

COBRA Administration Services

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) allows employees and their eligible dependents, under certain conditions, to continue their group health care coverage once they are no longer eligible under the group contract. Depending on circumstances, coverage can be elected for up to 18, 29 or 36 months.

BlueCross BlueShield of Tennessee offers COBRA administration and billing services to group administrators.

Services:

If the initial notification option is purchased, BlueCross BlueShield of Tennessee will send an initial notification to all new enrollees of the health plan informing them of their COBRA rights.

Once an employer informs BlueCross BlueShield of Tennessee that an individual and his or her dependents are eligible for COBRA, BlueCross BlueShield of Tennessee will then provide the following services:

- Send a COBRA qualified event notification letter to the eligible member along with a COBRA enrollment form and information on rates and benefits.
- Mail monthly premium notices to the COBRA participant.
- Notify the COBRA participant of COBRA coverage termination, as well as the reason and effective date.
- Send the employer monthly reports of active, pending and terminated COBRA participants.
- Update COBRA participant's eligibility records.
- Notify the active participant of any available conversion coverage six months before COBRA coverage is exhausted.

The employer is responsible for informing BlueCross BlueShield of Tennessee when qualifying events occur for an employee or dependents. **Also, employers must notify COBRA beneficiaries of rate and benefit changes during open enrollment, just as they notify active employees.** Upon request, the names and addresses of qualified beneficiaries will be provided.



Guidelines for Group Administrators

Following the listed procedure should help ensure a smooth implementation of COBRA administration.

1. Premiums for COBRA participants are equal to 102 percent of the premium for active employees. Calculate COBRA premiums by multiplying the active employee premium by 1.02.
2. Your BlueCross BlueShield of Tennessee sales representative or account manager will provide you with a supply of COBRA Coverage Continuation Notices. Or visit our Web site at www.bcbst.com. Click on "For Group Administrators," then "Forms."
3. The employer terminates the qualified beneficiary coverage from the active group as soon as possible. The employer then completes a COBRA Continuation Notice for the qualified beneficiary and sends it to BlueCross BlueShield of Tennessee.
4. As the employer, you have 30 days from the last date the qualified beneficiary is eligible for active coverage to submit the COBRA Coverage Continuation Notice to:

BlueCross Blue Shield of Tennessee
COBRA Department
PO Box 180173
Chattanooga, TN 37401-7173

Toll Free: (800) 364-6121
Local: (423) 535-3174
Fax: (423) 591-9243
5. BlueCross BlueShield of Tennessee sends a COBRA qualified event notification letter and a COBRA enrollment form to the qualified beneficiary within 14 days of receipt of the COBRA Continuation Notice from the employer. **The qualified event notification letter will be mailed to the address provided on the COBRA Continuation Notice.**
6. The qualified beneficiary has 60 calendar days from the date of the notification letter or loss of coverage, whichever is later, to elect COBRA coverage. **The qualified beneficiary's coverage is cancelled during the election period until premium payment is received.**
 - If BlueCross BlueShield of Tennessee receives the completed COBRA enrollment form from the qualified beneficiary within 60 days, a premium notice will be sent to the qualified beneficiary.
 - If BlueCross BlueShield of Tennessee does not receive the completed COBRA enrollment form from the qualified beneficiary within 60 days, a non-commencement letter will be sent to the qualified beneficiary.
7. The qualified beneficiary has 45 days from the date the completed COBRA enrollment form is received by BlueCross BlueShield of Tennessee to pay retroactive premiums. The postmark date is used to verify timely payment.
 - If the qualified beneficiary sends the premium payment with the completed enrollment form, BlueCross BlueShield of Tennessee will reinstate the qualified beneficiary's group health coverage. A letter will be sent to the qualified beneficiary confirming the receipt of the enrollment form. Each month thereafter, a notice will be mailed to the qualified beneficiary 15 days before the next premium due date.
 - If the qualified beneficiary does not send the premium payment with the completed enrollment form, BlueCross BlueShield of Tennessee will send a letter requesting payment along with a premium notice the day after the enrollment form is received. The qualified beneficiary's coverage remains cancelled until payment is received.
 - If BlueCross BlueShield of Tennessee does not receive payment from the qualified beneficiary within 30 days of the premium due date, the beneficiary will be notified that coverage is terminated.

Explanation of Terms

Qualified beneficiary – Individuals who are eligible for COBRA continuation coverage under the employer's group health plan.

Non-commencement letter – A letter stating that COBRA coverage will not begin because BlueCross BlueShield of Tennessee did not receive the required enrollment form within 60 days.