



CBIZ COBRA Administration Services

The background of the top half of the slide is a photograph of a person's hands in a white lab coat typing on a white computer keyboard. A dark green horizontal band is overlaid on the bottom half of this image, containing the text.



## What is COBRA?

- **COBRA is the Consolidated Omnibus Budget Reconciliation Act of 1985**
  - COBRA is a Federal Law that requires employers with 20 or more employees to offer continuation of group health coverage to covered employees or dependents who experience a loss of coverage due to a COBRA “qualifying event”.
  - To be in compliance Employers must have up-to-date COBRA letters and notices and well documented procedures for notifying new employees and COBRA qualified beneficiaries of their COBRA rights.
  - Costly penalties and liabilities are possible for employers who fail to properly comply with the COBRA regulations
    - ***ERISA penalty of \$110 per employee per day for noncompliance***
    - ***IRS penalty of \$200 per employee per day for noncompliance***
    - *Claims costs for those improperly terminated from health coverage*
    - *Court judgments and damages*
    - *Legal fees*



## More about COBRA

- For COBRA purposes **“health coverage”** includes, any employer sponsored plan that provides health benefits such as:
  - Medical, Dental, or Vision Plans
  - Healthcare FSA, HSA, or HRA
  - Employee Assistance Plan – that is more than a “referral only” service and provides actual counseling services or “face to face” treatments
- COBRA continuation may be 18 to 36 months depending on “qualifying event” type
- A COBRA “qualifying event” is a loss of health coverage for an employee and/or covered dependent due to:
  - Termination of employment (18 months COBRA extension)
  - Reduction in work hours (18 months COBRA extension)
  - Medicare entitlement (36 months COBRA extension for dependent)
  - Dependent ceasing to meet eligibility requirement (36 months COBRA extension)
  - Social Security Disability (29 months COBRA extension)
  - Divorce / Legal Separation (36 months COBRA extension)
  - Death of the employee (36 months COBRA extension)



## But Wait...here is MORE about COBRA....

- Employer's COBRA obligation is determined at the beginning of each year on a look back basis
  - COBRA applies to employers who have 20 or more employees on at least 50% of the business days in the previous calendar year
  - For calculation of the 20 employee threshold, Part-time employees work hours must be added together and included in the count as full-time equivalents (i.e. two Part-time employees working 20 hours each count as one Full-time employee )
  - New and "Growing" employers are required to begin COBRA compliance on Jan 1<sup>st</sup> of the following year if they employed 20 or more employees for over 50% of the business days in the prior year
  - Employers who are no longer required to offer COBRA may stop for new qualifying events after Jan 1<sup>st</sup>, but must continue COBRA for those already enrolled for its proper duration.
- **CBIZ administers Federal COBRA, not state continuation plans.**



# What are the required COBRA notices?

- **New Hire Notice when employee first enrolls in eligible coverage**
  - This is the Department of Labor notification that must be sent to all enrolled individuals
  - CBIZ has been certified as a mailer with the USPS, and we retain record of all letters mailed and the date of mailing
- **Qualifying Event Notices when coverage is terminated or lost**
- **Other required COBRA notices:**
  - Secondary Qualifying Event Notice
  - Plan or Rate Change Notice
  - Open Enrollment Notice
  - Medicare Notice
  - Conversion Notice
  - Under Payment Notice
  - Ineligibility Notice
  - Termination
  - Expiration Notice
- **HIPAA Certificates of Creditable Coverage** must be sent to COBRA Qualified Beneficiaries and/or covered dependents who lose coverage, and additionally upon request for the following 24 months.



# How does CBIZ administer COBRA services?

- **CBIZ COBRA offers 24/7 online access to information and reports**
  - COBRA manual and training provided to key personnel
  - Prepare and Mail all required COBRA notices
  - Monitor COBRA election periods and payment timeframes
  - Mail “Reminder Notices” if monthly payment not received
  - Archive correspondence and payments as proof of compliance
  - Report eligibility changes to client or carrier - no additional fee
- **Employer / Administrator web access for:**
  - Adding newly participating employees for DOL initial notice generation
  - Adding Qualifying Events for generation of new QE notifications
  - Updating personal information for COBRA participants
  - Downloading reports (xls, pdf, etc) and copies of COBRA letters following processing
  - Multiple standard reports provide summaries of all activity, including Qualified Beneficiary status, premiums/rates and eligible benefit plans
- **Participant access for:**
  - Viewing personal information and copies of all notices sent to them
  - Verifying payment due amounts and payment due dates
  - Checking eligibility, payment history and “paid through” status
  - Payments via check, credit/debit or direct ACH from designated account

# How does CBIZ administer COBRA services?

## OUR PEOPLE



- **Employer / Administrator phone and email support:**
  - Staffed by Senior COBRA Specialists
  - Available Monday – Friday 8am – 6pm Eastern
  - Provide training on the COBRA platform
  - Provide guidance, while ensuring client is in compliance with COBRA regulations
  
- **Participant phone and email support:**
  - Staffed by COBRA Specialists
  - Available Monday – Friday 8am – 6pm Eastern
  - Provide assistance regarding payment options for COBRA premium

# COBRA Prospecting Questions to ask: Clients who handle COBRA in-house



- **How are you currently handling COBRA administration for your company?**
  - **In-house:** We have often found that many employers who administer COBRA in-house are out of compliance in one or more areas and would not pass an IRS or DOL audit
- **When do you send out the required notices (like Dept. of Labor new hire notices, Qualifying Event notices, etc.)?**
  - Our COBRA partner offers a website that is second to none and provides an easy to use platform with real-time access to all of your COBRA data.
  - For example: Once you enter a new hire or qualifying event, the information is immediately processed and notice mailed, and you will be able to see the date the notice was mailed and the actual document mailed in your administrator portal.
- **What else do you have on your plate that may keep you from sending out notifications timely?**
  - Our COBRA partner offers special pricing to our clients to ensure you are kept in compliance...our concern is ensure you are protected!
- **Are you sending out new hire/initial notices to the employee's home address?**
  - If not, you may be technically out of compliance since you cannot prove the covered spouse and dependents were also notified. Our COBRA partner mails all notices to the employee home address, and maintains electronic record of the documents mailed and date of mailing.



# COBRA Prospecting Questions to ask:

## Clients who Outsource COBRA now



- **How are you currently handling COBRA administration for your company?**
  - **Outsource:** We have often found that many employers who outsource COBRA administration are either overpaying for the service or do not have 24/7 access to the necessary information to verify they are in compliance.
- **If outsourcing, does your COBRA administrator provide access to all data via a secure web portal and allow you to report new hires and COBRA events online with notices sent the next day?**
  - Our COBRA partner offers a website that is second to none and provides an easy to use platform with real-time access to all of your COBRA data.
  - For example: Once you enter a new hire or qualifying event, the information is immediately processed and notice mailed, and you will be able to see the date the notice was mailed and the actual document mailed in your administrator portal.
- **If outsourcing, do you feel you are getting the support and service for the money you are paying?**
  - Our COBRA partner offers special pricing to our clients to ensure you are kept in compliance...our concern is ensure you are protected!
- **If outsourcing, is your administrator sending out new hire/initial notices to the employee's home address?**
  - If not, you may be technically out of compliance since you cannot prove the covered spouse and dependents were also notified. Our COBRA partner mails all notices to the employee home address, and maintains electronic record of the documents mailed and date of mailing.

# CBIZ COBRA Administration Fees



**\*\*This pricing is only available for clients of MT Donahoe broker partners\*\***

- **Set-up Fee:** \$0.00
  
- **Monthly Administration Fee Structure:**
  - Groups 100 employees or less \$50.00
  - Groups 101 - 500 employees \$50.00 base  
+ \$0.70 each employee 101 – 500
  - Groups 501 – 1000 employees \$50.00 base  
+ \$0.55 each employee 501 – 1000
  - Groups 1001+ employees CALL for pricing

# Any Questions?

