

Is it Time to Break Up With Your COBRA Administrator?

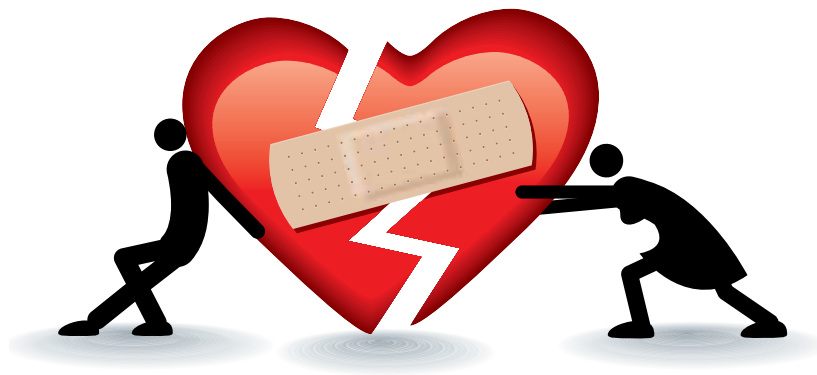
How to Know if You Should Love the One You're With or Find Someone New

By: Robert Meyers

Is the honeymoon over? Getting to know your COBRA administrator on a day-to-day basis sometimes reveals a lot of flaws. Things aren't always as advertised. As an employer, should you stick it out or run like the wind? Here's some advice before you make your next love 'em or leave 'em decision.

Stick it out if ...

- You would rate your current administrator's performance at an "A" or "B" level when you evaluate it using objective criteria.
- You haven't tried candid communication. It's far easier to coach a "B" vendor to "A" performance or a "C" vendor to "B" performance than it is to switch. Switching administrators is similar to getting a divorce – it's complicated! So before you throw in the towel, be certain that your old vendor will never get the job done satisfactorily. Make sure you've given candid, objective feedback and allowed them time to correct any issues.
- You're being tempted by a free offer. As I always say, FREE is a four-letter word. Four-letter words are dangerous. It's always better to pay for the services you wish to receive. FREE leaves a lot of wiggle room for a vendor's failure to deliver – no Web access, no customer service, no mailing documentation ... you get the picture. FREE almost always results in the receipt of substandard service.
- You're angry. Take a few days to cool down, and if you still want to leave, take time to find a replacement before you plan your exit strategy.
- You've changed administrators in the past at a frequency of more than once every three years. To protect your company from noncompliance accusations, a paperwork trail is critical. However, documentation gets difficult with frequent changes in administration.



Run like the wind if ...

- Your current administrator does not provide adequate documentation. You are required to keep records for a minimum of six years, and you need to be prepared for a variety of situations, usually from the distant past. For example, if an attorney contacts you about a COBRA situation from two years ago, will you be ready? His client is now critically ill and doesn't have coverage. He wants to prove that the offer letter wasn't sent properly and that's why his client did not elect COBRA previously. Your administrator should be able to provide adequate proof of mailing and compliance two or even six years after the fact. If you have any doubt about this capability, RUN.
- No formal service agreement exists. Good fences make good neighbors, and good service contracts make good business relationships. If nothing is signed that documents the service expectation level, then RUN to a new administrator. With health reform, ARRA phase-out, new portability rules, and other changes, it's more important than ever that the agreement is clear. If you don't have a written service agreement, you won't have any legal remedy if your vendor causes you to be noncompliant.
- You would rate your current administrator's performance at a "C" or worse when you evaluate it using objective criteria and candid feedback has not been effective. COBRA compliance is far too important for chances. If your vendor ignores you or you can't tell what's going on, RUN. You can outsource COBRA administration, but you can't outsource compliance. Their mistakes will always come back to you, so make sure you're with a partner you can trust and who is serious about your company's wellbeing.

A note about timing

They say timing is everything and that's certainly true with changing COBRA administrators. There are two good times to make a transition: at open enrollment, and during your business's slowest cycle. As we used to say in high school, never break up with a girl on the way to the dance. It's simply not convenient! The same is true here. Break up with your COBRA administrator when it's most convenient for you – when you have minimal participants and pending participants, and when you have time to closely monitor the transition and learn the new system. There's no doubt that breaking up is hard to do, but when it's done for the right reasons, at the right time, it can be a smart move.

Robert Meyers has more than 20 years of experience in business management and COBRA. He is the founder and president of Kansas-based COBRA administrator, COBRAGuard. For questions or more information, please visit www.COBRAGuard.net or e-mail robert.meyers@cobraguard.net.

The original version of this article was published in the February 2011 issue of Health Insurance Underwriter Magazine



COBRAGuard®

PO Box 39
Mission, KS 66201

Phone: **913-499-4850**

Fax: **913-438-8385**

Web: **www.cobraguard.net**