

COBRA and Exchange Notice

DID YOU KNOW...

There have been many changes to the COBRA laws due to the Affordable Care Act. The workload from these changes is time consuming and frustrating (changes to qualifying event letters, new hire letters, premiums, the list of changes goes on and on).

Let BeneFLEX take care of your COBRA and Exchange Notice requirements.

BeneFLEX
HR RESOURCES INC.

"We make benefits work for you."

Why do companies outsource COBRA administration to BeneFLEX?

Administering COBRA incorrectly has serious legal consequences. It is challenging, COBRA laws are vague and appear contradictory. Don't panic—BeneFLEX can assist you. We are here to help from the initial notice, which is where COBRA begins, to notifying your qualified beneficiaries, through COBRA expiration.

You as an employer have serious COBRA responsibilities. BeneFLEX relieves you of troublesome tracking, notification, and billing processes by providing expertise, record keeping, and reporting of your COBRA activity.

BeneFLEX allows you to focus on what is important. . . your business.

COBRA has numerous employer responsibilities:

- ▶ Notify employees and covered spouses of their COBRA Rights when they first become covered under the employer's health plan(s).
- ▶ Notify employees and/or covered dependents, within 14 days of COBRA qualifying events.
- ▶ Maintain records to prove notifications were sent within the specified time frames.
- ▶ Track COBRA election periods and length of coverage.
- ▶ Collect COBRA premium payments.
- ▶ Notify COBRA continuants of benefit changes and open enrollment periods.
- ▶ Notify active COBRA continuants of their conversion rights within 180 days of their projected COBRA coverage termination date.
- ▶ Notify COBRA continuants when their COBRA coverage has terminated.

How to Get Started

BeneFLEX can start to administer your COBRA any time. To set up your COBRA administration with BeneFLEX, complete the Intent to Enroll Form and fax or mail it to BeneFLEX. Upon receiving your Intent to Enroll form, BeneFLEX will send you an electronic launch kit and assist you with the administrative set up.

Plan set up and administration is easy with BeneFLEX; we provide Plan Consulting, Plan Compliance, and our launch kit includes the Benefit Plan Checklist, Contact Listing, and Sample Reports.

Employers face penalties for noncompliance with COBRA

- ▶ IRS excise tax penalty of \$100 per day for each violation. This fine can be increased to \$200 for each day in which there was more than one Qualified Beneficiary per family.
- ▶ An ERISA penalty of up to \$110 per day payable to each Qualified Beneficiary for each day the employer was not in compliance.
- ▶ The employer can be held liable for payment of legal fees, court costs, and even medical claims incurred by a Qualified Beneficiary.

It's your choice who should handle your COBRA?

Your Staff or BeneFLEX

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| Notify employees and covered spouses of their COBRA Rights when they first become covered under the employer's health plan(s) | | ✓ |
| Notify employees and/or covered dependents within the COBRA qualifying event time frame, of their ability to elect COBRA continuation coverage and provide elections forms | | ✓ |
| Maintain records to prove notifications were sent within their specified time frames | | ✓ |
| Track COBRA election periods and length of coverage | | ✓ |
| Invoice & collect COBRA premium payments | | ✓ |
| Maintain payment and correspondence records | | ✓ |
| Communicate with terminated employees who are now COBRA participants | | ✓ |

The clear choice is BeneFLEX!

Administering In-House

- Pros • Zero
- Cons • Concerned with ever changing compliance issues
- Takes time away from other tasks
 - Dealing with former Employees
 - Liability for omissions and errors

COBRA Scoreboard



BeneFLEX Administration

- Pros • BeneFLEX monitors the ever changing compliance issues
- Gives your staff time to focus on other tasks
 - Dedicated customer service to assist your former employees
 - Full-time, experienced team
- Cons • Zero

Exchange Notice

The Marketplace created a new opportunity for individuals shopping for health insurance; requiring employers to provide a new notice, **separate** from the COBRA obligation, called the *Exchange Notice*.

- ▶ The new Exchange Notice requires employers to notify employees about the Marketplace within 14 calendar days of the employee's start date.
- ▶ The Exchange Notice is designed to provide employees with information about their group health coverage.
- ▶ The Notice is required for all employees; part-time or full-time.
- ▶ The Exchange Notice informs employees if their coverage meets the minimum value standard and if the plan is affordable.
- ▶ Even if you don't provide health coverage, you have an obligation to notify new hires.
- ▶ Notice must be provided in writing, with proof of delivery.

BeneFLEX HR Resources can assist in handling your Exchange Notice and keep you in compliance.

Did you know...

- ▶ The American Association of Industrial Management (AAIM) surveyed its membership and out of 14 COBRA vendors, BeneFLEX HR Resources was named the #1 COBRA vendor they would recommend to other companies.
- ▶ The average participant stays on COBRA for 10.3 months.
- ▶ On average, 7.2% of employees have a qualifying event in any given year.
- ▶ Claims for COBRA participants are, on average, 55% greater than non-COBRA employees.
- ▶ The average cost to defend a lawsuit, even when the employer wins, is \$50,000.
- ▶ The employer can be held liable for payment of legal fees, court costs, and medical claims for noncompliance.
- ▶ The IRS estimates that 90% of all employers are not compliant with COBRA regulations.

Who is BeneFLEX HR RESOURCES?

A focused Third Party Administrator specializing in providing seamless employee benefits. BeneFLEX takes the burden of benefit regulations and compliance away from the employer AND ensures employees receive the full benefit of their FSA, POP, HCSO HRA, TMA, HRA, HSA, and COBRA.

Contact BeneFLEX at 800-631-FLEX to make your COBRA regulation nightmares go away!

Complete your Intent to Enroll form, receive your electronic launch kit, and start to benefit from BeneFLEX's COBRA administration services.

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"We make benefits work for you."

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and
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