

SPECIAL
BROKER REPORT



How Better Brokers Gain Hero Status by Offering COBRA

How Better Brokers Gain Hero Status by Offering COBRA

Your goal is to sell health insurance. So why confuse the issue by introducing COBRA administration? Because if you don't – another agent will. In today's highly competitive environment, providing value added service that alleviates your client's pain points is critical. And right now, there's no bigger headache than COBRA administration. If you learn how to educate your employers, you'll close the door on your competition. There are several powerful reasons to discuss COBRA administration outsourcing with your clients. The law has always been complex to administer. But now, administration is more difficult than ever before. And failure to comply with COBRA can give rise to costly fines and litigation. There's never been a better time to address this pain point and alleviate major stress for your clients. It just might earn you "hero" status with your clients!

How should brokers broach the COBRA topic?

Whenever you're discussing open enrollment with your clients, the COBRA topic is an easy segue. When you're collecting your client's health plan census, request their COBRA participant information on behalf of the carrier. Then inquire about their COBRA administration process. Ask your client these questions: How are COBRA requirements being managed by your company? Are you satisfied with how COBRA is managed? Are you confident you've taken care of the risk?

Who are the best candidates for COBRA outsourcing?

If a company's human resource team faces any of the following circumstances, COBRA administration outsourcing may be advisable:

- **Understaffing:** This often means the job of COBRA may fall on employees who already have many other responsibilities. They probably aren't

adequately trained in COBRA and don't fully understand risks and costs of non-compliance.

- **Workforce reductions or planned layoffs:** The resulting COBRA administration load may be daunting.
- **Growth:** In growing companies, the HR teams must devote time to attracting and retaining employees. These companies may gain significant time and cost benefits from outsourcing.
- **Risk adversity due to tight margins:** Clients with tight margins may have difficulty absorbing the costs of non-compliance. These clients often appreciate the peace of mind of outsourcing to a professional firm that carries that added security of Professional Liability coverage.
- **Jack-of-all-trades:** If your client's COBRA administration is handled an HR generalist who also handles payroll, recruiting and host of other responsibilities, it's a good idea to outsource COBRA administration to a specialist to avoid expensive oversights.

What do you need to know to sell COBRA Administration?

- **Clearly define YOUR role:** Although COBRA is an employer law, employers often look to their brokers for direction regarding COBRA administration. Consequently, clients often make the mistake of believing that their broker manages their COBRA administration. This is a big misconception and should be explicitly addressed. As a broker, you should make it clear that you're not a COBRA administrator. By collaborating with an expert COBRA administrator, you'll draw the line in the sand and protect your interests as well as your clients.
- **Clearly define YOUR CLIENT'S role:** Many employers believe that if they outsource, they don't have to do anything else. Not true. Even with outsourcing, employers are responsible for providing accurate data about their participants, plans and qualifying events. This is a garbage in/garbage

out situation. Administration is only as good as the starting information provided. Employers are ultimately responsible for COBRA compliance regardless of whether they manage it in house or they outsource. While COBRA is always the employer's responsibility, the benefits of outsourcing include ease of administration, improved recordkeeping and tighter compliance.

- **Don't think you have to be a COBRA expert to offer administration as part of your product/ service mix.** Just as a general contractor would never try to do the job of an electrician, you should avoid interjecting yourself into the COBRA administration process. It's far too complex and the risk of giving bad advice exposes you to errors and omissions. Leave it to the experts!

When you offer your clients a better solution that eases the HR load, eliminates worry and minimizes the risk of costly litigation, you'll build their trust. By alleviating a major headache, you'll gain "hero" status with the HR team and earn long-lasting loyalty.

What could be better?

To learn more about how COBRAGuard saves employers time, money and hassles, visit www.COBRAGuard.net.

Robert Meyers has more than 25 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
Health Insurance Underwriter Magazine*



COBRAGuard®

PO Box 39
Mission, KS 66201

Phone: **913-499-4850**

Fax: **913-438-8385**

Web: **www.cobraguard.net**