

PAYFLEX FSA – COBRA PROCESS

QUICK FAQ'S

Q. Why do we need to request COBRA letters for an employee? Why can't Payflex use the termination we report to automatically send the letter?

A. The FSA reimbursement program is a separate division of Aetna than the Cobra Services. Cobra Services is its own entity and can be hired by non FSA clients to administer all Cobra for any type of benefit the client wishes. Because the two divisions share a parent company, they are able to put the two services on one employer portal for us so we do not have to log into two different websites, but they are separate by nature.

Q. What is the function of the COBRA division?

A. The main function of the Cobra division is to mail out a QE letter, and not every termination will receive a QE letter – they only send them by our request to the employee(s) we specify. The other functions are following up on Cobra enrollment, collect payment if elected, follow-up on non-payments, term coverage for non-payment, remit payments to schools, and notify schools of claims funding.

Q. Any employee with a positive account balance at termination would require the institution to complete the COBRA form in the PayFlex system.

A. YES

Q. Any employee who elects COBRA must COBRA remaining annual election balance to complete the initial annual election total -- nothing less, nothing more.

A. YES.

Q. When an employee elects to COBRA, do they make one payment for the remaining annual amount or do they have the option of making monthly payments to complete the initial annual election?

A. Monthly Payments. FOR EXAMPLE:

An employee who makes an annual FSA election of \$2,400 and terminates employment on June 30 will have contributed \$1,200 (\$200/month) at the time of termination. For each month of continued coverage, they should send \$204 (102% of the applicable premium/contribution).

Q. Are we taking the total annual election amount minus claims on record and putting that balance divided by the number of months left in the year in that field?

A. NO. You are subtracting the previous contributions not the claims. You are only looking at the claims and remaining balance to determine if you even need to send a COBRA letter to that individual.

REMAINING BALANCE = LETTER / ZERO OR NEGATIVE BALANCE = NO LETTER.

Q. We weren't sure if this is the amount they were allowing the employee to make claims against or where they wanting the amount to bill the employee for COBRA.

A. It is the amount to bill. SEE BELOW:

- UNDER REIMBURSEMENT ACCOUNTS (NOT COBRA), CHOOSE EMPLOYEE ACCOUNT MANAGEMENT
- ENTER NAME IN SEARCH
- SELECT NAME
- CHOOSE 'ACCOUNTS' AT THE TOP
- CLICK 'SELECT' ON THE HEALTHCARE FSA ACCOUNT
- YOU WILL SEE ELECTION REMAING, 5TH COLUMN. IF THIS IS MORE THAN \$0, GO TO THE COBRA TAB AND COMPLETE THE QUALIFYING EVENT PROCESS. YOU CAN CLICK ON THE 'CLAIMS' AND 'TRANSACTIONS' LINKS TO CONFIRM THERE ARE NO LINGERING CLAIMS THAT WOULD TAKE THE BALANCE BELOW ZERO, BUT TRUTHFULLY, IF THE CLAIMS HAVE BEEN SUBMITTED THEY SHOULD ALREADY BE REFLECTED IN REMAINING BALANCE. IF CLAIMS HAVEN'T BEEN SUBMITTED, THE INDIVIDUAL DOESN'T HAVE A RIGHT TO SUBMIT THEM UNDER THE USE-IT-OR-LOSE-IT RULE UNLESS THEY ELECT COBRA. WE DON'T FORESEE THIS BEING AN ISSUE. 99% OF THE TIME IT WILL BE SAFE TO TRUST THE REMAINING BALANCE TO DECIDE IF THE INDIVIDUAL GETS A COBRA LETTER AND THEN LET THE COBRA ADMINISTRATOR HANDLE IT FROM THERE.

Q. Can you provide the calculation method again?

A. Yes.

Election – contribution = balance / months remaining in the plan year = monthly amount to bill

Sample:

Election

-contribution

=balance

Balance ÷ months remaining in the plan year = monthly rate

Example:

There are 5 months remaining in your plan year. The participant elected \$2400. They have contributed \$1400. This leaves a \$1000 balance. Take the remaining \$1000.00 divided by the remaining 5 months which makes a monthly rate of \$200.00.