



# COBRA Administration

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- COBRA laws are constantly changing:
  - Regulations have changed more than three times since July 1, 2003
  - IRS and DOL are both entitled to enforceable interpretations
- Penalties are high:
  - ERISA fines up to \$110 per day of non-compliance
  - IRS excise taxes up to \$200 per day if dependents are involved
  - Payments of any unreimbursed medical claims
  - Attorney fees if litigation is involved



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- Do you have a COBRA Policies and Procedures Manual?
  - If you were audited by the IRS or the DOL one of the first items asked for is a COBRA policies and procedures manual
- Do you send written initial notification of COBRA rights and obligations to all of your active employees and their spouses, at their last known address, when they first become covered under your group health plan?
  - If you have not performed these mailings or cannot prove that you did, then you can be held liable for penalties including the payment of otherwise uncovered medical claims
- Do you have trained staff available to answer COBRA questions?
  - Any inaccurate or inconsistent information you offer can result in liability and possible litigation



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- If you ever refused a late COBRA election or payment, could you prove it was late?
  - By not documenting late payments you are creating a precedent which can result in additional claims liability
- Do you have a disaster recovery plan that allows you access to your system and documentation following a fire, flood, or system crash?
  - It is imperative that you can produce documentation for your process and procedures as well as documents relating to your COBRA population
- The burden of proof falls on you, the employer



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- Outsourcing COBRA administration will accomplish the following:
  - Reduce your administrative burden
  - Reduce your liability
  - Save your Human Resource/Payroll Department time and money
  - Provide fast and accurate information on your COBRA population
  - Provide better management information



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- Services include:
  - We send initial notifications of COBRA rights and obligations
  - We send COBRA qualifying event notices, within federally required time guidelines, including conversion notifications and COBRA extensions
  - COBRA elections come directly to our office
  - We deal directly with your COBRA continuants
  - We adjudicate eligibility fairly and consistently
  - We do monthly COBRA continuant billing
  - We collect COBRA premiums
  - You receive monthly premium and participant update reports
  - We retain proof of all critical transactions to demonstrate compliance
  - We send HIPAA certificates of creditable coverage when COBRA coverage is lost, if current insurance carrier is not doing so
  - We provide customer service support Monday through Friday, standard business hours
  - Communication via the internet is available 24/7
  - All system data is backed up each business day
  - Data can be transmitted electronically or in paper format
  - All required notice and election forms, and informational material, are provided for your support staff



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- Base Services
  - Processing of COBRA elections
  - Monthly Billing and Collection
  - Monthly Transaction Reports
  - Maintenance and Storage of Data
  - Customer Service Support
  - Compliance Updates
  - Notices/Enrollment Forms
- Notification Service
  - Initial Notice to all Original Active Participants
  - Initial Notice to all Newly Hired Employees
- Initial Set-Up Services
  - Plan Set-Up
  - Review/Audit of current policies and procedures
- Renewal Plan Years
  - Notify COBRA participants of benefit/rate changes
- Fees:
  - Base Services: \$1.25 per employee per month
  - Notification Service: \$3.00 per employee
  - Initial Set-Up Service: Fee determined by the number of active employees
  - Renewal Plan Years: Fee determined by the number of active employees



# J. Peat & Associates, Inc.

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J. Peat & Associates was formed in 1994. We currently provide insurance benefits and administrative services to thousands of employees covering professional associations, private employers, unions and municipalities. We guarantee customized solutions and personal service to all of our clients, ensuring that you will receive the most appropriate program at inception and continual support and advice that will exceed your expectations. Some of our services include:

- COBRA Administration
- HSA Administration
- HRA Administration
- Key Executive Reimbursement
- Flexible Spending Administration
- Section 132 Transit Reimbursement
- Adoption Assistance Programs