



BASIC COBRA Administration



Technology Driven HR Solutions to Take Your Company Further

Suite of HR Benefits, Payroll and Leave Management, and Compliance solutions offered individually or bundled.



HR Solutions should be simple. **Keep it BASIC.**

What Is COBRA?



- COBRA - Consolidated Omnibus Budget Reconciliation Act
- Provides continuation of existing group health coverage for qualifying employees, covered spouses and covered dependents
- Shift healthcare cost from public sector to the private sector
- Main intent to reduce healthcare premiums and lost tax revenues by reducing the number of uninsured medical expenses

➤ Who Must Comply With COBRA?

- All employers with over 20 full-time equivalent employees on more than 50% of their typical business days in the preceding calendar year
- Common Ownership (including outside of the United States)
- Exceptions
 - Small employer plans, government plans, church plans



➤ Qualified Beneficiaries

- Qualified beneficiaries have the same rights, under the same terms and conditions, as a similarly situated non-COBRA beneficiary (e.g., active employee)
- Qualified beneficiaries have independent election rights
- Qualified beneficiaries must be covered under the plan on the day before the Qualifying Event



➤ Common COBRA Mistake: Assuming COBRA Does Not Apply To All Group Health Plans

Eligible

- Medical
- Dental
- Vision
- Prescription
- Health FSA
- HRA
- Certain EAPs

Not Eligible

- Dependent Care FSA
- HSA
- LTD
- STD
- Life Insurance

➤ Common COBRA Mistake: Failing to Recognize Certain Qualifying Events

- Termination from employment (Voluntary or involuntary)
 - Gross misconduct exception
- Reduction of employee's hours
 - Change in premium arrangement
- Death of employee
- Divorce or legal separation
 - Removals in anticipation of the event
- Dependent child ceasing to be a dependent
- Medicare Entitlement
- Leave related events
 - FMLA events
 - Non-FMLA events

➤ Common COBRA Mistake: Failing to Provide COBRA Notices

General Notice - Informs employees of their COBRA rights and responsibilities

- Needs to be postmarked within 90 days from enrollment in the new plan

Qualifying Event Notice - Informs all qualified beneficiaries of their right to continue health insurance under COBRA

- First class mail with certificate of mailing
- Needs to be postmarked within 44 days from a qualifying event
- Typically includes COBRA election form

➤ Additional Notices

- Insufficient Funds Notice
- Premium Shortage Letter
- Premium Grace Letter
- Conversion Notice
- Plan Change Notification
- Termination Notice

Optional but helpful

- Payment Coupons
- Open Enrollment Notifications



➤ TAMRA – COBRA Best Practice

- Training for the individuals responsible for COBRA compliance
- Written instructions for administering COBRA
- The plan is designed and updated based on competent professional advice
- The plan is monitored by independent auditors

➤ Consequences of Failing to Comply With COBRA

- IRS excise taxes of \$200/day
- Statutory penalties of \$110/day
- Qualified beneficiaries can sue to recover COBRA coverage
 - Claims may not be covered by plan or stop-loss policy
- Courts may impose “other equitable relief”
- Attorney fees imposed if plaintiff is successful in court

➤ Why Outsource COBRA?

1. It's easy for an employer to unintentionally fall out of compliance
2. It's time consuming if administered correctly
3. Administrators take the majority of liability off of employers
4. Administrators can serve as a buffer between the employer and former workers

One of the most
commonly outsourced
HR functions

➤ “Free” COBRA? Things to Consider/Ask

- Do they take on liability for the proper administration of COBRA?
- Do they handle all COBRA notices?
- Do they handle all plans under COBRA (e.g., dental, vision, etc. and not just medical)?
- If they handle plans outside of medical, do they include this or charge extra?
- Also, you may want to consider how often you change carriers (and therefore starting the process over).

➤ Why BASIC COBRA?

- BASIC handles ALL aspects of COBRA so that employers do not have to worry about making these common mistakes
 - All notices – notifications sent proof of mailing
 - All plans subject to COBRA
 - Maintain timeframes (notices, premium payments, etc.)
- Since 1995, BASIC has developed the best practices for COBRA, ensuring consistent and reliable compliance
- We indemnify our clients and assume financial liability for our errors
- We exceed DOL notification timeframe guidelines

➤ Why BASIC COBRA?

- Clients don't have to worry about changing carriers
- Dedicated Account Manager
 - COBRA compliance certified
- Premium billing and collection from participants
- Portal is available 24/7/365
 - Online payment options
 - Download notices & reports



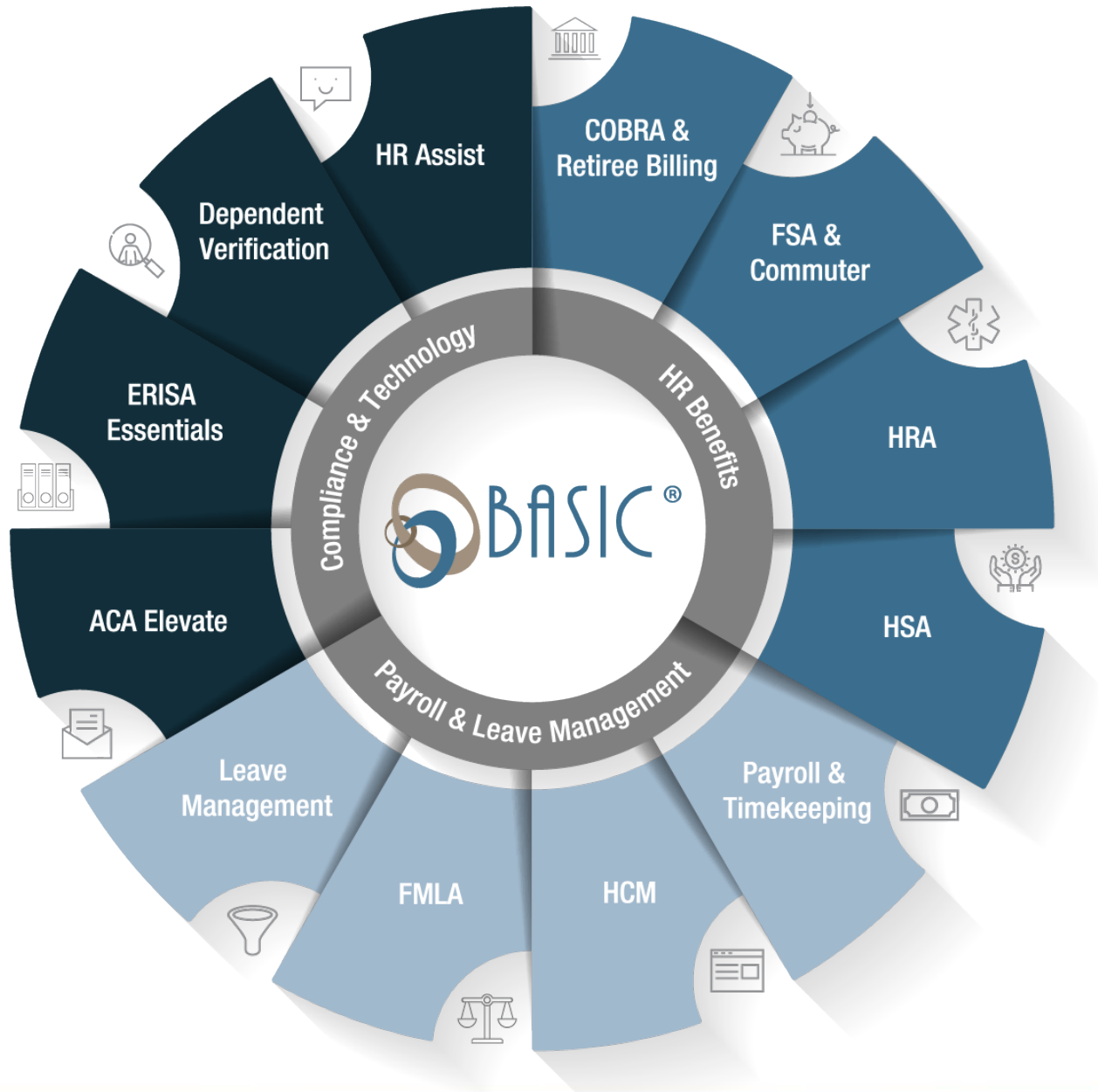
➤ BASIC COBRA Optional Services

- Carrier connection
 - Notify carriers of reinstatement, termination or nonpayment
 - Taking the full administration off your hands
- Carrier payments (requirements apply)
- Open enrollment
 - Mail open enroll packets to COBRA participants
- EDI Connectivity



QUESTIONS





Request a Proposal

For you or your client at this link:

<https://www.basiconline.com/request-a-proposal/>

BASIC Sales
888-602-2742

HR Solutions should be simple. **Keep it BASIC.**

THANK YOU

View our current webinar schedule at
www.basiconline.com/webinar.



Disclaimer

This presentation is designed to provide accurate information in regard to the subject matter covered. It is provided with the understanding that BASIC is not engaged in rendering legal or other professional services. If legal advice or other expert assistance is required, the services of a competent attorney or other professional person should be sought. Due to the numerous factual issues which arise in any human resource or employment question, each specific matter should be discussed with your attorney.