



Employer's COBRA Administration Guide

This guide contains the following information for your quick reference:

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- ✓ Summary of Qualifying Events
- ✓ Summary of COBRA Notification Timelines
- ✓ How Employer or Plan Administrator Gives Notice to Medcom Benefit Solutions
- ✓ Miscellaneous Administration
- ✓ COBRA Process Overview
- ✓ Required SBC

COBRA Contact Information

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Contact Information

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Summary of Qualifying Events

- 1. QUALIFYING EVENTS For Eligible, Covered Employees who lose coverage for the following reasons** (18 months of COBRA continuation coverage available with timely payment of premium):
 - Termination of employment
 - Reduction in hours worked
- 2. QUALIFYING EVENTS For Eligible Dependents who lose coverage for the following reasons** (36 months of COBRA continuation coverage available with timely payment of premium):

To be eligible for COBRA coverage, **the qualified beneficiary is required to notify Employer** within 60 days of the following:

- Divorce
- Legal Separation
- Ineligibility of Dependent Child
- Death of Covered Employee or Covered Retiree
- Covered Employee/Retiree Becomes Entitled to Medicare and Plan terminates coverage
- Covered Retiree, spouse or child loses coverage within one year before or after commencement of proceeding under Title 11 (bankruptcy)

Summary of COBRA Notification Timelines

1. EMPLOYER'S NOTIFICATION REQUIREMENTS

- **Initial Notice:** This notice is provided to active employees upon benefit enrollment and to a spouse during benefit enrollment after a life event or open enrollment. The notice advises the employee of their future COBRA rights and obligations and informs them of the 60-day rule to notify their employer of specific COBRA events.
- **COBRA Election Notice:** This notice is provided after a Qualifying Event to provide information on election of COBRA, benefit coverage and pricing, as well as the COBRA rights and obligations of the employee and their dependents.

COBRA legislation requires notification from the Employer and Plan Administrator to the Employee or Qualified Beneficiary of COBRA rights as follows:

<u>Notification Responsibility</u>	<u>Notice Must Be Given To</u>	<u>Notice Deadline</u>
Employer	Plan Administrator*	90 Days – Initial Notice (<i>newly enrolled</i>) 30 Days – COBRA Election Notice (<i>qualifying event</i>)
Plan Administrator*	Qualified Beneficiary	14 Days

*Notice should be given to Medcom Benefit Solutions COBRA Division as soon as possible – prior to the expiration of the Notice Deadline.

2. EMPLOYER or PLAN ADMINISTRATOR **must give notice to Medcom Benefit Solutions as follows:**

- Enter information on COBRA online web portal
- Email or Fax a completed Employer Notice: COBRA Qualifying Event Form

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Miscellaneous Administration

1. **For the Employer's Information:**

Please review the attached ***"Initial Notice of COBRA Rights"*** (for new additions to your Plan) and the ***"Notice of Right to Elect COBRA Continuation Coverage"*** (For Qualified Beneficiaries). ***These letters outline COBRA requirements and guidelines. If you have any questions regarding the information contained in the letters, please contact our COBRA Division.***

2. **COBRA PREMIUM (Or Premium Equivalents Paid by Qualified Beneficiary for the Monthly Cost of Coverage):**

- Will be paid by Qualified Beneficiary to Medcom Benefit Solutions
- Medcom Benefit Solutions will forward a check to the Employer once a month for premiums paid to that date

3. **Sample COBRA Notifications:** Initial Notice of COBRA Rights and Notice of Right to Elect COBRA Continuation Coverage

COBRA Process Overview

1. **Initial COBRA Notice** - Please notify Medcom Benefit Solutions within 90 days of an employee becoming effective on any COBRA eligible plan. These people are usually new hires or someone who has added or changed coverage at open enrollment

2. **Termination** – Please notify Medcom Benefit Solutions within 30 days of the COBRA qualifying event. Medcom Benefit Solutions will send out a COBRA election letter within 14 days of having received the event notification

3. **Election** – Medcom Benefit Solutions will notify you when a participant has elected AND paid initial COBRA payments in full

4. **Carrier Notification** – If Medcom Benefit Solutions is contracted to notify carriers for reinstatements or terminations we will do so after notifying the Employer of the election

5. **Monthly Reports & Payments** – Medcom Benefit Solutions will post monthly reports online, and mail any COBRA premiums that we have collected from the participants

6. **COBRA termination** – Medcom Benefit Solutions will notify you each month of COBRA terminations from the health plan. These terminations may be a result of failure to make a timely payment, voluntary reasons, etc.

Required SBC

Medcom Benefit Solutions does not automatically send out the SBC notices. Please contact Medcom Benefit Solutions if you need assistance with this requirement.

A four-page "summary of benefits and coverage" ("SBC") is required to be provided to applicants and enrollees before enrollment or re-enrollment which includes COBRA Participants and Qualified Beneficiaries. The first SBC must be distributed by the first open enrollment occurring after September 23, 2012 or for those who enter the plan any other time, the plan or policy year beginning after September 23, 2012.

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Who Must Be Furnished With Four-Page Summaries?

Generally, the four-page summaries must be distributed to all applicants (at the time of application), policyholders (at issuance of the policy), and enrollees (at initial enrollment and annual enrollment) which includes COBRA Participants and Qualified Beneficiaries.

Four-Page Summaries vs. SPDs and SMMs. Welfare plan SPDs and SMMs must be provided only to participants covered under the plan (and not to beneficiaries).

In contrast, the four-page summaries required under health care reform must be provided to applicants, policyholders, and enrollees—a set of recipients that appears to be broader than participants, and may include beneficiaries.

When Must the SBC be Distributed?

At Open Enrollment (Renewal) The SBC must be included with open enrollment materials.

- If the plan or insurer requires participants or beneficiaries to renew in order to maintain coverage for a succeeding plan year, a new SBC must be provided no later than the date the renewal materials are distributed.
- If renewal is automatic, the proposed rules provide that the SBC must be furnished no later than 30 days prior to the first day of the new plan year, but there is a seven day rule if the policy is not yet issued.

At Initial Enrollment -The SBC for each benefit package offered for which the participant or beneficiary is eligible must be provided as part of any written application materials that are distributed by the plan or insurer for enrollment.

If the plan does not distribute written application materials for enrollment, the SBC must be distributed no later than the first date the participant is eligible to enroll in coverage for the participant and any beneficiaries.

At Special Enrollment - The plan or insurer must also provide the SBC to special enrollees (employees and dependents with the right to enroll in coverage midyear upon specified circumstances) within 90 days of enrollment.

Upon Request - The plan or insurer provide the SBC to a participant or beneficiary upon request, as soon as practicable, but in no event later than seven business days following the request

Penalty for failure to provide new summary or SMM:

- A penalty of not more than \$1,000 may apply for each willful failure to provide the required plan summary or advance summary of a material modification.
- Each participant who fails to receive a required summary (or summary of material modification) is counted separately in determining the amount of the penalty, so it appears that a willful failure to timely provide 5 participants with a summary could result in a fine of up to \$5,000.