

How Three Organizations Experienced ROI of More Than **300 PERCENT** With COBRAGuard Best Practices

As an HR professional, you already know that there's nothing simple about COBRA administration. It's easy to get bogged down in all the sticky details if you don't have an expert on your team. The problem is that many employers can't afford to hire a full-time COBRA specialist. They also can't afford not to! With non-compliance fines of \$110 a day, you can quickly accrue a daunting bill that siphons profits from your bottom line. Fortunately, there's an easy answer with COBRAGuard. As the following true stories demonstrate, an ounce of prevention is worth a pound of cure!

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Case #1: Precision Pays for a Major Surgeons' Group

The Company:

A major regional surgeons' group with more than 70 physicians and nurses

COBRA Challenge:

The firm's busy administration team tried to handle the COBRA administration internally, but as the company grew, its leaders realized that outsourcing the time-consuming task of COBRA administration was the most cost-effective decision. Mailing notifications and keeping accurate documentation had become burdensome, so they selected COBRAGuard due its convenient, comprehensive Web-based system, COBRATrak.

The Payoff:

During the annual review of their insurance premiums, a new administrator at the firm noticed that several former employees were still being covered by insurance. Upon asking the insurance company for a refund, she was told that only the premium for the "look-back" period could be returned.

COBRAGuard provided the firm with clear proof that the insurance carrier had received timely documentation of each participant's termination. Due to COBRAGuard's detailed documentation, the insurance company refunded the full premium for the employees and time periods in question.

ROI:

You could say that COBRAGuard's precision paid off for this firm. The surgeons' group recovered a full refund of \$18,000, which was more than six times the small annual membership fee paid to COBRAGuard.



Case #2: A Suitable Ending to a Staffing Firm Lawsuit

The Company:

A large East Coast staffing firm with insurance coverage from a major national insurance carrier

COBRA Challenge:

Was sued by a past employee under provisions of ERISA. The firm was contacted by the employee's attorney a year after the employee had left the company. The complaint filed with the court alleged that the staffing firm failed to notify a terminated employee of his COBRA rights and was going to be assessed, if found guilty, not only the amount of the insurance claims that the former employee had incurred but also a penalty – the standard of which is stipulated by COBRA regulations to be \$110 per day.

The penalty for the 75-day period that was being contested a total of \$8,250. The claims were estimated more than \$10,000. The total insurance claims and penalties would cost the firm almost \$20,000, plus estimated attorney fees of \$12,000.

The staffing firm did not believe it was at fault for lack of notifications, as stipulated under the COBRA laws, nor should it be penalized.

The Payoff:

The staffing firm contacted COBRAGuard to explain its plight and sought guidance as to how best to handle the legal matter. A COBRAGuard expert conducted a search of the comprehensive files retained for the staffing firm and produced detailed supporting documentation. The employer was able to prove that notifications were sent, the dates they were sent, and the actions taken and not taken by the employee. In the end, the judge dismissed the suit and the attorney opined that it was in large part due to the superb documentation provided by COBRAGuard.

ROI:

Not only did the staffing firm avoid the insurance claim, but it also avoided the penalty assessment since it was able to prove that correct processes were followed by the firm's COBRA administrator, COBRAGuard. This resulted in an estimated savings of \$20,000 and invaluable peace of mind for the staffing firm's leadership team. The savings in this case were more than five times COBRAGuard's annual membership fee.



Case #3: HR Administrator Recoups Overpayment

The Company:

An HR administration firm with more than 250 employees

COBRA Challenge:

The company's outsourced COBRA administrator provided poor service and its processes did not keep up with changing regulatory requirements. This meant that notifications were not always sent to terminated employees on a timely basis. The company knew that it needed to take action fast or face fines for lack of compliance.

Realizing the risk, the company investigated many alternatives and ultimately selected COBRAGuard as its new COBRA administrator. This decision freed up staff members' time and gave management the peace of mind of knowing that COBRA was handled in a compliant, timely and proper manner. Although the company leaders didn't know it then, this move would save them thousands later on.

That's because while reviewing an insurance invoice, a COBRA coordinator later realized that employees who no longer worked for the firm were still on the coverage list. She discovered that the company had been paying thousands to insure employees who were no longer there!

The Payoff:

The company contacted COBRAGuard to determine why the insurance firm was never notified of the employees' terminations. Upon reviewing documentation, it was discovered that the notifications were sent to the insurance company, but the insurance company never processed the changes. Bringing the documentation to the attention of the insurance firm allowed the company to not only recover the premiums from the "look back period" of 30 days but for the full period since notification, which amounted to 9 months of premium payments.

ROI:

The firm collected more than \$20,000, more than five times the cost of their annual COBRAGuard membership. More importantly, they feel confident and assured that their COBRA program is carefully administered and maintains the solid backup documentation that is needed to resolve disputes.

Summary

Small COBRA mistakes add up to big payouts, as these cases illustrate. Many employers believe that their only risks are fines and legal fees. As you can see, that's a misconception. Even compliant companies have huge potential for insurance overpayments and lawsuits without careful accounting, premium collection and invoice reconciliation procedures.

Would you be ready if you were faced with these three circumstances? If you're not sure, get COBRAGuard on your side. If you're like most companies, you'll experience significant ROI through the timesavings alone. And, if and when you ever face a dispute, COBRAGuard will back you up with the best practices and judicious documentation you need to escape unharmed!

As one satisfied client says, "I can hire your team for two years for the same price as two hours from my attorney. COBRAGuard is the best value I've seen in a long time."