

**ASSOCIATES  
IN EXCELLENCE**

*employee benefit consultants*

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**COBRA ADMINISTRATION SERVICES**

## **WHAT IS COBRA?**

COBRA is an acronym for the continuation health care provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985.

This law requires that most employers provide the option to pay for continued health coverage to employees and/or dependents who would otherwise lose their benefits due to a “qualifying event” as defined by COBRA.

## **WHAT ARE THE QUALIFYING EVENTS?**

- Termination of employment;
- Reduction of hours below the minimum required for eligibility
- Death of the employee;
- Divorce or legal separation;
- Loss of dependent status under terms of the insurance contract;
- Medicare entitlement;
- Military Reservist called to active duty;
- Chapter 11 bankruptcy proceedings.

## **WHO MUST OFFER COBRA?**

All employers who employed twenty or more employees on at least 50% of the working days during the preceding calendar year must offer COBRA.

## **WHICH PLANS ARE AFFECTED BY COBRA?**

Any type of group health, dental or vision plan that is maintained by an employer and provides medical care to its employees is subject to COBRA.

## WHAT MUST EMPLOYERS DO?

- Make sure the individuals responsible for COBRA compliance have been trained;
- Monitor all qualifying events for all employees and dependents;
- Determine the type of coverage that must be offered;
- Determine the period of COBRA coverage that must be offered;
- Issue Department of Labor-approved notices at designated time intervals;
- Calculate and collect premium payments;
- Have written instructions for COBRA administration on file;
- Continually update the COBRA program to comply with changes in regulations;
- Have the COBRA program monitored and audited by an independent third party every year;
- Maintain “audit ready” files of all COBRA transactions;
- Contract with insurance carriers to make sure COBRA participants will be accepted under appropriate terms;
- Prove “good faith compliance” under IRS audit.

## WHAT CAN ASSOCIATES IN EXCELLENCE DO FOR YOU?

- Associates In Excellence (AIE) offers COBRA administration services performed by trained Administrators and Consultants;
- AIE will provide your company with one COBRA Administrator who will work with you to keep your company in compliance with COBRA requirements and who will be available to answer any of your COBRA questions;
- AIE will give you step-by-step instructions for the COBRA program;
- AIE will give you guidelines and suggestions for contracting with your insurance carriers;
- Your Administrator will monitor, process and record all of your COBRA transactions;
- Your Administrator will handle premium collections from participants for your company;
- AIE will provide you with COBRA notifications that comply with Department of Labor guidelines;
- COBRA notifications will be sent by first-class mail directly to the participants;
- AIE will represent your company during any IRS audits of your COBRA program, attest to your “good faith compliance with all laws” and keep “audit ready” files of your COBRA transactions;
- AIE will provide you with a complete record of all COBRA transactions to substantiate your compliance;
- AIE will keep your COBRA records indefinitely during our relationship, as there is currently no statute of limitations on COBRA compliance;
- AIE will provide your company with the benefit of full services of our Consultants and Legal Advisors to keep you informed of all legislative changes and rulings which affect COBRA.

## **WHAT ARE THE PENALTIES FOR NON-COMPLIANCE?**

The current penalties that can be assessed against an employer for non-compliance with COBRA regulations include \$100.00 per day for each person who is not properly notified of his COBRA rights. **There is no statute of limitations on COBRA compliance!**

## **THE NEED FOR PROFESSIONAL ASSISTANCE**

In the years since COBRA was passed, it has been revised by guidelines from the Department of Labor, proposed regulations from the Internal Revenue Service, the Tax Reform Act of 1986, the Technical and Miscellaneous Revenue Act of 1988, and more changes are on the way.

Associates In Excellence is able to handle all of your COBRA administration details including premium collection from participants. We also provide you with a complete record of all COBRA transactions to substantiate your compliance.

In addition, we offer the complete services of our Administrators, Consultants and Legal Advisors to keep you informed of all legislative changes and rulings that affect this law.

If you choose to perform your COBRA administration within your own company, Associates In Excellence can provide the independent third party audits of your COBRA program which are necessary to prove “good faith compliance” with COBRA regulations.

As part of these audit services, **we will come to you!** We will audit your records, prepare a written report of our findings, and let you know what should be done to change your program or notices to comply with laws and guidelines current as of the time of your audit.

**COBRA COMPLIANCE IS MANDATORY AND THE PENALTIES ARE SEVERE.**

**ASSOCIATES IN EXCELLENCE URGES ALL BUSINESS OWNERS  
TO BE SURE THAT THEY ARE IN FULL COMPLIANCE WITH COBRA.**