

For most employers, COBRA, HIPAA and state continuation law administration is not a primary function for the company, and the owners may not understand the complexity of the requirements and the risks of improper administration. Factor in the emotional considerations of having to make objective decisions about benefits for former colleagues, and it is easy to see why many employers prefer to outsource.

Despite an employer's best efforts, COBRA administration:

Brings compliance, litigation and claim risks – The U.S. Department of Labor and the IRS can impose fines and penalties that can be substantial for failure to comply with the requirements of COBRA and HIPAA. This can also result in costly litigation, with the potential for sizable awards for the plaintiff. Another risk is that improper application of COBRA and state continuation laws may cause a large claim to be rejected by the provider — leaving the employer responsible for the large claim on a self-funded basis.

Demands fair and equitable treatment for all participants – Every participant must be treated equitably under the plan, with no preferential treatment extended to any one participant. This can be challenging when a COBRA administrator is unsure or conflicted about how and to whom continuation benefits are offered.

Places a burden on your staff and bottom line – If an employer considers the cost of training human resources staff members and making sure that they keep up with all of the statutory, regulatory, and case law developments of COBRA, HIPAA and state continuation laws, as well as the costs associated with their administration activities, they often can find that they can save money by outsourcing.

The challenges of managing COBRA are evident. Is it time to think about outsourcing? Turn the page to learn about the OptumHealth Financial Services solution.



We support you every day:

- A full-time, designated account manager is available to answer questions or put you in touch with technical experts.
- Plan sponsors and beneficiaries can manage benefit status and other information online any time.

OptumHealth Financial Services delivers expertise, systems and protections so you can redeploy your team to focus on your business.

We stay on top of emerging statutes, regulations and court cases that impact how plans maintain compliance. This helps to ensure that the administration of the program satisfies the stringent requirements that apply to the COBRA, HIPAA and state continuation benefits you provide.

We also remove emotion and potential conflicts of interest from your COBRA participants' activities by basing decisions exclusively upon the statutory and regulatory considerations. The result is fair and equitable treatment for all COBRA beneficiaries – and the potential to save on claims costs when you consider the significantly higher loss ratios for COBRA-covered individuals.

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All things considered, outsourcing COBRA administration is a smart way to reduce your risks and focus staff resources on your business. Contact us today to learn more about our COBRA administration service. Call (866) 427-6804 or visit OptumHealthFinancial.com.

About OptumHealth Financial Services

OptumHealth Financial Services provides tax-advantaged accounts for health care savings and spending, innovative medical and debit card technology, benefits administration services, and print and electronic payables solutions for the health care industry. We make health care simpler, more accessible and more affordable. Visit us at OptumHealthFinancial.com.

We offer these options for you and your employees:

Health Accounts for Active Employee Health Care

- Health savings accounts (HSAs)¹
- Health reimbursement accounts (HRAs)
- Flexible spending accounts (FSAs)
- Health incentive accounts (HIAs)

Health Accounts for Retiree Health Care

- Retirement reimbursement accounts (RRAs)
- Hybrid retirement solution
- Funded health reimbursement arrangements (FHRAs)

Benefits Administration

- COBRA
- Consolidated billing
- Retiree billing
- VEBA/115 trusts and daily valued investments²

¹ Health Savings Accounts are offered by OptumHealth Bank, Member FDIC, and are subject to eligibility.

² Investments are not FDIC insured, are not guaranteed by OptumHealth, and may lose value.

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Contact a tax, legal or account professional for personal advice on tax-related filings and issues. Federal and state regulations are subject to change.