

SPECIAL
BROKER REPORT



COBRA *Guard*[®]

How to Prepare Employers for COBRA Housekeeping After Open Enrollment

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The New Year is an opportunity for fresh marketing, more clients and new income opportunities. It's also the perfect opportunity to cement the relationships you've already established with some timely client follow-up. Although the new year holds promise, don't sweep last years' open enrollments under the rug just yet. The plan changes made last year often lead to plan complications this year. Now's the perfect time to make sure that your clients have their COBRA houses in order.

Carrier Invoice Audits: Different carriers handle COBRA differently and when employers change carriers at the beginning of the year, many times mistakes ensue. Employers should reconcile carrier invoices with the year's new rate, matching participant names and figures exactly. The person receiving the group bill should be familiar with how the new carrier invoices for COBRA participants. For example, can you add or delete participants by writing the change on the bill, making a phone call, or is the process online? Are the invoiced COBRA participants listed on the bill or do you need to check elsewhere? Remind employers to reconcile invoices carefully. By taking a lackadaisical approach, coverage may be left in "active status" by mistake. And with average family premiums over \$1,400, the overpayments can add up fast. Unfortunately, an employer has a short window of opportunity to recover money since most carrier look-back periods are only 30 to 60 days. To avoid overpayments, we recommend that employers terminate participants from the bill as soon as they provide a termination notice to the former employee. Then, if the participant pays for another month, the employer should reinstate coverage. It may be an administrative hassle but it prevents costly overpayments and saves money. Often catching just one invoice mistake more than covers the cost of COBRA administration for the entire year!

COBRA Administration: When employers change carriers, they should make sure COBRA administration is in place. It's fairly common for employers to switch carriers and not address COBRA, especially with medical plans and flexible spending accounts. If the new carrier doesn't provide COBRA administration, and the old one did, employers have to act fast to avoid missing critical deadlines. Also, their participants need to be notified of plan changes so checks will be mailed to the correct carrier.

If your client needs a COBRA administrator, here are a few things to consider:

- Search for a COBRA specialist, not a general administrator that happens to also handle COBRA.
- Find a company with a compliance guarantee, backed by professional liability insurance.
- Make sure to get a solid, written contract.
- Compare response times. A Web-based administrator may be able to get your employer online on a same day basis, and into compliance quickly, while other administrators might take 60 days to achieve the same results.
- As a broker, always make it clear that you're not a COBRA administrator. Continue to draw the line in the sand and protect your interests as well as your clients.

By staying informed and lending a hand with housekeeping, you'll help employers achieve stress-free COBRA administration. Better yet, you'll earn the long-lasting loyalty of your clients, positioning yourself for broker success this year and in the years to come.



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.

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