to elect COBRA continuation coverage if their group health coverage is lost or substantially eliminated due to The Walt Disney Company filing a proceeding in bankruptcy under Title 11 of the United States Code.

## **Responsibilities Regarding COBRA Continuation Coverage**

To be entitled to COBRA continuation coverage, you, your spouse, or your dependents must notify the **Disney Benefits Center** within 60 days of the date on which any of the following qualifying events occur:

- Divorce
- Legal separation
- Child ceasing to be a dependent child under the terms of the Plan.

The Walt Disney Company must notify the **Disney Benefits Center** of the following qualifying events:

- Reduction in hours of employment
- Termination of employment
- Death of the employee
- Medicare entitlement (Part A, Part B or both).
- Commencement of a proceeding in bankruptcy with respect to the employer.

To notify the **Disney Benefits Center**, call **1-800-354-3970** Monday–Friday (excluding New York Stock Exchange holidays, except Good Friday) 8:30 a.m.– 8:30 p.m. ET (5:30 a.m.– 5:30 p.m. PT).

## **Electing COBRA Continuation Coverage**

Once the **Disney Benefits Center** is notified that a qualifying event has occurred, the **Disney Benefits Center** will notify you of your right to elect COBRA continuation coverage. You have 60 days from the later of the date your coverage ends or the date that you are notified of your right to COBRA continuation coverage to notify the **Disney Benefits Center** that you want to elect COBRA continuation coverage.

You do not have to show that you are insurable to elect COBRA continuation coverage.

Each qualified beneficiary has an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

If you elect COBRA continuation coverage, The Walt Disney Company is required to allow you to purchase coverage that is identical to the coverage being provided under the Plan to similarly-situated active employees or family members. If coverage under the Plan is modified for such similarly-situated individuals, your coverage will also be modified.

If you do not elect COBRA continuation coverage within the timeframe stated above, your Walt Disney Company group health coverage will end.

### **Length of the COBRA Continuation Period**

You, your covered spouse, and any dependent children will be entitled to COBRA continuation coverage for up to a maximum of:

- 18 months when the qualifying event is termination of employment (other than for gross misconduct) or reduction in hours of employment; or
- 36 months when the qualifying event is the death of the employee, divorce or legal separation, the employee's entitlement to Medicare (Part A, Part B, or both) or a dependent child ceasing to be a dependent under the Plan.

If the employee becomes entitled to Medicare before the date of his/her qualifying event, the employee's spouse and any dependent children are entitled to elect COBRA continuation coverage for up to the greater of 36 months from the date of Medicare entitlement, or 18 months from the date of the employee's qualifying event.

**Please Note:** Coverage under a health care flexible spending account may only be continued through the end of the plan year in which the qualifying event occurred.

### **Second Qualifying Event Extension**

The 18-month COBRA continuation period may be extended to 36 months for your spouse and dependent children who are qualified beneficiaries if a second qualifying event (death, divorce, legal separation, Medicare entitlement (Part A, Part B, or both) or a dependent child ceasing to be a dependent under the terms of the Plan) occurs during the 18-month COBRA continuation period. However, this extension will only be allowed if the second event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. To be granted an extension, the qualified beneficiary must notify the **Disney Benefits Center** within 60 days of the second qualifying event.

### **Disability Extension**

The 18-month COBRA continuation period may be extended to 29 months if a qualified beneficiary is determined by Social Security to be disabled at any time before the 60th day of the COBRA continuation period. This 11-month extension is available to all individuals who are qualified beneficiaries due to a termination or reduction in hours of employment. To be granted this extension, the qualified beneficiary must, within 60 days of the Social Security disability determination and before the end of the 18-month period, notify the **Disney Benefits Center** of such disability determination.

The disabled individual must also notify the **Disney Benefits Center** within 30 days of any final determination that such individual is no longer disabled.

To notify the **Disney Benefits Center**, call **1-800-354-3970** Monday–Friday (excluding New York Stock Exchange holidays, except Good Friday) 8:30 a.m.– 8:30 p.m. ET (5:30 a.m.– 5:30 p.m. PT).

### **Terminating Your COBRA Continuation Coverage**

The law provides that your COBRA continuation coverage may be terminated for any of the following reasons:

1. The Walt Disney Company no longer provides group health coverage to any of its employees.
2. You do not pay the premium for your COBRA continuation coverage on a timely basis, as required by the Plan.
3. After the date of your election, you become covered under another group health plan.
4. After the date of your election, you become entitled to Medicare (Part A, Part B, or both).
5. You extend coverage for up to 29 months due to your disability and there has been a final determination that you are no longer disabled.

**If your COBRA continuation coverage terminates for any reason, it cannot be reinstated.**

### **Cost of COBRA Continuation Coverage**

As allowed by federal law, you have to pay 102% of the applicable premium for your COBRA continuation coverage. This includes the full cost of coverage plus a 2% administration fee.

However, the cost of the 11-month disability extension will be 150% of the applicable premium if the disabled qualified beneficiary is covered or 102% of the applicable premium if only non-disabled qualified beneficiaries are covered.

At the end of the COBRA continuation period, you may be eligible to enroll in an individual conversion health plan subject to The Walt Disney Company health plan rules.

### **Address Changes**

To protect your family's rights, you should keep the appropriate parties informed of any changes in address, as follows:

- ◆ Employee address: If your address changes, you should notify The Walt Disney Company.
- ◆ Dependent address: If your spouse or dependent(s) change address (to an address other than your address), contact the **Disney Benefits Center** as shown below.

You should also keep a copy for your records of any notices you send to the **Disney Benefits Center** or to the Plan Administrator.

### **Are there other coverage options besides COBRA Continuation Coverage?**

Yes. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period". Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at [www.healthcare.gov](http://www.healthcare.gov).

### **Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?**

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<sup>1</sup> 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>.

## Contact Information

For more information about your COBRA continuation coverage rights, rights under the Plan, or if you want a copy of your Summary Plan Description, contact your Plan Administrator at: Disney Human Resources Strategies and Services, LLC, Enterprise Benefits Department, 500 South Buena Vista Street, Burbank, California 91521-7381. (818) 558-2014.

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 the EBSA Web site at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA offices are available through EBSA's Web site.) For more information about the Marketplace, visit [www.healthcare.gov](http://www.healthcare.gov).

If you have any questions about this notice or your COBRA rights, please contact the **Disney Benefits Center** at **1-800-354-3970** Monday–Friday (excluding New York Stock Exchange holidays, except Good Friday) 8:30 a.m.– 8:30 p.m. ET (5:30 a.m.– 5:30 p.m. PT). or write to the address shown below.

**Disney Benefits Center**  
**PO Box 770001**  
**Cincinnati, OH 45277-0020**

<sup>1</sup><https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>.