



## **COBRA ADMINISTRATION SERVICE AGREEMENT**

---

This agreement is effective as of *DATE* by and between *NAME* and Benefit Advantage, Inc. This agreement is for a 24 month period from the inception of services, and subsequently renews automatically for an additional 12 months, unless terminated within 60 days from the end of the contract.

### **RECITALS**

Whereas, the Plan Sponsor has established a benefits plan ("Plan") for active employees and their eligible dependents ("Plan Participants"); and

Whereas, the Plan Sponsor desires Benefit Advantage, Inc. to act and assist the Plan Sponsor in providing notification to Qualified Beneficiaries as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); and

Whereas, Benefit Advantage, Inc. represents to the Plan Sponsor that it is knowledgeable and competent to provide such services and that it desires to provide such services to the Plan Sponsor according to the terms and conditions stated herein;

### **AGREEMENT**

Now, therefore, in consideration of the mutual promises and agreements contained herein, including the Recitals set forth herein, the parties agree as follows:

#### **Section 1: Definitions**

The following terms, as used in this Agreement, shall have the meanings as set forth below:

A. The Plan(s): *NAME* Group Benefit Plan.

B. Plan Sponsor: *NAME*

C. Qualified Beneficiary: An individual eligible to continue their group benefit plan when the group benefit plan is canceled or terminated due to a qualifying event as defined by COBRA.

D. Qualifying Event: An event, which occurs and results in a Plan Participant losing coverage under the Plan as defined by COBRA.

#### **Section 2: Obligations of Benefit Advantage, Inc.**

Benefit Advantage, Inc. agrees to act and assist the Plan Sponsor in the providing of notices to a Qualified Beneficiary pursuant to an occurrence of a Qualified Event defined and as required by COBRA and the collection of COBRA premium payments from Qualified Beneficiaries. The duties shall include the following:

##### **1. Initial Notification Upon Termination**

Benefit Advantage, Inc. shall forward an Initial Notification to the Qualified Beneficiary, which describes in detail the Qualifying Beneficiary's COBRA continuation rights, the nature and extent of health coverage to be continued, and the procedures to elect COBRA continuation. This Initial Notification shall also include an Election Form. The Initial Notification shall be written in a manner, which is easy for the Qualified Beneficiary to understand, and shall be in compliance with COBRA and related administrative regulations. The Initial Notification shall be forwarded to the Qualified Beneficiary within fourteen (14) days of the date that the Plan Sponsor notifies Benefit Advantage, of the Qualifying Event.

## 2. Collection of Premiums and Payment to Plan Sponsor

Benefit Advantage, Inc. shall collect the required premium for COBRA continuation from the Qualified Beneficiary. Benefit Advantage, Inc. shall then remit premiums collected to the Plan Sponsor on a monthly basis.

## 3. Communication To Plan Sponsor

Benefit Advantage, Inc. shall inform the Plan Sponsor of COBRA premium payment or lack of COBRA premium payment made by a Qualified Beneficiary. Benefit Advantage, Inc. shall communicate its receipt of such payment or lack of payment to the Plan Sponsor through end of month summary reports.

## 4. Subsequent Notification

- a. Premium Rate Changes - Benefit Advantage, Inc. shall notify Qualified Beneficiaries of any COBRA premium increase or decrease made by Plan Sponsor within thirty (30) days after notice from the Plan Sponsor or agent of the COBRA premium change.
- b. Notification of Premium Due - Benefit Advantage, Inc. shall give timely notice to Qualified Beneficiaries of when COBRA premiums are due.
- c. Notification of Termination - Benefit Advantage, Inc. shall give timely notice to Qualified Beneficiaries of any termination of coverage, including but not limited to, termination resulting from non-payment of COBRA premium or exhaustion of COBRA benefits.
- d. Secondary Notification - Benefit Advantage, Inc. shall give timely notice to Qualified Beneficiaries of any COBRA secondary event, provided that the Qualified Beneficiary gives notice of the event to the Plan Sponsor and such information is provided to Benefit Advantage, Inc.
- e. Maintenance of Eligibility –The Plan Sponsor shall take reasonable efforts to verify that a Qualified Beneficiary is eligible for COBRA continuation coverage, including but not limited to, verification that the Qualified Beneficiary has no other coverage available and is not covered by Medicare. The Plan Sponsor shall also take reasonable efforts to verify whether subsequent events have occurred which makes the Qualified Beneficiary ineligible for COBRA continuation coverage, including but not limited to, disability status with social security and attainment of dependent age limitations as specified in the Plan. This includes but is not limited to reviewing available reports and reconciling carrier invoices.
- f. Monthly Reports - Benefit Advantage, Inc. will prepare monthly reports, available to the Plan Sponsor on the website, detailing any active COBRA Qualified Beneficiary as well as those Qualified Beneficiaries whose coverage is pending or terminated.
- g. Maintenance of Records - Benefit Advantage, Inc. shall maintain records regarding and relating to COBRA administration. Benefit Advantage, Inc. shall also retain correspondence and other memoranda from Plan Sponsor, and Qualified Beneficiaries, including but not limited to, COBRA Enrollment Form, letters, notifications, telephone calls, election forms, mailing receipts, if any, waivers, and decision criteria. In documenting decision criteria, Benefit Advantage, Inc. shall document why decisions were made by it, when they were made, and how decisions were implemented.
- h. Compliance with Laws - Benefit Advantage, Inc. shall provide its services in accordance with Public Law 99-272, Title X, including any amendments thereto, and in accordance with any other applicable law or regulation. Benefit Advantage, Inc. shall also provide its services in accordance with Plan Sponsor's Benefit Plan or Summary Plan Description.

### **Section 3: Obligations of Plan Sponsor**

In order for Benefit Advantage, Inc. to fulfill its obligations under this Agreement, the Plan Sponsor shall provide the following information to Benefit Advantage, Inc. in a reasonable time period:

1. Names of Qualified Beneficiaries (including employee, their spouse and dependents);
2. Addresses and Phone Number of Qualified Beneficiaries;
3. Dates of employment of Qualified Beneficiaries by Plan Sponsor or date of reemployment by Plan Sponsor;
4. Basis for the termination of the Qualified Beneficiaries employment by Plan Sponsor;
5. Any other information concerning Qualified Beneficiaries required by Benefit Advantage, Inc. to fulfill its responsibilities under this Agreement.

Benefit Advantage, Inc. shall develop forms for Plan Sponsor to complete to provide the information required to Benefit Advantage, Inc. in a timely fashion. The parties agree that Benefit Advantage, Inc. shall not be held responsible for any delay in providing COBRA notices to Qualified Beneficiaries or for the failure to provide a COBRA notice to Qualified Beneficiaries, which delay or nonperformance is caused or contributed to by the Plan Sponsor. Plan Sponsor, agrees to indemnify, hold harmless and repay to Benefit Advantage all claims, damages, costs or expenses, including attorney fees that Benefit Advantage may incur hereafter and/or may be required by law to pay as a result of Plan Sponsor's breach of any of its duties or obligations as set forth in this Agreement.

Benefit Advantage, Inc. will not be held responsible for history of the certificate of creditable coverage unless all parties are in agreement that such information is transferred to Benefit Advantage, Inc., and it becomes the responsibility of Benefit Advantage, Inc.

The Plan Sponsor shall take reasonable efforts to verify that a Qualified Beneficiary is eligible for COBRA continuation coverage, including but not limited to, verification that the Qualified Beneficiary has no other coverage available and is not covered by Medicare. The Plan Sponsor shall also take reasonable efforts to verify whether subsequent events have occurred which makes the Qualified Beneficiary ineligible for COBRA continuation coverage, including but not limited to, disability status with social security and attainment of dependent age limitations as specified in the Plan. This includes but is not limited to reviewing available reports and reconciling carrier invoices. It is important that the Plan Sponsor review the monthly NET (Notified, Enrolled, Terminated) Report to verify the accuracy of your carrier invoice and eliminate participant administrative error.

Benefit Advantage, agrees to indemnify, hold harmless and repay to Plan Sponsor all claims, damages, costs or expenses, including attorney fees that Plan Sponsor may incur hereafter and/or may be required by law to pay as a result of Benefit Advantage's breach of any of its duties or obligations as set forth in this Agreement.

### **Section 4: Administration Fees- Addendum 1**

### **Section 5: Agency Relationship**

Benefit Advantage, Inc. in performing its duties outlined in this Agreement is acting only as an agent of the Plan Sponsor. The Plan Sponsor understands that the services rendered by Benefit Advantage, Inc. shall not be construed as the Plan Sponsor and/or Plan Administrator, as those terms are used within the Employee Retirement Income Security Act of 1974 as amended, from time to time and/or any state legislation of a similar nature. Benefit Advantage, Inc. shall not be responsible for advancing funds for the payment of any of the Plan Sponsor's obligations under the Plan. Benefit Advantage, Inc. shall not be considered the underwriter of the Plan Sponsor's liability to provide benefits to plan participants. The parties intend that an independent contractor relationship be created by this contract. As such, Benefit Advantage, Inc. shall not be held responsible for actions of the Plan Sponsor.

**Section 6: Term**

If The Plan is terminated by the Plan Sponsor prior to the end of the contract period, or there is a material breach of the contract, Benefit Advantage will invoice the Plan Sponsor a \$300.00 early termination fee plus require payment for all outstanding monthly administration fees before the plan can be reconciled and closed.

**Section 7: Miscellaneous**

A. Complete Agreement

This Agreement sets forth the entire agreement between the parties hereto. This Agreement may not be changed orally, but only by an agreement in writing signed by the parties hereto.

B. Interpretation in Wisconsin

Due to the nature of this Service Agreement and the liability that Benefit Advantage assumes, this Agreement shall be governed for all purposes by the laws of the State of Wisconsin. If any provision of this Agreement is declared void, such provision shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect. Proper venue for any actions arising out of the breach of this Agreement shall be in Circuit Court, State of Wisconsin.

C. Headings

The headings of the articles and paragraphs of this Agreement are inserted for convenience only and shall not be construed to limit or define the terms and provisions hereof.

D. Binding Effect

This Agreement shall be binding upon the parties herein, including any subsidiaries, parent organizations or affiliate corporations, or the predecessors or successors of any of them or the affiliates of such predecessors, and the successors, assigns, heirs or personal representatives.

By: \_\_\_\_\_  
NAME

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

By: *Mark Zelinski*

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

MARK ZELINSKI  
COMPANY PRESIDENT  
BENEFIT ADVANTAGE, INC