

COBRA compliance checklist



COBRA (also known as the Consolidated Omnibus Budget Reconciliation Act of 1985) mandates that employers who offer health care benefits and have 20 or more employees for at least 50% of the preceding calendar year, must provide the option to continue coverage if an employee experiences a qualifying event. COBRA administration may seem small in the grand scheme of your day-to-day tasks, but falling out of compliance can lead to big fines.

An important part of staying in compliance is having all of your documentation in order in the event of an audit. While we hope you don't have to deal with that anytime soon, it's important to be prepared.

Employer-specific documentation

- A copy of your internal audit procedure
- A copy of the health care continuation coverage procedures manual
- Copies of all group health care plans
- Copies of standard COBRA coverage letters sent to qualified beneficiaries
- Details on any lawsuits — past or pending — for failing to provide COBRA coverage
- Copies of all standard health care continuation coverage form letters
- Copies of federal and state tax returns for the last two years
- A list of all employees affected by a qualifying event in the last year
- If an employee was denied coverage due to misconduct, you must also have proof the employee was denied unemployment for the same reason

Documentation you should always have handy for each beneficiary

- Name and address
- Qualifying event date
- Copies of COBRA notices
- Type of COBRA coverage received
- Premium payments required under COBRA
- A copy of the employer's letter to the insurance company plan administrator notifying them of a qualifying life event
- Reason(s) for the termination of the COBRA coverage properly elected by a beneficiary
- Reason(s) why employment was terminated