

About COBRA

The details The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) was enacted into law on April 7, 1986. This law provides that virtually all employers who sponsor a group health plan must permit covered persons who lose coverage under the plan, as a result of certain events, to elect to continue their coverage, for a specific period of time on a self-pay basis. The only plans that are exempt from COBRA are employers with less than 20 employees, the federal government and church plans within the meaning of sections 414(e) of the Internal Revenue Code.

COBRA Timeframes

14
Days

Notify Qualified Beneficiary

30
Days

- **Notify Plan Administrator of Qualifying Event**
- **Prospective Premium Payment Period**

45
Days

Retroactive Initial Premium Payment Period

60
Days

COBRA Election Period

The Risk of Non-Compliance

The details of COBRA eligibility and federal compliance laws are extremely complex and the penalties for non-compliance are significant.

Several cases illustrate the extreme penalties:

- National Companies v. St. Joseph's Hospital
(Over \$1 Million)
- Swint v. Protective Life, et al. (\$292,000)

Experts You Can Trust

Allegiance COBRA Services, Inc. has more than 35 years of experience with COBRA compliance. We have the expertise necessary to ensure that your programs are administered in accordance with federal regulations.

Cost-Containment Approach

Since its inception, ACS has taken a defensive, cost-containment approach to all our administration programs by instituting state-of-the-art technology, employing highly trained staff who are experts in COBRA administration and eligibility, continually improving our programs to meet the needs of today's employers.

Why Hire Allegiance?

The challenges and internal expense of maintaining compliance are why many employers choose to hire an expert such as Allegiance COBRA Services (ACS) to administer their COBRA programs. Allegiance COBRA Services, Inc. has been administering these programs since 1989. ACS continues to grow in the fiercely competitive employee benefits market.

Account Management

Upon award, each group is assigned an Implementation Coordinator who will oversee the program implementation. Clients will be assigned a designated COBRA Specialist and team, who will manage the administration of your program and will be the day-to-day contact for your human resources department.

Professional Certifications

Our dedicated and professional staff are certified in COBRA administration and participate in ongoing training as the regulations change. We also employ full-time attorneys who are responsible for monitoring legislation and ensuring that our program is compliant with all aspects of the law.

Program Overview

The Allegiance COBRA Services (ACS) COBRA administration program is comprehensive and in strict compliance with federal laws. Below are the services that the program provides.

Timely Notification

Once ACS receives notification of a qualifying event (QE), notifications and enrollment are processed within the legal timeframes. ACS also communicates with all necessary carriers to prevent disruption in coverage.

Payment Collection

ACS provides convenient payment coupons for plan participants and accepts all premium payments. Premiums will be deposited in a COBRA premium account and reimbursed to the employer at month end via ACH transfer. Reconciliation Reporting is provided to Employers on a monthly basis to review and confirm COBRA coverages are updated on Carrier(s) Billing in accordance with COBRA premiums received.

COBRA Specific Rights Notice

Specific Rights Notices are sent to each Qualified Beneficiary (QB) upon notice of termination from Employer. Notice will go out no more than 14 days from the date ACS received the notice of termination. Allegiance typical turnaround time for mailing notices upon receipt is 1-5 business days.

Participant Enrollment

ACS will enroll a QB who signs up for COBRA into the COBRA processing system or the QB may have the option to access the online portal for online enrollment and payment options. ACS will forward a copy of the QB's enrollment form to any applicable carriers to notify them that the participant has elected COBRA continuation in a manner acceptable to both parties (fax, email, etc.).

ACS Enrollment Notification

ACS mails a confirmation to acknowledge receipt of COBRA participant enrollment, along with payment coupons for the COBRA participant to use when remitting payment. COBRA participants will be instructed to make checks payable to Employer, and to mail them to ACS.

ACS Premium Collection

COBRA Participants have the ability to send in checks/money orders as well as making COBRA premium payments via online ACH or debit/credit card payments. COBRA premiums received from participants each month are deposited into a COBRA premium clearing account monthly and will be remitted back to the employer via ACH transfer to pay carrier(s).

Late Premium Notice Reminders

ACS sends late notice reminders on or approximately the 20th of each month to any COBRA participant who has not yet paid premiums for that month's continued coverage.

Termination Notices

ACS sends a termination notice to all COBRA participants who have not paid premiums by the end of the month. ACS also sends termination notices to COBRA participants for all other applicable termination events, including the end of the COBRA period, voluntary cancellation of COBRA by the participant, etc. Notices to participants go out approximately ten days after the end of each month. Carrier Notifications are processed no later than the 10th of the following month in which the coverage has been terminated.

Monthly Reports

Employer will have online access to multiple reports as well as scheduled monthly premium receipt reports.

COBRA Open Enrollment

Employer will notify ACS of any anticipated open enrollment held at least thirty (30) days prior to any such open enrollment period. The Employer is responsible for providing all necessary Open Enrollment material to ACS. ACS will assemble and send open enrollment documents, in partnership with the Employer, to active COBRA participants upon approval of the employer.

ACS Technology

ACS uses a Web based software platform that automates the administration process, allowing us to keep our administration costs affordable. It automatically identifies the qualifying event and benefit eligibility and determines the length of eligibility. Provisions are made for notifying family members as well as the Principal Qualifying Beneficiary (PQB). Our software automatically generates notification letters which begin the enrollment process, along with an enrollment form, a rate and benefit form, and a coverage certification if required. The system maintains a history of all events, dates of correspondence, copies of all system generated correspondence and compliance-required events so that complete information about each beneficiary can be easily obtained.

Online access is available to Employers and participants, to view their account payment history, correspondence history, benefit coverage levels and allows Employers to access numerous report options. Employers have the capability to enter COBRA Qualifying Events in real time to generate notices for their COBRA participants, if preferred. Our automated tracking and letter generation system makes our process efficient while ensuring our compliance with federal COBRA mandates. The system keeps an automatic "tickler" file for each participant and checks that file each time the system is used to see if any letters or forms must be generated to any participants that day. This automation reduces the chances for human error and helps us ensure compliance.

Optional Services

New Plan Member Notices (NPM)

ACS can provide New Plan Member Notices (Initial Rights Notices) to all newly enrolled employees & dependents.

Retiree Billing

ACS offers retiree premium billing for our clients. Employer will be responsible for all enrollment and election processing. ACS will bill, collect and forward premiums to employer for payment to carriers.

Open Enrollment

If the employer's Open Enrollment coincides with the transition to Allegiance COBRA Services and our assistance is needed with open enrollment for active COBRA members, additional fees will apply. All applicable Open Enrollment documents will be provided to Allegiance by the employer.

State-Specific Continuation

Some states require fully-insured plans to provide coverage beyond the federal COBRA maximum period of 18 or 36 months. If your plans are domiciled in a state that requires additional continuation coverage under state law, the employer MUST provide their interpretation of the state continuation rules to Allegiance upon COBRA Implementation.

This is an area of concern with employers who have COBRA participants in the following states, but not limited to:

- California
- Georgia
- Illinois
- Louisiana
- Minnesota
- Missouri
- New Hampshire
- Oregon
- Rhode Island
- Texas

State-specific Continuation is an optional service that ACS provides to groups depending on their needs and is priced separately depending on complexities and ACS system compatibility.



Program Implementation

To effectively begin the COBRA administration program, ACS has established the following checklist that describes the optimum implementation process.

The following items must be provided to ACS at least 30 days prior to the effective date of contract.

Group Information

Employer/Broker will provide ACS with the details of the group to include the following:

- Name of Employer Group, mailing address, group contact, phone number, and e-mail address
- Summary of each Client's COBRA eligible benefits and whether or not benefits can be unbundled for COBRA choice
- Eligibility Email addresses for each Benefit Carrier
- Base Rates for each benefit, ACS will factor 2% COBRA administration fee
- Renewal date(s) for benefits
- Open enrollment information and applicable materials
- Information regarding conversion option

COBRA Premium Processing

Employer will return COBRA ACH Bank Deposit Form and account information to ACS for ACH Transfer.

Current COBRA Participants

Employer/Broker will provide ACS with a complete listing of all current COBRA participants for each group to include the following:

- Name of each COBRA participant and the names of any family members also enrolled
- Address of each COBRA participant
- Social Security Number (SSN) for each COBRA participant and covered family member
- Dates of birth for participant and family members
- Qualifying Event for each COBRA participant and the date COBRA began
- Paid-through date for each COBRA participant (COBRA Premiums must be paid through to align with Employer Contracted Effective date before COBRA members can be added to COBRA platform and mailed Welcome Notices)
- Scheduled COBRA ending date
- Social Security disability extension decision
- Current benefit plans enrolled and coverage levels
- Original effective date of COBRA coverage
- Scheduled COBRA ending date

Services Provided at No Additional Cost

Member Communications and Correspondence Regarding COBRA

Carrier Communications
(reinstatements, changes, and terminations)

Participant Online Access

Client Online Access to View Participant Accounts and Generate Reporting

ACS Assistance with COBRA EDI File Setup and Communication.
(EDI Vendor Cost is Employer's Responsibility)