

# Proposal to Implement



COBRA & HIPAA  
ADMINISTRATIVE SERVICES

**For**



## **What is COBRA?**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a Federal law that was enacted in April 1986. The law requires that employer groups of **20** or more provide for temporary health, dental and/or vision coverage for employees and/or their eligible dependents after a qualifying event has occurred. A qualifying event includes termination of employment, reduction in work hours, divorce or legal separation, employee's death, an employee's entitlement to Medicare benefits, or a dependent's loss of coverage due to ineligibility.

It is the employer's responsibility to provide accurate information to employees concerning the availability of COBRA benefits. Due to the fact that the rules for COBRA are complicated, as well as continuously changing, it is burdensome for employers to self administer. Furthermore, penalties against employers for noncompliance can be extremely expensive. Through Choice COBRA, you are relieved of the day to day responsibility of COBRA administration.

## **What is HIPAA?**

The Health Insurance Portability and Accountability Act of 1996 (HIPAA), amended three sets of existing federal laws: the Internal Revenue Code, the Employee Retirement Income Security Act, and the Public Health Services Act. All group health plans which cover two or more people are subject to HIPAA rules.

The purpose of HIPAA is to improve portability of health coverage by restricting preexisting condition exclusions and limitations in plans, and to provide credit for prior coverage to reduce or eliminate preexisting condition limitations. HIPAA is also designed to improve availability of health coverage by providing special rights to enroll in plans in certain situations (i.e., loss of other coverage), prohibit discrimination based on health status, and guarantee the availability and renewability of health plans for small employers.

The burden of issuing Certificates of Creditable Coverage is on the employer, and as with COBRA there are certain time restrictions involved. Some insurance plans have agreed to issue the certificates in certain cases, however; noncompliance issues will remain the employers' burden. HIPAA Certificates of Creditable Coverage can be issued to your employees through Choice COBRA.

## **Services Provided**

### **Initial Setup**

- Collect Employer Benefit Information
- Setup COBRA Software and Modify Notices
- Communication to Existing COBRA Members
- Setup Direct Billing with Insurance Carriers, if available

### **Monthly Services**

- Submit Premiums to Insurance Carriers or to Employer

### **Notification Services**

- General COBRA Notice to New Hires, Newly Covered Members
- Misc. HIPAA Provisional Notices to Newly Covered Members
- Initial "Special Enrollment" HIPAA Notice to New Hires

### **COBRA Election Notices**

- HIPAA Certificates of Creditable Coverage (at loss of coverage and end of COBRA period)
- Notification to Health Plans and Confirmation Notification to Employer (i.e., termination requests, reinstatement requests)
- Multiple Qualifying Event Notices as Required

### **COBRA Participant Services**

- Generate Premium Coupons for New COBRA Members
- Tracking of Election Timelines
- Collection of Monthly Premiums
- Customer Service for COBRA Members
- Conversion Notices for COBRA Members Six Months Prior to End of COBRA
- Open Enrollment Communication to COBRA Members
- Miscellaneous Communication (i.e. NSF checks, partial payments, credit balances)
- Generate Billing Statement as Needed
- Termination Letters/HIPAA Certificate of Creditable Coverage to COBRA Members and Communication to Insurance Carriers when COBRA Coverage is cancelled

**Fees**

One time set-up fee..... \$75

Monthly administration fee.....\$0.75 per eligible employee, includes COBRA and HIPAA

(Minimum monthly fee - \$30)

Renewal fee.....\$50

**\* These fees are net of commission**