

# **Health Care Service Corporation**

## **COBRA Administration Implementation Materials for Blue Cross Blue Shield of Texas Groups**

Updated: March 2011

## TABLE OF CONTENTS

<u>DOCUMENTS TO BE COMPLETED BY THE GROUP</u>	<u>3</u>
<u>COBRA Contract</u>	<u>3</u>
<u>DOCUMENTS TO BE COMPLETED BY THE BCBS ACCOUNT EXECUTIVE</u>	<u>3</u>
<u>COBRA Transmittal Form</u>	<u>3</u>
<u>New Account Information for Groups</u>	<u>5</u>
<u>INFORMATIONAL DOCUMENTS TO KEEP ON FILE</u>	<u>6</u>
<u>COBRA Process Overview for Groups that have non-Blue Coverage</u>	<u>6</u>
<u>Notification Process</u>	<u>6</u>
<u>Application Process</u>	<u>6</u>
<u>Membership Process</u>	<u>6</u>
<u>Ongoing Billing Process</u>	<u>7</u>
<u>Termination Process</u>	<u>7</u>
<u>Monthly Reports</u>	<u>7</u>
<u>COBRA Process Overview for Groups that have ONLY Blue Coverage</u>	<u>7</u>
<u>Notification Process</u>	<u>7</u>
<u>Application Process</u>	<u>7</u>
<u>Membership Process</u>	<u>8</u>
<u>Ongoing Billing Process</u>	<u>8</u>
<u>Termination Process</u>	<u>8</u>
<u>Monthly Reports</u>	<u>8</u>
<u>Cancellation Codes for the BlueSTAR to TAPS COBRA Feed</u>	<u>8</u>
<u>Cancellation Date vs. Last Day of Coverage</u>	<u>10</u>
<u>Description of COBRA Administrative Fees</u>	<u>10</u>
<u>Participant Notification Form, How to Manually Request a COBRA Application by Fax or E-mail</u>	<u>10</u>
<u>COBRA Department Contact Information</u>	<u>12</u>
<u>COBRA Monthly Reporting to the Group</u>	<u>13</u>
<u>COBRA Standardized Section Numbers</u>	<u>13</u>

## **DOCUMENTS TO BE COMPLETED BY THE GROUP**

The following document will need to be signed by the group, a copy retained in-house and a copy returned to the COBRA Administration Department.

### ***COBRA Contract***

The contract should be customized by the BCBS Account Executive prior to forwarding to the group for a signature. Contracts and their verbiage are not negotiable.

Two Texas COBRA contracts exist. The first is the more commonly used and it contracts for notification and billing services. With this signed contract, the group is asking HCSC COBRA Department to send COBRA applications to former employees and/or dependents of employees after, or in anticipation of, the COBRA Qualifying Event in addition to billing the member once they elect. The second contract is used for groups who wish to send their own COBRA applications and asks HCSC COBRA Department to provide billing (and collection) services only.

Due to the size of the contract, please ask the HCSC COBRA Department to forward the needed contract via a separate e-mail document.

## **DOCUMENTS TO BE COMPLETED BY THE BCBS ACCOUNT EXECUTIVE**

The BCBS Account Executive may ask the broker to complete these documents as well. Input from the group may be required in order to complete these documents. Group set up in the HCSC COBRA Department cannot begin until all of the below documents are returned.

### ***COBRA Transmittal Form***

The following page contains the COBRA Transmittal Form. This document prompts the account executive to provide information such as the COBRA Premiums to be billed to participants, a census of the existing COBRA participants, and other important information. Please feel free to contact the HCSC COBRA Department with any questions on how to complete this document.

**COBRA TRANSMITTAL FORM**

Updated 01/09/06

1. GROUP NAME: \_\_\_\_\_

2. GROUP ADDRESS: \_\_\_\_\_

3. GROUP CONTACT/PHONE NUMBER: \_\_\_\_\_

4. BLUE CROSS/HMOI ACTIVE/INACTIVE GROUP/SECTION NUMBERS ATTACHED?: **YES / NO**

5. EFFECTIVE DATES OF COBRA ADMINISTRATION: \_\_\_\_\_

6. RENEWAL DATE OF COBRA RATES: \_\_\_\_\_

7. OTHER CARRIER(S) NAME, ADDRESS, CONTACT NAME, PHONE NUMBER ATTACHED?: **YES / NO**

8. RATES ALL COVERAGES (SINGLE/FAMILY OR TIERED) ATTACHED?: **YES / NO**

9. IS 2% INCLUDED IN ATTACHED RATES?: **YES / NO**

10. NUMBER OF CURRENT COBRA PARTICIPANTS: \_\_\_\_\_

\*\*\*\*PLEASE NOTE: COBRA PARTICIPANTS WILL NEED TO BE SET UP IN BLUESTAR BY THE FSU\*\*\*\*

11. ALL COBRA PARTICIPANTS CENSUS ATTACHED?: **YES / NO**

12. ALL COBRA PARTICIPANTS COVERAGE(S) & LEVEL ELECTED ATTACHED?: **YES / NO**

13. ALL DEPENDENT CENSUS ATTACHED?: **YES / NO**

14. DOES COBRA COVERAGE BEGIN ON QUALIFYING EVENT DATE OR FIRST OF FOLLOWING MONTH?:  
\_\_\_\_\_

15. BLUE CROSS FSU LOCATION, CONTACT, PHONE NUMBER, FAX NUMBER: \_\_\_\_\_  
\_\_\_\_\_

16. BROKER NAME/ADDRESS/PHONE NUMBER: \_\_\_\_\_

17. MARKETING REP NAME/PHONE NUMBER: \_\_\_\_\_

18. CONTRACT PROVIDED? SIGNED? **YES / NO**

19. NOTIFICATION SERVICES? **YES / NO**

20. NAME/CONTACT OF PRIOR COBRA ADMINSTRATOR VENDOR? \_\_\_\_\_

21. DOES THE GROUP HAVE CONVERSION RIGHTS? **YES/NO**

23. ASO GROUPS ONLY - SHOULD THE 150% OF THE COBRA PREMIUM BE CHARGED TO THE PARTICIPANTS ELIGIBLE FOR DISABILITY EXTENSION FOR THE REMAINING 11 MONTHS OF COBRA? (EXTENSION FROM 18 MONTHS TO 29 WHEN DEEMED DISABLED BY SOCIAL SECURITY) **YES/NO**

24. IS THIS GROUP ASO OR PREMIUM? \_\_\_\_\_

25. MONTHLY REPORTS PROVIDED? **PAPER REPORTS BY MAIL / ELCTRONIC REPORTS VIA E-MAIL**

E-MAIL ADDRESS \_\_\_\_\_

<b>SIGNATURE:</b> _____ <b>Date</b> _____ <b>(Form Completed By)</b>
---

***New Account Information for Groups***

This document is a high level summary of the group information and allows for the HCSC COBRA Department to determine if additional staffing will be required, along with other preparatory details. Please return this document as early as possible in anticipation of the group signing the contract and the Transmittal Form being submitted. Return of this form is not a binding agreement for any party involved.

***HCSC Cobra Administration  
New Account Information Sheet***

**Group Name:**

**BCBS State:**

**BCBS Account Number:**

**Effective Date of COBRA Administration:**

**BCBS Representative:**

**Premium or ASO Funding:**

**Number of Active Members:**

**Number of Current Cobra Members:**

**Number of Current Retiree Members:**

**Does this group have any Non-Blue Cross coverage?**

**Any Additional Comments:**

## **INFORMATIONAL DOCUMENTS TO KEEP ON FILE**

The following documents require no action on the part of the group or the account executive. They are informational documents that describe the COBRA processes that are followed, provide contact information and provide sample documents including samples and instructions regarding how to read the monthly COBRA reports that are sent to the group.

### ***COBRA Process Overview for Groups that have non-Blue Coverage***

Non-blue coverage is defined as any insurance carrier that does not retain membership within BlueSTAR. BCBS of IL, NM, OK, TX are “blue” any other carrier is “non-blue”. The below process is a very high level summary of the process.

#### **Notification Process**

1. The group sends the request to all applicable insurance carriers to have the active policy terminated.
2. The group sends the request to HCSC at [COBRA@bcbsil.com](mailto:COBRA@bcbsil.com) or by fax at 618-998-2747 to have a COBRA application sent to the cancelled member.
3. HCSC COBRA sends a COBRA application to the cancelled member within 7 – 14 calendar days.
4. Cancelled member has 60 days to return the application to HCSC COBRA.

#### **Application Process**

5. Member returns the application within 60 days to HCSC COBRA.
6. HCSC COBRA bills the elected member within 7-14 calendar days.
7. Member has 45 days from the date the bill is generated to make 1<sup>st</sup> payment.

#### **Membership Process**

8. Member sends 1<sup>st</sup> payment back within 45 days from the date the bill is generated.
9. HCSC COBRA runs reports daily to identify members that have made their 1<sup>st</sup> payment.
10. Once payment is received, HCSC COBRA will send requests to reinstate the policy for all applicable insurance carriers.

11. BCBS membership updates the policy within 3 – 5 business days. Other insurance carrier timeframes will vary.

### **Ongoing Billing Process**

12. Member is billed approximately the 16<sup>th</sup> of each month for the following month due.
13. Member has 30 days from the 1<sup>st</sup> of the month due, measured by postmark date, to return payment.

### **Termination Process**

14. HCSC COBRA runs a report on the 1<sup>st</sup> of each month to identify members that have not made payment for previous month.
15. HCSC COBRA sends request to all applicable insurance carriers for termination of the policy of members that failed to remit payment.

### **Monthly Reports**

16. HCSC COBRA returns monthly reports and total premium collected dollars around the 16<sup>th</sup> of each month for the prior month. \_\_
17. Reports contain premiums received, applied and adjusted on member's accounts along with current billing status per member. All HCSC fees are deducted from the premiums paid prior to being returned to the group. \_\_\_\_

### ***COBRA Process Overview for Groups that have ONLY Blue Coverage***

Non-blue coverage is defined as any insurance carrier that does not retain membership within BlueSTAR. BCBS of IL, NM, OK, TX are “blue” any other carrier is “non-blue”. The below process is a very high level summary of the process.

### **Notification Process**

18. The group sends the request to BCBS to have the active policy terminated.
19. The member's active policy is terminated with a COBRA eligible cancel code.
20. The BCBS membership system automatically feeds the notification request to HCSC COBRA on a nightly basis.
21. HCSC COBRA sends a COBRA application to cancelled member within 7 – 14 calendar days.
22. Member has 60 days to return application to HCSC COBRA.

## **Application Process**

23. Member returns application within 60 days to HCSC COBRA.
24. HCSC COBRA bills the elected member within 7-14 calendar days.
25. Member has 45 days from the date the bill is generated to make 1<sup>st</sup> payment.

## **Membership Process**

26. Member sends 1<sup>st</sup> payment back within 45 days from the date the bill is generated.
27. HCSC COBRA runs reports daily to identify members that have made 1<sup>st</sup> payment.
28. Once payment received, HCSC COBRA will send request to BCBS Membership for reinstatement of the insurance policy.
29. BCBS Membership updates policy within 3 – 5 business days.

## **Ongoing Billing Process**

30. Member is billed approximately the 16<sup>th</sup> of each month for the following month due.
31. Member has 30 days from the 1<sup>st</sup> of the month due, measured by postmark date, to return payment.

## **Termination Process**

32. HCSC COBRA runs a report on the 1<sup>st</sup> of each month to identify members that have not made payment for previous month.
33. HCSC COBRA sends request to BCBS for termination of the policy of members that failed to remit payment.

## **Monthly Reports**

34. HCSC COBRA returns monthly reports and total premium collected dollars around the 16<sup>th</sup> of each month for the prior month. \_\_
35. Reports contain premiums received, applied and adjusted on member's accounts along with current billing status per member. All HCSC fees are deducted from the premiums paid prior to being returned to the group. \_\_\_\_



### **Cancellation Codes for the BlueSTAR to TAPS COBRA Feed**

The above ONLY Blue Notification process requires that “The member’s active policy is terminated with a COBRA eligible term type.” The below table is a full list of possible cancellation codes to be entered through the Employer Portal / Blue Access for Employers. All of these options may not appear on each employer’s online list of cancel codes.

IMPORTANT – It is crucial that the correct cancel code be used to terminate an active employee, or a dependent of an employee, policy. Some codes shown below do not automatically trigger a COBRA application to be mailed. If the wrong code is entered, the group may manually notify the HCSC COBRA Administration Department via fax or e-mail with the employee or dependent information.

Automatic notification ONLY applies for groups which have ONLY Blue Cross and Blue Shield of IL, NM, OK or TX coverage. If another insurance carrier is or becomes involved, the automation will be discontinued immediately.

<b># Value Code</b>	<b>Description of Code</b>	<b>Is this a COBRA event?</b>
1	Account Request	No
2	Subscriber Request	No
<b>3</b>	<b>Military Service</b>	<b>Yes 24 months</b>
<b>4</b>	<b>Deceased</b>	<b>Yes 36 months for dependents</b>
5	Transfer out of state	No
6	Transfer to another plan	No
7	Delinquency	No
8	Transferred Member as New Subscriber	No
9	Company Out of Business	No
<b>10</b>	<b>Layoff</b>	<b>Yes 18 months</b>
11	Other Carrier/Vendor	No
12	Transfer to Another Account	No
13	Other	No
14	Low Part	No
15	Continuation Time Period Run Out	No
16	Continuation Non-Payment	No
17	Continuation Subscriber Withdrawal	No
18	Depend Elected Cont of Coverage Transfer to New Subscriber	No
<b>19</b>	<b>Left Employment</b>	<b>Yes 18 months</b>
<b>20</b>	<b>Involuntary Termination</b>	<b>Yes 18 months</b>
21	D&R Termination	No
<b>22</b>	<b>Insufficient Hours Worked</b>	<b>Yes 18 months</b>
<b>23</b>	<b>Leave of Absence</b>	<b>Yes 18 months</b>

<b>24</b>	<b>Eligibility Requirements not Met</b>	<b>Yes 36 months</b>
<b>25</b>	<b>Overage Dependent</b>	<b>Yes 36 months</b>
<b>26</b>	<b>Student Status Expired</b>	<b>Yes 36 months</b>
27	Disability Status Expired	No
28	Ex-Spouse Coverage Extension Expired	No
<b>29</b>	<b>Divorce / Legal Separation</b>	<b>Yes 36 months</b>
<b>30</b>	<b>No Response to Student Certification</b>	<b>Yes 36 months</b>
<b>31</b>	<b>No Response to Disabled Dependent Certification</b>	<b>Yes 36 months</b>
32	Benefits Discontinued	No
<b>36</b>	<b>Due to Medicare Eligibility</b>	<b>Yes 36 months for dependents</b>

### ***Cancellation Date vs. Last Day of Coverage***

In BCBS system, a cancel date means that there is no coverage as of 12:01AM that very day. In all cases, the COBRA Qualifying Event Date must be the exact same date as the Cancel Date in the BCBS system.

### ***Description of COBRA Administrative Fees***

The Notification Fee of \$10 is for the verification of COBRA eligibility, mailing notification in compliance with federal COBRA law, sending this again upon request or if we receive a return to sender mail with a forwarding address provided, and monitoring of the 60 day election period upon return of the application.

The Participant Monthly Fee of \$10 is for billing services and Late Payment notices, as well as maintenance of phone and written inquiries for each participant.

The Client Monthly Fee of \$75 is a flat administrative fee for any and all other services - such as written and telephone inquiries by the group, employees and former employees in addition to the COBRA participants, monthly reporting to the group of their COBRA participant activity, monitoring the 30 day grace period for timely payment, cancellation of late or non payment, processing of stop payment or non-sufficient funds checks as well as processing of all other check payments, maintenance of COBRA participant's insurance policies such as reinstatement, cancellation, address changes and changes for open enrollment, also compliance for any other reasonable request from the group such as a listing of COBRA participants on demand, mailing labels for their participants, general COBRA questions answered, and finally protection of the group to be in compliance with federal COBRA law.

***Participant Notification Form, How to Manually Request a COBRA Application by Fax or E-mail***

No matter if the group has only-blue coverage or some non-blue coverage, they may feel free to contact the HCSC COBRA Administration department when any special situation arises. The COBRA Participant Notification Form is a standard form developed to notify the COBRA department that we need to offer COBRA to an employee and/or the dependent(s) of an employee. A fax number and e-mail address are provided on the following form. E-mails marked with the word urgent in the subject line will be worked as a higher priority item and typically within 48-72 hours. All other items are worked in the order in which they were received and typically within 7-14 calendar days.

Health Care Service Corporation  
A Mutual Legal Reserve Company  
**P.O. Box 1180**  
**Marion Illinois 62959-7680**  
**1-888-541-7107**  
Fax # 618-998-2747 E-mail [COBRA@bcbsil.com](mailto:COBRA@bcbsil.com)

**PARTICIPANT NOTIFICATION FORM**

Group Name: \_\_\_\_\_

Subscriber's Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

ID # \_\_\_\_\_ Medical Group# \_\_\_\_\_ Group/Class \_\_\_\_\_

Eligible Participant's Name \_\_\_\_\_ SSN# \_\_\_\_\_

\*Please include the SSN# if the Eligible Participant is different than the Subscriber

Home Address of Applicant: \_\_\_\_\_

Relationship to Subscriber: \_\_\_\_\_

COBRA Start Date:

\*The date indicated below will be the date COBRA will start Coverage and Billing.

Medical \_\_\_\_\_ Dental \_\_\_\_\_ Vision \_\_\_\_\_

Please Mark the reason for COBRA coverage:

Termination       Military Call Up       Child loses Eligibility

Retirement       Leave of Absence       Divorce

Reduction in Hours       Death of Member

Other Please Specify \_\_\_\_\_

Indicate Plan Type:

\*If your company offers more than one type of coverage please specify which coverage to offer.

Medical \_\_\_\_\_ Level of Coverage \_\_\_\_\_

Dental \_\_\_\_\_ Level of Coverage \_\_\_\_\_

Vision \_\_\_\_\_ Level of Coverage \_\_\_\_\_

FSA \_\_\_\_\_ Level of Coverage \_\_\_\_\_

Submitted By: \_\_\_\_\_ Date: \_\_\_\_\_

Phone #: \_\_\_\_\_

## **COBRA Department Contact Information**

We encourage the use of our toll-free assistance line. There are over 50 COBRA processors available to answer this line between the hours of 7:30AM and 5:00PM CST Monday through Friday. However, should the group require special assistance, they may use one of the below contacts. HCSC COBRA Administration Department asks our groups not to direct their COBRA participants, or potential COBRA participant to one of the personal contacts below and to only direct them to the toll-free assistance line.

### **New Group Implementation Coordinators**

Jennifer Biemick 618-998-3909 Steve Prescott 618-998-3861  
[Jennifer\\_Biemick@bcbsil.com](mailto:Jennifer_Biemick@bcbsil.com) [Steve\\_Prescott@bcbsil.com](mailto:Steve_Prescott@bcbsil.com)

### **COBRA Technicians**

Dixie Joslin 618-998-2721 Michelle McCabe 618-998-3892  
[Dixie\\_joslin@bcbsil.com](mailto:Dixie_joslin@bcbsil.com) [Michelle\\_McCabe@bcbsil.com](mailto:Michelle_McCabe@bcbsil.com)

Marlina Butler 618-998-3844 Kelly Gooden 618-998-1713  
[Marlina\\_Butler@bcbsil.com](mailto:Marlina_Butler@bcbsil.com) [Kelly\\_Gooden@bcbsil.com](mailto:Kelly_Gooden@bcbsil.com)

### **Supervisors**

Rhonda Evans-Morgan 618-998-2701  
[MorganR@bcbsil.com](mailto:MorganR@bcbsil.com)

Flora Broadnax 618-998-2706  
[BroadnaxF@bcbsil.com](mailto:BroadnaxF@bcbsil.com)

Craig McPherson 618-998-2720  
[Craig\\_McPherson@bcbsil.com](mailto:Craig_McPherson@bcbsil.com)

Brandie Stein 618-998-2745  
[Brandie\\_Stein@bcbsil.com](mailto:Brandie_Stein@bcbsil.com)

*Please note the above are HR resources only. Please refer all participants to the toll free number.*

Email address for Inquires or Notifications [cobra@bcbsil.com](mailto:cobra@bcbsil.com)

COBRA Unit Fax Number 618-998-2747

**Toll-free assistance number 1-888-541-7107**

Hours of 800 phone operations:  
Monday through Friday 7:30 a.m. 5:00 p.m. Central Standard Time.

*Addresses:*

For correspondences (no premium payments)  
Health Care Service Corporation  
PO Box 1180  
Marion IL 62959-7680

For Premium Payments  
Health Care Service Corporation  
PO Box 0081  
Chicago, IL 60690-0081

For correspondences (no premium payments)  
Health Care Service Corporation  
PO Box 1180  
Marion IL 62959-7680

For Premium Payments  
Health Care Service Corporation  
PO Box 0081  
Chicago, IL 60690-0081

***COBRA Monthly Reporting to the Group***

HCSC COBRA Administration Department reports are sent either via US Postal Service or E-mail to the group on a monthly basis. The method of delivery decision is based on the COBRA Transmittal Form to be filled out during client implementation. The reports are standard and may not be customized.

The monthly reports should be used by the group in order to distribute the premium payments to the insurance carrier(s) that apply to their group. It is the group's responsibility to remit payment in a timely and accurate manner to each insurance carrier. A premium reimbursement check from HCSC to the group will typically follow the monthly reports within 1-2 weeks.

Please request a copy of "How to Read Your Reports" from the HCSC COBRA Administration Department to see a sample of these reports along with instruction on what each field of the report means and where the information comes from. This is a useful tool and is omitted from this document only due to formatting of the two different documents.

## ***COBRA Standardized Section Numbers***

The Blue Cross Blue Shield Account Executive will establish a section number separate from active employees. The following standard for numbering should be used:

### Blue Cross Blue Shield of Illinois

- 88XX indicates HCSC is the COBRA Administrator.
- Any other section number indicates the group self administers or contracts with another third party for COBRA Administration.

### Blue Cross Blue Shield of Texas, Oklahoma and New Mexico

- 99XX indicates HCSC is the COBRA Administrator.
- 90XX indicates the group self administers or contracts with another third party for COBRA Administration.