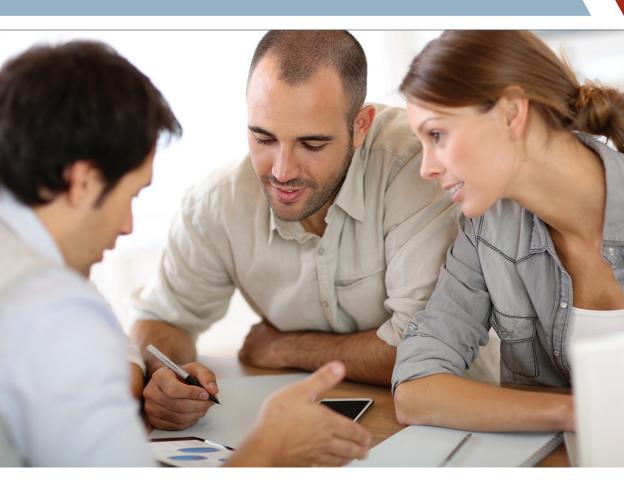
COBRA Administration Services

Look to the experts at DBS





What is COBRA?

A brief overview

The temporary continuation of group health coverage that might otherwise be terminated.

COBRA

The Consolidated Omnibus Reconciliation Act of 1985 (COBRA) is a Federal law that provides for the temporary continuation of group health coverage that might otherwise be terminated. It applies to employers that offer group health coverage. Most employers with 20 or more employees for at least 50% of their regular business days in the past calendar year must offer COBRA.

COBRA must be offered for group health plans, which include:

- Medical
- Prescriptions
- Dental
 - Vision
 - Health FSAs
 - HRAs
 - Employee Assistance Programs
 (if they reimburse for medical care)

Determining the 20-employee count

- Both full- and part-time employees are counted, regardless of if they're covered on the insurance plan
- Part-time employees are counted as a fraction of an employee based on the number of hours worked
- The count doesn't include independent contractors, self-employed individuals or corporate directors (even if they receive employer benefits)
- The count is based on total number of employees for more than 50% of typical business days during the prior calendar year
- Different rules apply when the owner is affiliated with other companies

COBRA is offered to qualified beneficiaries (QB)...

An individual covered by a group health plan on the day before a qualifying event occurred that caused him/her to lose coverage:

- Covered employee
- Covered spouse
- Covered dependent child(ren)
- Children born to, adopted or placed for adoption by covered employee

... if there is a qualifying event (QE):

(Length of coverage varies)

18-Month Qualifying Events

- Voluntary Termination
- Involuntary Termination (exception: gross misconduction)
- Reduction of Hours
- Retiremen

36-Month Qualifying Events

- Death of Employee
- Employee's Medicare Entitlement
- Divorce or Legal Separation
- Loss of Dependent Child Status

COBRA Enrollment

The Cost

A QB can be required to pay up to 102% (when allowed by law) of the total cost premium as well as an additional 2% for administrative costs*. A QB receiving an 11-month disability extension can be charged up to 150% of the premium cost (includes the 2% fee).

Know these timelines and deadlines

A qualified beneficiary (QB) is given 60 days from the date the COBRA Specific Rights Notice (election notice) is mailed to choose whether or not to elect continued coverage. If coverage is waived, the QB can change his/her mind during the 60-day election period. Coverage begins on the day the waiver was revoked.

A QB has 45 days from the day he/she elects to make the first payment. Coverage doesn't start until payment is made. If payment is NOT made within the 45-day window, coverage will not be reinstated.

The Challenge

Specific notices must be provided when an employee enrolls into a plan, as well as when a qualifying event occurs. The notices must provide specific information and be sent within certain deadlines. Failure to send out timely notices or sending incorrect notices can result in significant fines.

The penalties for non-compliance include:

- TAMRA Excise Tax of \$100 per day per violation and \$200 per violation if more than one qualified beneficiary is in the family
- ERISA Penalty of \$110 per day per violation per qualified beneficiary (no maximum)

The Solution

The expertise of DBS

financial liability.

Enjoy the confidence of exceptional customer service backed by the most advanced properly, you can focus on the vital tasks that make your business successful.

Overview of COBRA Services

Service implementation

- Implementation packet for client/agent completion
- Implementation call to review data and answer outstanding questions/ complete missing information

Takeover of current COBRA continuants

- Notice to continuant on administration change
- Coupon booklet provided with monthly premiums and due dates
- Other payment options provided
- Notices/payments tracked and processed

Notices

General Rights Notice

- Provide all newly covered employees with compliant notice
- Option to send notice to all currently covered employees
- All notices sent are documented and available online
- Easy to use census template provided

COBRA Election Notice (Specific Rights Notice)

- Provide notice to qualified beneficiaries after a qualifying event
- Coupon booklet provided with monthly premiums and due dates
- Provide instructions on remitting payments

Other notices

- Late payment notice to continuants
- Termination notice for non-payment of premium
- Disability extension confirmation notice
- Enrollment confirmation notice
- Main address change notice
- Renewal notice
- Subsidy notice
- Takeover notice

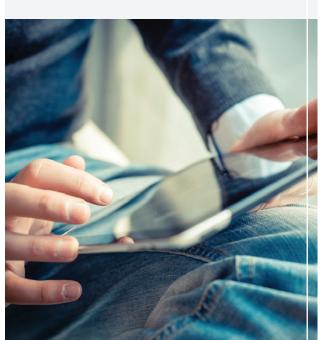
Online access

Participant

- Viewing payment due dates
- Payments remitted
- Copies of notices
- Payment options

Employer and Broker

- Importing/entry of new member data
- Entry of qualifying event information
- Notification of qualifying events
- Viewing participant information
- Payments remitted
- Copies of notices
- Dates notices sent and payments made



Billing, collection and remittance of premiums

- Bill and collect premiums from QBs electing continuation coverage
- Remit premiums electronically to employer monthly
- Optional service to remit premiums directly to carriers
- Employer remittance report of payments (available online)

Customer support

- Dedicated COBRA team
- Toll-free customer support number
- Online employer portal demonstration
- Online participant access
- COBRA support email
- Webinar training sessions on use of administration software

Call (800) 234-1229 to get started today!

What is COBRA? Who must comply with COBRA? What is a qualifying event? How long does COBRA coverage last? What does COBRA cost?

We'll answer all of your questions.

Who is DBS?

Diversified Benefit Services, Inc. (DBS) is a Wisconsin based, industry leading third party administrator (TPA) established in 1987. We have hundreds of clients of all sizes located across the country. We provide comprehensive plan design and reimbursement strategies as well as communication and enrollment solutions for FSAs, HRAs, HSAs, COBRA, Tribal Member Benefits and other customized programs. Our services are supported by a robust proprietary software administration system and a knowledgeable, customer focused professional staff.

Contact DBS today to discuss your COBRA needs: call (800) 234-1229 or visit DBSbenefits.com

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Diversified Benefit Services, Inc. P.O. Box 260 Hartland, WI 53029 (800) 234-1229 **Excellence in Benefit Management Solutions**

