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Robert Moser, MD, Secretary
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MEMORANDUM

TO: Health Care Commission
J. Scott Day
Steve Dechant
Sandy Praeger
Nancy Ruoff
Dennis Taylor

FROM: Mike Michael

DATE: November 23, 2011

SUBJECT: **Renewal of Contract for COBRA Administration**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) contains provisions giving certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of their health coverage when coverage is lost due to a qualifying event. The obligation is on the employer to comply with the requirements of COBRA and to notify eligible members of the availability of continuation coverage. The State Employee Health Plan (SEHP) has outsourced the management of COBRA to outside vendors specializing in administering and compliance with COBRA since 2002.

The Health Care Commission's contract for the administration of the requirements of COBRA will expire December 31, 2012. The current vendor, COBRAGuard, handles all of the administration and notice requirements for the SEHP, and also provides us additional services through automated outbound phone calls to our members for Open Enrollment, access to the online COBRATrax system, notices of when a member's COBRA continuation period will be expiring, and other special communications needed for our COBRA members.

We have received a renewal proposal from COBRAGuard to extend the contract for three (3) years. Under the renewal proposals, COBRAGuard is proposing that our monthly administration fee per participant would remain at \$5.85 per COBRA participant per month. In addition, a per notice fee applies. This fee will increase by .25 per required notice.

Recommendation:

- Staff recommends that the Health Care Commission approve a three (3) year contract extension with COBRAGuard extending the contract to December 31, 2015.