



COBRA: Conducting In-House and Vendor Due Diligence

Okay, I'll admit it. At first glance it may seem simple to administer COBRA in-house or go with the lowest cost bid. Unfortunately, not asking the right questions to confirm what the vendor, or you, are doing can be costly down the road. With penalties starting at a \$100 per day and carrier's tightening notification guidelines on terminations HR professionals need to ask themselves a few questions.

How much is my time worth to me? To the company?

- *Are we receiving professional education annually on COBRA rules and regulations?*
- *Are we updating notices at least semi-annually from guidance provided at the Federal DOL website?*
- *Are we ensuring the initial notice is distributed correctly?*
- *Does our liability or EPLI policy cover us for errors relating to COBRA administration if we are doing it in-house? Are there limits to the coverage?*

Now it seems a bit more time consuming if not daunting. So you outsource it, they are the experts and will do everything that is necessary right? Unfortunately, that is often not the case and some employers are now realizing this since the subsidy has made COBRA affordable. For example, the initial notification is often not included as a core feature and most COBRA administrators are unable to include the carrier application as part of the packet sent when an employee is terminated. Some don't clearly notify you when an applicant late pays or cancels coverage. We often hear of poor customer service and limited enrollment options.

Hopefully at this point we can agree there are many additional features and questions to ask when considering a COBRA vendor. Below are a few of the questions we ask as part of our due diligence.

- *Can participants enroll online, by phone or mail only?*
- *Is the initial notice included as well as takeover fees, HIPAA certificates?*
- *Is any portion of your services subcontracted to a third party?*
- *Can terminations be reported online?*
- *Do you report eligibility direct to the carrier as well as premium payments?*

There are significantly more questions to ask and it is always important to read the contract in its entirety. Through our searches and as part of a national COBRA and 125 administration selection committee, a couple rose to the top and we are pleased to have strong partnerships with them to provide comprehensive COBRA administration services and at reduced pricing to PWA clients.

To find out more on our COBRA alliance partners please contact your PWA Account Executive.

Michael joined PWA in 1998 to work as a benefit consultant and assist with client services. He received a BA in public relations from the University of California, Chico, and served as a public relations specialist for a managed care organization before joining PWA. Michael has conducted seminars and webinars on COBRA, Benefits Management, HIPAA and Health Care Reform and has received his NAHU Certification in Consumer Directed Health Care. Michael served on the Sacramento Metro Chamber Healthcare/Biosciences Committee for 8+ years and is past-chair and a member of the UC Davis Health System's Community Advisory Board.