



➤ July 18, 2023

Peace of Mind COBRA Compliance



Presentation By:
Maren Thompson
Regional Director

Before We Begin



We are recording today's webinar



Submit your questions at any time



Please complete the exit survey

Coast to Coast Administration



**BASIC services over
20,000 employers
nationwide.**



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.**

➤ Presenter



Maren Thompson

Maren is a Regional Director at BASIC, serving businesses from the West Coast to Montana. With nearly a decade of experience in account management, combined with her industry expertise, Maren has proven to be a valuable ally for brokers and their diverse portfolios of clients. After five years with BASIC, Maren has quickly developed lasting relationships with broker partners to ensure their clients have the best benefits administration and compliance solutions possible.

COBRA - Consolidated Omnibus Budget Reconciliation Act of 1985



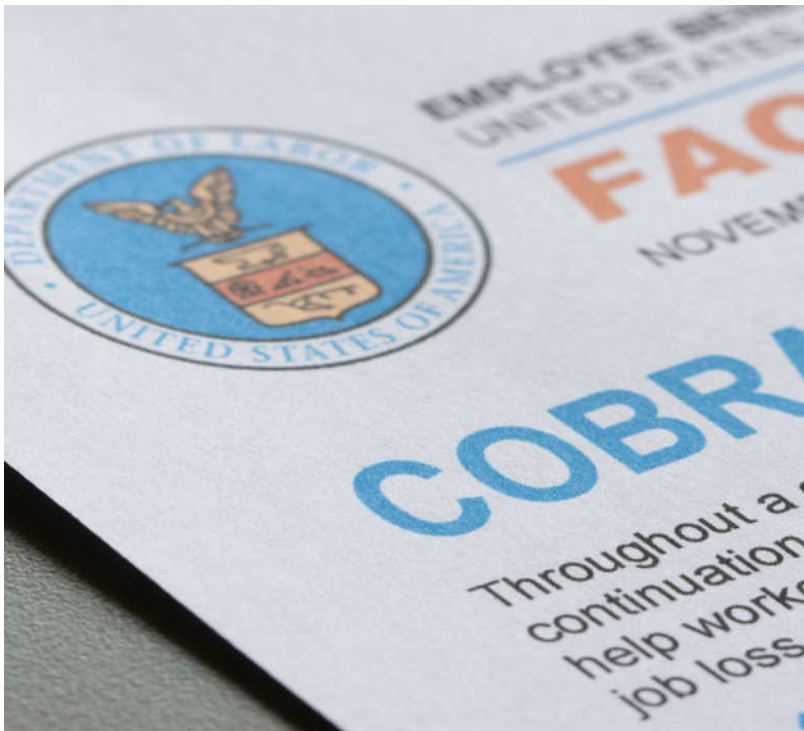
- Main intent
 - Provide temporary access to health insurance when it would have been lost
 - Shift healthcare cost from public sector to the private sector
 - Reduce healthcare premiums and lost tax revenues by reducing the number of uninsured medical expenses

➤ Who must comply with COBRA?

- All employers with over 20 employees on 50% of their typical business days in the preceding calendar year
- Common Ownership
- Exceptions
 - Small employer plans, government plans, church plans



➤ Plans Subject to COBRA



Group Health Insurance Plans

- Satisfies two criteria:
 - 1) provides medical care, and
 - 2) is maintained by an employer

Dental, vision, and prescription drug plans

HMO

Defined Contribution Plans

Flexible Spending Accounts

Health Reimbursement Arrangements

Employee Assistance Plans if medical advice provided

Wellness Programs

➤ Plans Not Subject to COBRA

Dependent Care FSA

Health Savings Account

Long/Short-Term Disability

Life Insurance/AD&D

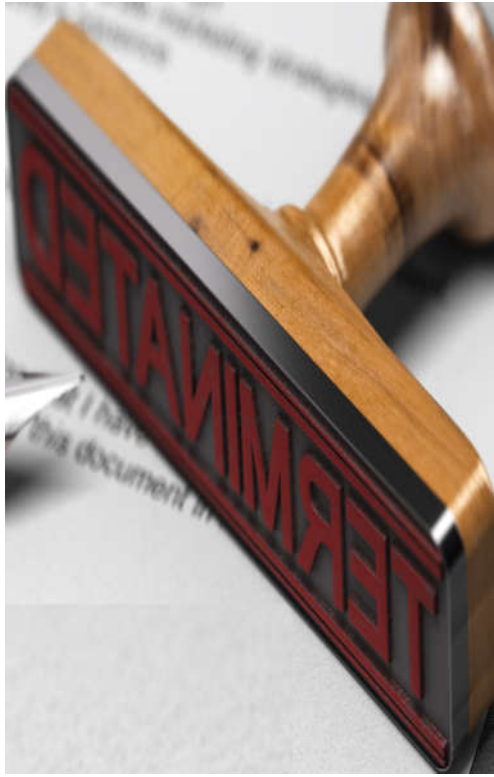
➤ 3 Common COBRA Mistakes

- Assuming COBRA doesn't apply to all group health plans
- Failing to establish reasonable procedures or identify qualified events or beneficiaries
- Failing to provide COBRA Election Notice

➤ 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

Qualifying Events



- Voluntary Termination
- Involuntary Termination
 - Gross misconduct exception
- Reduction of Employee's Hours
- Death of Employee
- Divorce or Legal Separation
- Medicare Entitlement (in extremely rare circumstances)
- Dependent Child ceasing to be a dependent

➤ 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



➤ 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



➤ Audits

- The IRS is the auditing arm for COBRA
 - Mail audit
 - Combo audit
 - Complaint driven audit
- The IRS uses the TAMRA 1988 criteria to measure COBRA compliance
 - Technical and Miscellaneous Revenue ACT of 1988



➤ TAMRA Criteria

- 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

➤ TAMRA Outcomes

Penalties can be ruled in one of two ways:

- Reasonable Cause - The infractions have been corrected within 30 days and the TAMRA criteria has been implemented
- Willful Neglect - The infractions have not been corrected within 30 days, and the TAMRA criteria has not been incorporated

BASIC's Solution

Benefits Integration with COBRA

➤ Understanding the WHY...

- We listened to our stakeholders
- Create simplicity
- Cloud-based platform
- Offer a platform designed around how people think
- Consolidate disparate functions, processes and systems
- Make it easier!



➤ Introducing BASIC's New Platform

- ✓ All COBRA & Benefit Accounts on **one platform**
- ✓ COBRA clients have **easy access** to “Endless Aisle” of CDA benefit accounts
- ✓ **Employee-Centric:** respond to & manage diverse needs of workforce at any life stage
- ✓ Vendor **consolidation**
- ✓ **Peace of Mind:** Audit Guarantee and Hold Harmless



➤ One Integrated Experience

- One Platform
- One Single Sign-on
- One Mobile App
- One Debit Card
- Includes:
 - 50+ Benefit Accounts
 - COBRA
 - State COBRA
 - Retiree Billing
 - Leave of Absence Billing



➤ PLUS, BASIC COBRA clients will still receive...



Open
enrollment
assistance



Access to
comprehensive,
easy-to-
understand
reports



Ability to add
participants
& update rates



Ability
to download
and manage
notices



Ability to track
service
requests &
monitor
service
activity



Universal Experience

Universal Experience

- Access to view benefit and COBRA accounts in ONE system
- Participant Mobile App
- Single Sign On Employer Portal
- Online Support Request
- BASIC Card for hassle-free reimbursements



Employer Overview

Manage all benefit and COBRA accounts from one portal!

The screenshot shows the 'Employer Overview' dashboard for 'ABC Company'. The top navigation bar includes 'OVERVIEW', 'EMPLOYEES', 'OFFERINGS', 'TRANSACTIONS', 'FILES', 'REPORTS', and 'INVOICES'. The 'EMPLOYEES' and 'TRANSACTIONS' tabs are highlighted with a red bracket. A callout box points to this area with the text: 'View and manage employees, plans and transactions.' The 'REPORTS' tab is also highlighted with a red arrow and a callout box: 'New reports that are auto-generated regularly.' The main content area is divided into several sections: 'EMPLOYEES' with a search bar and 'Add employee'/'Add event' buttons; 'PLANS' with a table of active plans; 'TRANSACTIONS' with a list of recent transactions; and 'SUPPORT REQUESTS' with a 'New support request' button. A callout box points to the 'PLANS' section: 'All benefit and COBRA plans are listed in the Plans Section for easy access.' Another callout box points to the 'SUPPORT REQUESTS' section: 'Easy access to Support Requests and their status.'

Plans	Active	Employee contribution	Employer contribution	Expenditures	Remittance
Health FSA	20	\$1,000,000	\$1,000,000	\$1,000,000	-
HSA	30	\$750,000	\$750,000	\$750,000	-
HRA	100	-	\$750,000	\$500,000	-
COBRA Medical	50	-	-	-	-
COBRA Dental	10	-	-	-	-
COBRA Vision	5	-	-	-	-
Leave of absence	1	-	-	-	\$10,000

Date	Status	Amount	Details
10/17/2022	Settled	\$2,300.00	COBRA remittance
7/1/2022	Settled	\$2081.15	Lorem ipsum dolor sit amet
6/15/2022	Posted	-\$19.99	<External Plan name> -<payee name> - Remittance
6/1/2022	Posted	-\$5.00	<External Plan name> -<payee name> - Remittance
5/15/2022	Posted	-\$12.90	<External Plan name> -<payee name> - Remittance
6/1/2022	Posted	-\$5.00	<External Plan name> -<payee name> - Remittance
5/15/2022	Posted	-\$12.90	<External Plan name> -<payee name> - Remittance
6/1/2022	Posted	-\$5.00	<External Plan name> -<payee name> - Remittance

Add eligibility events for eligible employees.

View and manage employees, plans and transactions.

New reports that are auto-generated regularly.

All benefit and COBRA plans are listed in the Plans Section for easy access.

Easy access to Support Requests and their status.

Employer Overview

Easily access all benefit and COBRA account reports

Access all reports in one location. Reports are auto-generated regularly.

ABC Company

Alerts Support Settings **Amelia** ABC Company Incorporated

OVERVIEW EMPLOYEES OFFERINGS TRANSACTIONS FILES **REPORTS** INVOICES

REPORTS [More info](#)

ADMINISTRATION REPORTS

Last update 08/18/2018 5:45 AM CST

Benefit Plans

- Enrollment ⓘ
- Participant Balance Summary ⓘ

Continuation Plans

- Continuation ACA ⓘ
- General Information Notice Substantiation (GIN) ⓘ
- Coverage Change ⓘ
- Payment Account Summary ⓘ
- Plan Structure ⓘ

FUNDING REPORTS

Last update 08/18/2018 5:45 AM CST

Benefit Plans

- Finalization ⓘ
- Funding ⓘ
- Payroll Verification Report (PVR) ⓘ
- Point of Disbursement (POD) ⓘ

Continuation Plans

- Rate Table Summary ⓘ

FINANCIAL STATEMENTS

Last update 08/18/2018 5:45 AM CST

Benefit Plans

- Month End Statements ⓘ

Continuation Plans

- Remittance ⓘ

Participant Overview

Benefit and COBRA accounts in one place!

All participant accounts are listed on the Overview Page for easy access.

The screenshot displays the MyCash Participant Overview page. At the top right, there is a 'MyCash balance' indicator. The main content is divided into two columns. The left column lists accounts with their balances and due dates: COBRA (\$1,284.00 due 11/1/2022), Retiree Billing (\$223.80 due 11/1/2022), ABC Company FHRA (\$500.00 available balance), and ABC Company FSA (\$356.68 available balance). The right column contains four sections: 'How do I make a payment?' with a 'Make a payment' button, 'Where's my reimbursement?' with a 'Request a reimbursement' button, 'Have a bill to pay?' with a 'Pay a provider' button, and 'RECENT TRANSACTIONS' with a 'View all' link. The transactions list includes a payment of \$223.80, a dental expenditure of \$87.02 requiring verification, a BBVA checking transfer of \$100.00, an Ace's Liquor expenditure of \$48.19, and a Paddington Preschool reimbursement of \$208.33.

Account	Balance / Amount	Due / Available
COBRA	\$1,284.00	Amount due by 11/1/2022
Retiree Billing	\$223.80	Amount due by 11/1/2022
ABC Company FHRA	\$500.00	Available balance
ABC Company FSA	\$356.68	Available balance

Date	Description	Amount
01/24/18	Payment	-\$223.80
01/22/18	Mile high Dental Expenditure	-\$87.02
01/21/18	BBVA Checking Transfer	-\$100.00
01/17/18	Ace's Liquor Expenditure	-\$48.19
01/17/18	Paddington Preschool Reimbursement	+\$208.33

Quick button to make a payment.

➤ 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.

Before Q&A



Receive an
email tomorrow
with the slides &
recording



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complete the
exit survey

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

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