

## COBRA ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement (“Agreement”) is hereby made between Providence Health Plan (“Providence”) and the Employer (“Employer”) and applies to all Members.

WHEREAS Providence is a Health Care Service Contractor that administers a group health plan subject to COBRA, and that group health plan includes the Group Contract issued to Employer by Providence (“Group Contract”);

WHEREAS Employer has contracted with Providence to provide COBRA administration services to Qualified Beneficiaries of the Group Contract; and

WHEREAS Providence has delegated the responsibility for providing COBRA administration services to its vendor hereinafter referred to as COBRA Administrator,

THEREFORE the obligations of Employer, Providence and COBRA Administrator, in the event that federal continuation of coverage requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, apply to the Employer, are as set forth below:

### 1. **Employer**

- A. Employer is responsible for all aspects of the administration of COBRA with respect to the group health plan provided by under the Group Contract, except as otherwise provided in this Agreement.
- B. Employer delegates to Providence the responsibility for designating a COBRA Administrator to perform COBRA administration responsibilities as provided herein at Paragraph 3.
- C. The Employer delegates the COBRA administration responsibilities specified herein at Paragraph 3 to COBRA Administrator.
- D. Employer retains responsibility for the following COBRA administration duties:
  - i. Employer shall complete in their entirety and submit Newly Covered Employee/Spouse Notification Forms (also known as New Hire Notification Forms) to COBRA Administrator within 90 days of the start of coverage. Employer shall have the option of providing information via the paper New Hire Notification Form provided by COBRA Administrator, the electronic New Hire Notification Form maintained by the COBRA Administrator on its website or an electronic file in the specifications provided by COBRA Administrator.
  - ii. Employer shall complete in their entirety and submit Qualifying Event Notification Forms to COBRA Administrator within 14 days of the Qualifying Event. Employer shall have the option of providing information via the paper Qualifying Event Notification Form provided by the COBRA Administrator, the electronic Qualifying Event Notification Form maintained by the COBRA Administrator on its website or an electronic file in the specifications provided by COBRA Administrator.
  - iii. Employer shall provide COBRA Administrator with the applicable premium amounts for all plans in accordance with the Group Contract no later than 30 days prior to the date any such changes in applicable rates of COBRA continuation coverage become effective. If COBRA Administrator is not advised of any changes of applicable rates thirty days in advance, the COBRA Administrator shall continue to apply the applicable rate from the preceding month in billing Employer's Qualified Beneficiary(ies) until new rates are received and processed.

- iv. Employer shall be responsible for the termination of coverage for active employees and/or dependents at the time of a Qualifying Event. In addition, Employer shall remit certifications or participant update reports from the COBRA Administrator to Providence when notified of additions and terminations of COBRA participants and/or dependents by COBRA Administrator.
  - v. Employer shall be responsible for authorizing COBRA Administrator to add dependents to COBRA continuants' coverage based on the rules of COBRA and its group health plan.
  - vi. Employer shall remit premiums to Providence on behalf of the Qualified Beneficiary until Providence receives notice from the Employer that such beneficiary is no longer entitled to COBRA coverage.
  - vii. If Employer has COBRA-eligible plans with carriers other than Providence, Employer may request that COBRA Administrator provide services for these plans. Employer shall be responsible for any fees charged by COBRA Administrator associated with the provision of COBRA services for plans other than those provided by Providence.
  - viii. Employer may request that COBRA Administrator provide a notification containing the information required to be included in the COBRA initial notification (ERISA Section 606(A)(1)) to all current active employees and covered dependents and all current COBRA qualified beneficiaries and covered dependents. Employer shall be responsible for any fees charged by COBRA Administrator associated with the provision of these COBRA notification services to the total population.
- E. Employer agrees to assure responsibility for a COBRA violation resulting from the failure of Employer to perform its COBRA administration responsibilities not specifically delegated to COBRA Administrator.
- F. Upon receipt of notice from Providence that a COBRA Administrator is not designated pursuant to Paragraph 3 to perform COBRA administration for Employer, Employer shall resume responsibility for all COBRA administration.
- G. Employer is responsible for providing COBRA Administrator with all eligibility and premium information related to any additional and/or supplemental plans for which COBRA administrative services are provided by COBRA Administrator.

## 2. **Providence Health Plan**

- A. Providence, on behalf of Employer, may designate a COBRA Administrator to perform the COBRA administration responsibilities specified herein at Paragraph 3 and may enter into a contract with COBRA Administrator for that purpose.
- i. COBRA Administrator is not Providence's agent.
  - ii. Providence is not responsible for COBRA Administrator's performance of the duties specified herein at Paragraph 3.
- B. Employer may elect COBRA administration services at the time it begins or renews its Group Contract with Providence, or as otherwise agreed to by Providence. Pursuant to that election, Providence will issue this Agreement in addition to the Group Contract. If COBRA Administrator is providing services to Employer who decides to terminate services after its implementation, COBRA Administrator shall inform Providence in writing of the Employer's name and group number (if available). Providence shall review Employer's request to terminate services. If Providence approves

Employer's request to terminate services, Providence shall provide COBRA Administrator with notification that Employer is approved to terminate. The COBRA Administrator will terminate services in accordance with its termination procedures after notification of the termination approval.

- C. Providence, on behalf of Employer, shall compensate COBRA Administrator for the services provided in Paragraph 3, and shall authorize COBRA Administrator to retain COBRA administration fee charged to the qualified beneficiaries.

This compensation includes standard COBRA administration services for up to 10 additional and/or supplemental plans of the Employer. Should Employer receive COBRA administration services for more than 10 plans or non-standard services from the COBRA Administrator, Employer shall be responsible for all additional costs.

- D. Providence is not the plan administrator or plan sponsor for purposes of COBRA and has no responsibility for Employer's COBRA administration obligations except for the designation of COBRA Administrator pursuant to Paragraph 1.C.
- E. To the extent required by COBRA, and upon timely receipt of premiums and proper certification or participant update forms, Providence shall provide coverage to Qualified Beneficiaries after the period that their coverage would normally cease under the Group Contract. Providence shall terminate active Employees and/or Dependents when notified by the Employer at the time of the Qualifying Event. Providence shall enroll Qualified Beneficiaries and/or their Dependents upon receipt of the COBRA Administrator's certifications or participant update forms from Employer for new additions and shall terminate Qualified Beneficiaries and/or their Dependents upon receipt of COBRA Administrator's certifications or participant update forms from the Employer for terminations.
- F. Providence shall not be responsible for determining whether a Member is eligible to receive continuation coverage; such determination is based on the requirements of COBRA and the procedures established by the COBRA Administrator.
- G. If Employer or Member fails to meet their obligations under this Agreement, the Group Contract or COBRA, Providence shall not be liable for any claims of Member after his/her termination of coverage. Providence may audit Employer's administration process in the event that any and all COBRA elections are not processed by the designated COBRA Administrator. The audit shall be conducted by Providence to determine whether Employer or Employer's non-designated COBRA administrator has followed the appropriate COBRA compliance requirements and to determine the liability for any related claims.
- H. Once a year, during the 4<sup>th</sup> quarter, Providence shall provide COBRA Administrator with basic group demographic information for all Employers with thirty or fewer covered employees (subscribers). COBRA Administrator will send a letter to each of these Employers to determine whether Employer must comply with state or federal continuation laws.

### 3. **COBRA Administrator**

- A. The person or entity designated by Providence to be the COBRA Administrator pursuant to Paragraph 1.C. shall be responsible for the following functions:
  - i. Determine application of federal COBRA law to Employer annually, usually during the 4<sup>th</sup> quarter.
  - ii. Enter, verify and archive its copy of the New Hire Notices received from Employer. COBRA Administrator will correspond or call Employer as necessary to obtain any missing information.

- iii. Enter, verify and archive its copy of the Qualifying Event Notices received from Employer. COBRA Administrator will correspond or call Employer as necessary to obtain any missing information.
- iv. Enter, verify and archive all information provided by Employer regarding the current COBRA population. Information about existing active COBRA continuants that have elected and paid previous premiums must be received by the 15<sup>th</sup> of the month prior to the first billing date.
- v. Receive and review COBRA election forms from beneficiaries for completeness and timeliness of elections and shall make reasonable efforts to correspond with or call Employer, or Qualified Beneficiary, as necessary for COBRA Administrator to provide services. If a Qualified Beneficiary makes a complete and timely election and makes appropriate premium payments, COBRA Administrator shall notify Employer via a certification or participant update form sent via fax or mail directly to the Employer.
- vi. Maintain records of COBRA continuation coverage premiums for all plans in accordance with Employer's Group Contract with Providence. Premiums shall be provided to COBRA Administrator by Employer no later than 30 days prior to the date any such changes in applicable rates of COBRA continuation coverage become effective. If COBRA Administrator is not advised of any changes of applicable rates 30 days in advance, COBRA Administrator shall continue to apply the applicable rate from the preceding month in billing Employer's Qualified Beneficiary(ies) until new rates are received and processed. If applicable rates are not provided in a timely manner, Employer shall be responsible for any differences due.
- vii. Bill on a monthly basis and collect premiums from Qualified Beneficiary(ies) for the cost of COBRA continuation coverage provided to that/those Qualified Beneficiary(ies). COBRA Administrator shall bill the contribution required of the Qualified Beneficiary in accordance with the applicable rates furnished by us or by Employer.
- viii. Provide notification of nonpayment of COBRA continuation coverage premiums to Employer and Qualified Beneficiary within 10 days following the end of the grace period for Qualified Beneficiaries that have elected COBRA continuation coverage timely and paid the initial contribution timely within the applicable grace period. Timeliness shall be based upon the postmark or other similar means of determination. COBRA continuation coverage shall terminate at the end of the last coverage period for which payment was received.
- ix. Provide notification to all Qualified Beneficiaries who have elected COBRA continuation coverage of their rights to convert to an individual medical insurance policy when such continuation coverage terminates (if any such right exists). Such notice of conversion shall be issued to the extent and within the period prescribed under COBRA or any of its applicable regulations. Currently, this notification is sent approximately 90 days prior to the end of the maximum COBRA continuation period.
- x. Forward the applicable premium received from the Qualified Beneficiary(ies) to the Employer on a monthly basis, less the 2% administration fee and any fees owed by the Employer which COBRA Administrator will retain. Said contributions shall be forwarded to Employer on or before the fifteenth of the month following the month for which the contribution was collected. Employer shall remit premiums to Providence in accordance with the Group Contract on behalf of a Qualified Beneficiary until COBRA Administrator notifies the Employer that such beneficiary is no longer entitled to COBRA coverage and Employer notifies Providence of same. Employer also shall be responsible for reconciling any differences with Providence.

- xii. COBRA Administrator shall make every attempt to collect on checks with insufficient funds. If, after all avenues are exhausted, the COBRA continuant has not replaced the returned check, COBRA Administrator shall charge Employer for the premiums previously disbursed to Employer from the returned check.
- xiii. If COBRA Administrator disburses premiums and later the check from the continuant is deemed "uncollectible", COBRA Administrator will charge back to Employer the amount of the premiums previously disbursed to Employer. Employer shall be responsible for reimbursing COBRA Administrator.
- xiv. Establish and maintain a record of all Qualified Beneficiaries who elect COBRA continuation coverage and any dependents that are added to the Qualified Beneficiaries' COBRA continuation coverage for Employer.
- xv. Provide all necessary forms and materials, at its expense, to Employer necessary for COBRA compliance. COBRA Administrator shall be responsible for providing Employer with New Hire Notification Forms, COBRA Qualifying Event Notification Forms, and all other forms and materials that reasonably comply with the requirements of COBRA.
- xvi. Establish procedures to verify eligibility for COBRA coverage. In order to assist Employer in determining and verifying the continued eligibility of each Qualified Beneficiary(ies) for COBRA continuation coverage, each Premium Remittance Form will contain a statement certifying that the Qualified Beneficiary(ies) continues to meet eligibility requirements and has not first become (a) entitled to Medicare, and/or (b) covered under another group health plan that does not have a limitation or exclusion due to a pre-existing condition.  
  
In addition, Qualified Beneficiaries shall be given the requirements for disability extensions and instructed as to the procedures to submit requests for disability extensions. COBRA Administrator shall process only those requests for disability extensions that meet COBRA eligibility requirements.  
  
Dependent additions shall be handled in the same manner as similarly-situated active employees for Employer. COBRA Administrator shall contact Employer for authorization when a COBRA continuant requests to add a new Dependent. Once Employer authorizes the addition, the new Dependent will be added as of the appropriate date and the continuant's coverage level shall be changed accordingly.
- xvii. Develop all correspondence and notices referenced herein that will be sent to the Qualified Beneficiary(ies) which reasonably comply with the requirements of COBRA.
- xviii. Provide a reasonable level of customer service with respect to its COBRA responsibilities. A toll-free number shall be given to Qualified Beneficiaries which gives the Qualified Beneficiary access to a Customer Service representative during the hours of 8:00 a.m. to 8:00 p.m. Eastern time, Monday through Friday (except holidays). Employer also shall be given a

toll-free number for Client Service Support during the hours of 8:00 a.m. to 8:00 p.m. Eastern time, Monday through Friday (except holidays).

In addition, COBRA Administrator shall maintain an Interactive Voice Response (IVR) system that will be available to Qualified Beneficiaries and the Employer 24 hours a day, seven days a week. Qualified Beneficiaries shall be able to elect coverage using the IVR system. The Employer shall be able to request a one-page Special Status Report to be faxed only to the fax number on record.

A website shall be available to Qualified Beneficiaries 24 hours a day, seven days a week. Qualified Beneficiaries shall be able to elect coverage or update address information on the website. Employer may request access to the website. Employer shall be able to review the status of its COBRA continuants, submit Qualifying Event Notification Forms, prepare established reports and other functions as added on the website.

- xix. Retain records relating to its services for the period of time as required by law, maintain confidentiality of the records, provide an adequate disaster recovery program, and provide reasonable access to the records by Employer. Any duly authorized representative of Providence or of Employer (upon the execution of an appropriate release form to assure the confidentiality of the data to be released and to indemnify COBRA Administrator from any loss resulting from the misuse of such released data) shall have the right to examine or audit such records during the business hours of COBRA Administrator, upon 14 days advance written notice to COBRA Administrator.
  - xx. On termination of its responsibilities as COBRA Administrator for Employer, furnish to Employer or its agent all information necessary for the continued administration of Employer's COBRA responsibilities.
- B. The COBRA Administrator designated pursuant to Paragraphs 1(C) and 2(A) shall agree to assume responsibility if a violation of COBRA occurs due to COBRA Administrator's failure to materially perform the obligations specified in this Paragraph 3.

#### 4. General Provisions

- A. The provisions of this Agreement may be amended by agreement between the Employer and Providence. Any such amendment shall become effective on the date specified in the amendment. The payment of Premium for the Group Contract for any period of coverage after the effective date of an amendment to this Agreement shall constitute the acceptance of the amendment by the Employer if Providence has provided written notice of the amendment to the Employer prior to the payment of such Premium.
- B. This Agreement shall not extend, vary, alter, replace or waive any of the provisions, benefits, exclusions, limitations or conditions contained in the Group Contract, other than as specifically stated in this Agreement. In the event of any inconsistencies between the provisions contained in this Agreement and the provisions contained in the Group Contract, the provisions contained in this Agreement shall control to the extent necessary to effectuate Providence's intent as expressed herein.
- C. This Agreement is effective as of the date last set forth in the COBRA Administrative Services Acceptance Form. It will terminate upon the earlier of the following:
  - i. Termination of the Group Contract; or
  - ii. Written notice of termination by Providence or by Employer given to the other at least thirty (30) days prior to the effective date of such termination.

As of the date of termination, all duties otherwise to have been performed by Providence or by COBRA Administrator under this Agreement will become the responsibility of Employer.

- D. In the event of any dispute arising out of or relating to this Agreement, the parties shall first attempt by themselves in good faith to mutually resolve the dispute. If the parties are unable to resolve the dispute, then all matters in controversy shall be submitted to binding arbitration before a single arbitrator under the auspices, rules, and regulations of United States Arbitration & Mediation in Portland, Oregon. The parties agree to be bound by the decision of the arbitrator, which shall be a final determination of the matter in dispute. The parties further agree to divide the cost of arbitration equally, including filing, administration, and arbitrator's fees, but to be responsible each for its own attorneys' fees.
- E. This Agreement will be governed by the laws of the State of Oregon, except to the extent federal law applies.

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