

*Creating workplaces that work... for everyone*

## COBRA: A Benefit That Wins Approval from Employees and Employers Alike

Very few benefits that you offer employees can match COBRA. It helps employees, fulfills the law and costs you—the employer—nothing.

Before 1986, when employees left a company, any company-supplied medical coverage simply ended. In 1986, the Federal government enacted Public law 99-272, Title X. Under that law, most employers who sponsor group health plans must provide a temporary extension of health coverage, known as COBRA, when an employee leaves the company (voluntarily or not).

If you have more than 20 employees and you offer them medical insurance as a benefit, you must supply COBRA. If you have fewer than 20 employees and offer medical insurance as a benefit, HR Compliance encourages you to offer COBRA.

It costs you nothing. The employee pays the entire charge for COBRA coverage for himself and his family. You can, if you want, charge a 2% administrative fee for administering the employee's payments to COBRA.

Putting COBRA into effect is also simple. First, a qualifying event triggers COBRA. Qualifying events include termination or reduction in hours; also, if the employee dies, divorces or has a child graduate from high school or college, COBRA is offered to the employee's spouse or child. Once the event occurs, you send a COBRA letter to the employee (or family member), along with an election form. If your company falls under Title X, you should send the letter and form by certified mail so you have proof of

compliance with the law. The letter should include information on when, how and where payments are due. HR Compliance would be happy to customize the letter and election forms for you. If the employee or family member chooses COBRA, you notify your insurance carrier and COBRA goes into effect.

No cost and ease of compliance: those are the benefits to you. But the benefits to the employee are incalculable.

Let's say one of your employees (or her child) has high blood pressure, diabetes, cancer or any other medical condition that requires long-term treatment. If she leaves your employ and her insurance coverage is interrupted, the insurance company at her next job can refuse to pay for any medicines or treatments related to those pre-existing conditions. But if her insurance coverage is continuous, the new insurance company *has* to cover the condition. COBRA is a bridge, creating continuous coverage from one medical plan to another.

COBRA benefits everyone.

### FROM OUR CUSTOMERS

"My biggest challenge was the way that personnel and Human Resource issues distracted me from my primary focus. Paula gave me back time to spend on my business and gave me better quality decisions than I could make on my own."

TOM STRICKLAND, President,  
Sequoia Technologies Group,  
Peterborough, NH

This newsletter refers to some of the regulations that may currently apply to small businesses.

© 2006 by HR Compliance 101, LLC

Paula Mathews

**HR Compliance 101, LLC**

P.O. Box 713

Fitzwilliam, NH 03447

E-mail: [paula@hrcompliance101.com](mailto:paula@hrcompliance101.com)

Phone/Fax: 603-585-3139

*We're now on the Web!*

**www.HRcompliance101.com**

## Compliance Alert

Did you file your biennial Safety Summary Form (WCSSF) with the State of New Hampshire, Department of Labor?

If you have ten or more employees working in New Hampshire, you must file the completed form before January 1, 2007. If you haven't filed this form before, you can show good faith by filing as soon as possible. Please contact HR Compliance 101 for assistance in completing the form and getting your safety programs in place.



## Workplace and Training Solutions

- Q.** The holiday season is upon us, and we're planning our company's annual holiday party. We usually hold it off site. We don't serve alcohol but there's usually a cash bar; employees can purchase their own alcoholic drinks. Is our company at risk if an accident occurs that's alcohol related?
- A.** Yes! Talk to your lawyer and your insurance carrier before that first drink is served. New Hampshire law recognizes "social host" liability. As sponsor and financier of the event, your company would be seen as the "social host." You could therefore be liable for any alcohol-related accident. HR Compliance 101 strongly recommends that you never serve or allow alcohol at company sponsored events.

### FOR OUR CUSTOMERS

Do you have a handbook that clearly tells employees about your rules and expectations? If not, let HR Compliance customize a handbook for you. It's your first line of defense against arguments of favoritism, harassment or ignorance.