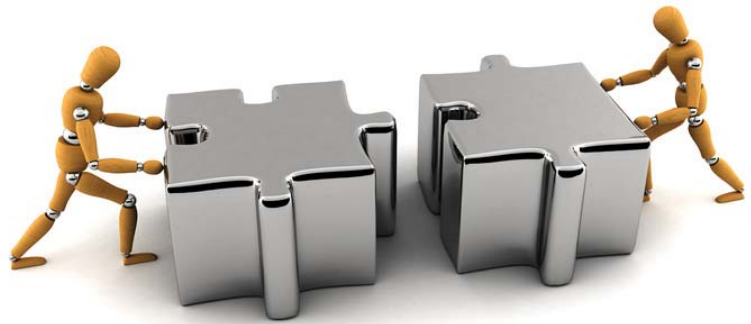


# COBRA Administrative Services

EBS-RMSCO, Inc. is a comprehensive employee benefits consulting, administration and risk management firm. Established in 1974, EBS-RMSCO provides innovative benefit solutions to several thousand clients throughout the United States.



## *Complete Confidence through compliance services*

COBRA compliance is a tough task for employers. EBS-RMSCO has been offering COBRA administrative services to our clients since 1986 when the law became effective. Our COBRA notification services are organized to simplify your COBRA administration.

## COBRA Overview

*COBRA Defined-* It is a federal law known as COBRA (Consolidated Omnibus Budget Reconciliation Act) that requires employers to offer continuing health coverage to employees, dependents, retirees, spouses, and former spouses who lose coverage due to a qualifying event.



*Employer Groups Subject to COBRA-* COBRA applies to most employer group health plans but not to all. It does not apply to plans of employers with fewer than 20 employees or to church plans, although many plans are subject to State insurance laws. This is similar to COBRA called continuation of coverage rights.

### *Health Care Plans Subject to COBRA*

- Medical (including mental care, drug and alcohol treatment plans)
- Dental plans, vision plans, and prescription drug plans
- Drug and alcohol treatment plans
- Employee Assistance Plans that provide medical care (for example, psychological counseling).
- On-site health care, including discounts or free medical services or medical personnel providing free non-occupational treatment
- Wellness Programs
- Section 125 medical flexible spending and Section 105 health reimbursement accounts

### *Who is a Qualified Beneficiary?*

- Covered employees, (but only if, on the day before a qualifying event, they are covered under a plan by virtue of being a covered employee and only as to the qualifying event of termination of employment or reduction of hours)
- Spouses and dependent children of covered employees (but only if, on the day before a qualifying event, they are covered under a plan by virtue of being a covered employee's spouse or dependent child)
- Children born to or adopted by a covered employee during a period of COBRA continuation coverage

## COBRA Overview

### *Duration of COBRA*

#### **18 Month Events**

- Termination – Voluntary or involuntary termination, including retirement, for reasons other than "gross misconduct"
- Reduction in hours to below minimum required to participate in the plan
- Changes to part-time, strikes, leaves of absence

#### **36 Month Events**

- Employee's death
- Employee's entitlement to Medicare
- Divorce or legal separation from a covered employee
- Loss of dependent status under a plan provision

#### **Extension Events**

- Multiple qualifying events
- Medicare entitlement within 18 months by termination of employment or reduction in hours
- Disability (29 month rule)
- Optional extension of notice period with resulting mandatory extension of coverage period
- Special bankruptcy



### *ARE YOU IN COMPLIANCE?*

Before you can administer your own COBRA you must understand the contents. The law has numerous time frames that need to be monitored and reviewed for compliance. Are you aware of them all?

- Is first class mail still okay for the qualifying event notice?
- A qualified beneficiary has reached the end of their 36 months of required COBRA continuation coverage. They are 64 and three-quarters. Are you required to keep them covered till 65?
- An employee terminates at age 64. We offered him and his spouse 18 months of COBRA. 12 months later, at age 65 he became entitled to Medicare. What happens to the COBRA?
- Are you required to notify qualified beneficiary that COBRA coverage is ending?
- Can you define gross misconduct?
- Do you provide coverage for cafeteria plans and FSA's?
- Do you know how to coordinate Medicare entitlement and COBRA?
- Do you work with COBRA frequently enough to feel 100% sure with the technicalities?

## COBRA Overview

**Administratively**, your COBRA responsibilities begin with an initial COBRA notification to covered employees and dependents, and continue with activities such as:

- Qualifying event-related COBRA notification
- Notifying COBRA participants after 60 days expires
- Enrolling a participant
- Confirmation of enrollment to participant and employer
- Mailing invoices to participant for premiums
- Applying payments to participant's accounts
- Notifying participants of partial payments
- Terminating participants for non-payment, mailing notices to participants and employer
- Terminating at requests of participant
- Updating groups' file at renewal time
- Updating new insurance coverage
- Notifying participants of change in rates
- Notifying participants when eligibility ends
- Notifying participants dependents when maximum age reached
- Notifying participants of change in coverage
- Grace period notifications if employer chooses
- Notifying participant's for non-sufficient funds
- Tracking extension of COBRA due to disabilities
- Notifying of conversion rights
- Notifying participants of second qualifying event



*Without proof of compliance, you could be liable for ERISA fines (up to \$100 per employee per day of non-compliance) and IRS Excise taxes (up to \$200 per employee per day). In addition, legal fees and retro-active claim payments can add to your expenses*

***EBS-RMSCO's COBRA administration service is a cost-effective and time-effective alternative to wrestling with the COBRA headache yourself. Not to mention the peace of mind which comes from knowing that every COBRA requirement is met.***



## COBRA Overview

### *ADMINISTRATIVE PROCESSES*

- Employer group provides PA Chamber Insurance with group information and benefit plans
- All data is loaded in to EBS-RMSCO's administrative system
- All current continuees are loaded and billing invoices are generated
- Participants that need to be notified are mailed, faxed, or emailed to PA Chamber Insurance
- Notifications are sent to qualified beneficiaries
- If qualified beneficiary enrolls, EBS-RMSCO sends reinstatement and application to appropriate carriers
- When qualified beneficiary enrolls, EBS-RMSCO mails billing invoices to subscriber
- Subscriber mails monthly payment to EBS-RMSCO
- EBS-RMSCO disburses twice a month payments back to employer or can send to the Carriers
- Once a year EBS-RMSCO loads all new rates or any other changes
- Keep Employers updated with the latest laws and requirements

### *REPORTING*

A variety of reports on specific data are provided, including on-demand web based reporting

#### **Financial Reporting**

- \*Monthly Invoicing
- \*Bi-Monthly Disbursements
- \*Payment Posting Logs
- \*Billing History
- \*Administrative Detail
- \*Partial Payments
- \*Payment Detail

#### **Administrative Reporting**

- \*Notified Participants
- \*Enrolled Participants
- \*Census Reports
- \*Coverage Reports
- \*Premium Detail
- \*Division Reports
- \*Terminated Participants

### *CORRESPONDENCE*

Proper documentation and reporting is the key in administering COBRA

**COBRA Election Notice:** One of the key letters in this program

Besides the notification the following is a list of other correspondence:

- \*Reinstatements
- \*Non-sufficient funds notices
- \*Coverage changes
- \*Conversions
- \*Rate change notices
- \*Terminations
- \*Second qualifying event notices
- \*Partial Payment/Billing Invoices