COBRA &
New Compliance Document

Misty Baker, Director of Compliance & Government Affairs
Carol Taylor, JM-Compliance, REBC Compliance Specialist

Move Faster. Go Further.

CRC GROUP

Disclaimer

The information herein should not be construed as legal or tax advice in any way. Regulations, guidance and legal opinions continue to change. The preparer has gathered public information and has attempted to present it in an easily readable and understandable format. Situations vary; technical corrections and future guidance may vary from what is discussed in the presentation.

This is meant for informational content only. The presenter makes no warranty of any kind concerning this information. You should seek the advice of your attorney or tax consultant for additional or specific information.

Today's Agenda

- COBRA: Pitfalls and Best Practices
- New Compliance Tool
- Questions

COBRA Pitfalls & Best Practices

Missing or Incorrect COBRA Notices

- Required COBRA notices are not issued timely or at all
- **General Rights Notice (GRN)** is often missed when:
  - A group plan first becomes COBRA eligible
  - New participants enroll in the plan

- **Best Practices**
  - Automatically issue the GRN at initial enrollment or within 90 days of enrollment
  - Embed the GRN in benefits guides and onboarding materials
  - Post the GRN in online enrollment platforms (Ease, Employee Navigator)

Misunderstanding Qualifying Events (QEs) and Eligibility

- Employers fail to recognize all qualifying events
- Frequently missed or misunderstood:
  - Dependents aging off coverage (age 26)
  - Employee Medicare entitlement while dependents remain on the plan
- **Best Practices**
- Train HR teams annually on qualifying event triggers
- Use standardized QE checklists at termination and status changes
- Confirm Medicare-related QEs with COBRA administrators promptly
- Document all QEs and notification dates

Inconsistent or Selective COBRA Administration

- Treating qualified beneficiaries (QBs) differently
- Paying or subsidizing COBRA premiums selectively
- Voluntary termination of group coverage to obtain Medicare, is NOT a COBRA/State Continuation qualifying event

- **Best Practices**
- Apply COBRA rules uniformly to all qualified beneficiaries
- If offering subsidies, formalize them in a written, nondiscriminatory policy
- Coordinate subsidy decisions with legal or compliance advisors
- Maintain documentation supporting consistent treatment

Failing to Add New Plans to COBRA Administration

- Dental, vision, or other ancillary plans are not added to COBRA systems
- COBRA notices are issued with missing benefits

- **Best Practices**
- Notify the COBRA administrator immediately when new benefits are added
- Confirm all COBRA-eligible plans are reflected in election notices
- Conduct annual plan audits with brokers and administrators
- Assign clear responsibility for communicating plan changes

Overlooking COBRA for: FSAs, HRAs, EAPs, and Wellness Programs

- Assuming non-traditional benefits are exempt from COBRA

- **Best Practices**
- Review all benefit offerings annually for COBRA applicability
- Confirm:
  - FSAs are offered COBRA when contributions exceed claims
  - HRAs / ICHRA
  - EAPs
  - Wellness programs tied to medical coverage are included

Poor Carrier Notification and Coordination

- Carriers are not informed of COBRA administrator authority
- Coverage delays occur after elections and payments

- **Best Practices**
- Provide carriers with a **COBRA TPA Authorization Letter**
- Verify carrier contact information with your COBRA administrator annually
- Ensure COBRA administrator processes enrollments and terminations directly
- Reconcile COBRA participant lists with carrier invoices monthly

Expecting Retroactive COBRA Implementation

- Assuming COBRA administrators will process retroactive qualifying events
- Delays occur when vendors restrict backdating

- **Best Practices**
- Implement COBRA administration before qualifying events occur
- Understand vendor-specific effective date and submission requirements
- Have an interim COBRA notice process documented if needed
- Communicate implementation timelines clearly with brokers and HR teams

Confusion Between Federal COBRA and State Continuation (Mini-COBRA)

- Applying the wrong continuation rules
- Misunderstanding which state's laws apply

- Best Practices
- Update carriers annually with employee counts
- Confirm whether Federal COBRA or State Continuation applies
- Understand which state's continuation rules govern coverage
- Review state continuation rules during multi-state expansions

Failing to Update COBRA Administrators at Renewal or Plan Changes

- • COBRA administrators are not informed of plan renewals or replacements
- • COBRA payments and communications stall

- Best Practices
- • Notify COBRA administrators of plan changes before renewal effective dates
- • Provide updated plan documents, rates, and eligibility details
- • Confirm COBRA administrators can communicate Open Enrollment to QBs – most will administer OE for QBs, but require 60 days advice notice
- • Include COBRA updates in annual renewal checklists

For More Information or a Quote, Contact Your CRC Value-Added Products Team

Patti Reimer

Sales Executive
Value-Added Products
Assists with New Business and Implementation
925.969.2203
patti.reimer@crcgroup.com

Hannah de Haas

Sales Representative
Value-Added Products
Assists with New Business and Implementation
972.457.3794
hannah.dehaas@crcgroup.com

Amber Thack

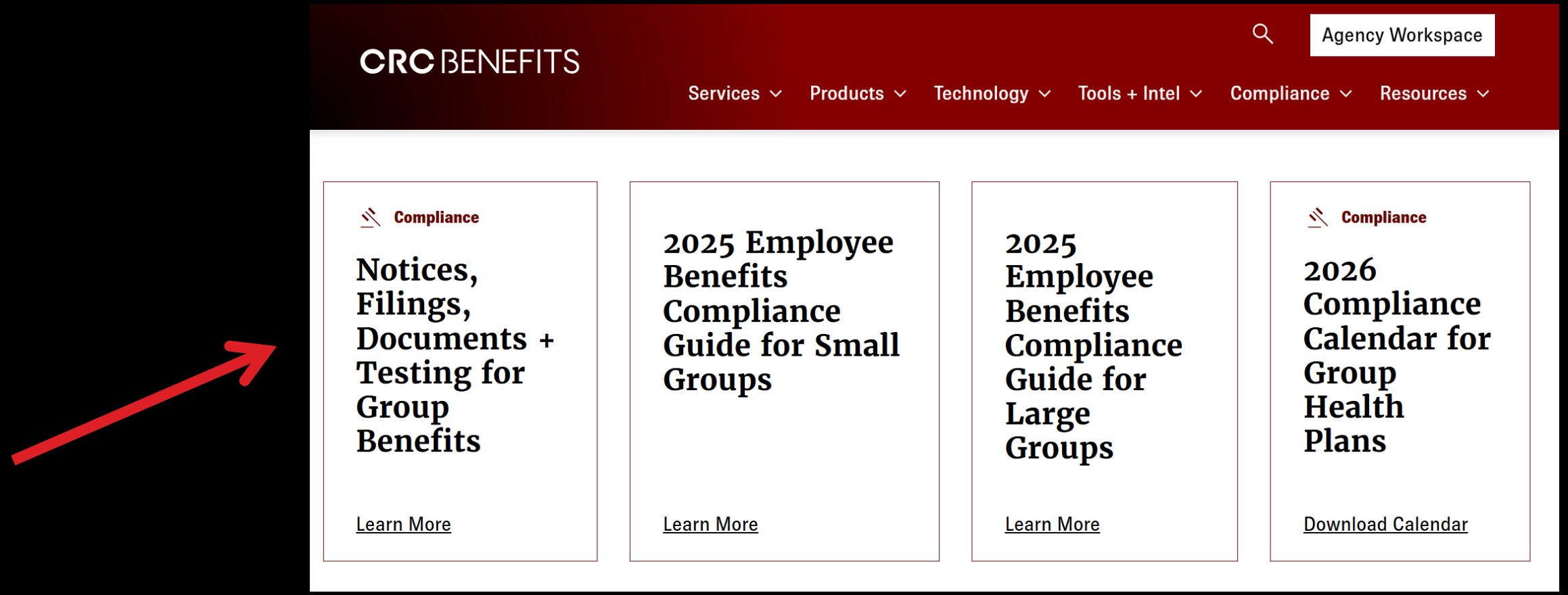
Sales Assistant
Assists with New Business Implementation
amber.thack@crcgroupl.com

CRC BENEFITS

This team of experts will assist you with end-to-end Value-Added Product sales and service support including market intelligence, product training, proposal review, enrollment assistance, renewals, and so much more!

CRC BENEFITS

https://www.crcbenefits.com/compliance/compliance-resources/



NEW: Compliance Tool

https://www.crcbenefits.com/compliance/compliance-resources/

REQUIRED NOTICES

Review*	Disclosure Type	Applicable To	Content	Link to Notice/Template, or Sample Wording	Timing
	Summary of Benefits and Coverages (SBC)	All Group Health Plans (*Provided by Insurance Carrier, ASO/TPA, or employer)*	• Must be prominently placed • This template describes the benefits and coverages under a plan • The SBC must include a web address for the Uniform Glossary (see below) • Contact Information must be included to obtain a paper copy	• Click **here** for more information.	• Provided to enrollees with enrollment materials (new or renewal) • Special period enrollees within 90 days from enrollment • 60 days prior to off-renewal changes • Upon request within 7 days
	Uniform Glossary	All Group Health Plans	• Should be placed after the SBC	• Click **here** for more information.	• Same as the SBC
	Medicare Part D Notice + Disclosure to CMS	All Group Plans Offering Prescription Coverage	• Should be placed after the SBC and Uniform Glossary, must be prominent • Insurance Carriers should provide determination whether the Rx benefits meet or do not meet the Medicare Part D requirements • Notice must be provided to all Medicare-eligible individuals, including spouses and dependents • Updated employee counts should be remitted to the appropriate carriers at least annually.	• Templates are available for both Creditable and Non-Creditable **here**. • Online disclosure is **here**.	• Prior to October 15th each year • When a Medicare-eligible person is eligible to enroll in the group plan (including open enrollment), including those eligible due to disability • Employer online disclosure to CMS no later than 60 days after the start of the plan year, or within 30 days after a change or term in Rx coverage if done mid-plan year

https://www.crcbenefits.com/compliance/compliance-resources/

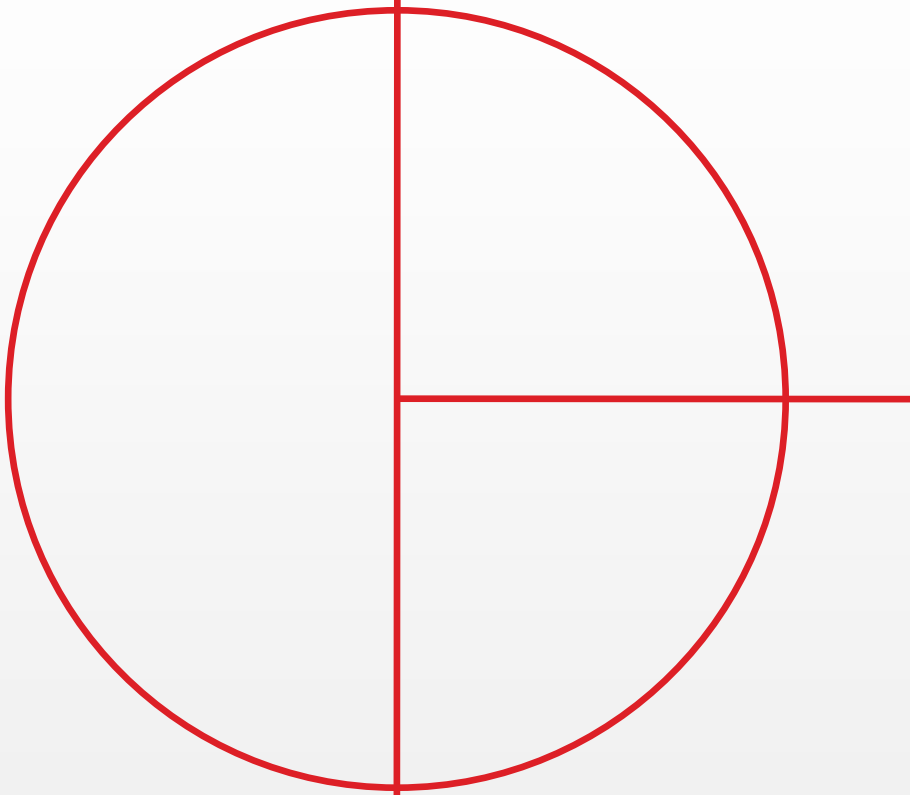
FILINGS

Review*	Disclosure Type	Applicable To	Content	Link to Notice/Template, or Sample Wording	Timing
	Patient-Centered Outcomes Research Institute Fee (PCORI)	Level-/Self-funded group health plans, Health Reimbursement Arrangements (HRAs), Medical Expense Reimbursement Plans (MERPs), Individual Coverage HRAs (ICHRAs), Qualified Small Employer HRAs (QSEHRAs), and Flexible Spending Accounts (FSAs) with employer contributions	• Self-funded employer plans must submit IRS Form 720 and the applicable fee by July 31st in the year after the plan year ends. • For example: Plans ending in 2025 will not remit the IRS Form 720 and payment until 2026. • A schedule of filing due dates and applicable rates may be found **here**. • Note that there are differing counting methods based on the type of the plan. Information can be found **here**.	• A notice to employees is not required. • IRS Form 720, click **here**. • IRS Form 720 Instructions, click **here**.	• Group must remit form and payment by July 31 in the calendar year after the plan year ends.

https://www.crcbenefits.com/compliance/compliance-resources/

Review*	Disclosure Type	Applicable To	Content	Link to Notice/Template, or Sample Wording	Timing
	§129 Nondiscrimination Testing for Dependent Care Account Plans (DCAPs/ DCFSAs)	All employers offering Dependent Care Account Plans	• Nondiscrimination testing must be performed annually to ensure that highly compensated individuals (HCIs) are not disproportionately benefiting from the plan. • Testing failures result in the loss of tax benefits for HCIs, making their contributions to the plan taxable.	• Contact our Value Added Products Sales Team to be connected with vendors at: Patti.Reimer@crcgroup.com, Hannah.deHaas@crcgroup.com Amber.Thack@crcgroup.com	• There are no notice distribution requirements under the testing.
	§105(h) Nondiscrimination Testing for Self-funded plans	All employers offering level-/self-funded plans, including HRAs, MERPs, and ICHRAs	• Nondiscrimination testing must be performed annually to ensure that highly compensated individuals (HCIs) are not disproportionately benefiting from the plan. • Testing failures result in the loss of tax benefits for HCIs, making their contributions to the plan taxable.	• The plan administrator, carrier, TPA, tax advisor, or legal counsel should assist with performing the annual testing.	• There are no notice distribution requirements under the testing.
	§79 Nondiscrimination Testing	All Group Term Life Plans	• Nondiscrimination testing must be performed annually to ensure that highly compensated individuals (HCIs) are not disproportionately benefiting from the plan. • Testing failures result in the loss of tax benefits for HCIs, making their contributions to the plan taxable.	• The plan administrator, carrier, tax advisor, or legal counsel should assist with performing the annual testing.	• There are no notice distribution requirements under the testing.
	Health Reimbursement Arrangement/Medical Expense Reimbursement Plan (HRA/MERP) Document	All group health plans offering an HRA or MERP Arrangement	• A Summary Plan Description (SPD) must be adopted by an employer in order to implement an HRA/MERP. • A Summary of Benefits & Coverages (SBC) detailing the benefits covered under the HRA/MERP should be distributed to plan enrollees.	• Contact our Value Added Products Sales Team to be connected with vendors at: Patti.Reimer@crcgroup.com, Hannah.deHaas@crcgroup.com Amber.Thack@crcgroup.com • SBC Model Template can be found **here**.	**SPD:** • Employers should sign and adopt the plan prior to the effective date of coverage. **Notice to Employees (SBC):** • Provided to enrollees with enrollment materials (new or renewal) • Special period enrollees within 90 days from enrollment • 60 days prior to off-renewal changes

Questions?



Thank you!

Misty Baker
Misty.baker@crcgroup.com

Carol Taylor, JM-Compliance, REBC
Carol.taylor@crcgroup.com

crcbenefitscompliance@crcgroup.com

www.crcgroup.com/compliance

CRC BENEFITS