

•solved Benefit Services

Age Rated COBRA Premiums and Midyear Rate Increases

Age-rated plans are different from other health insurance policies when it comes to notifying qualified beneficiaries of the proper COBRA premium amount. Under current COBRA law and regulations, COBRA premiums must be computed and fixed before the start of each 12-month determination period. In other words, COBRA premium increases typically can only be passed along once every 12 months at the start of the determination period, which usually coincides with the plan year, except in three circumstances:

- The plan previously charged less than the maximum amount permitted, and the increased amount does not exceed the maximum amount permitted (e.g., a severance situation)
- The increase occurs during a disability extension and is no more than 150 percent of the applicable premium
- The qualified beneficiary changes coverage, resulting in a different premium (e.g., a HIPAA special enrollment right like birth or marriage)

Plans with age-rated premiums typically pass along premium increases in the month of the participant's birthday as well as the start of the determination period. isolved Benefit Services can process birthday-related premium increases for your people on COBRA (POC) as long as you notify us the exact rate per person when a rate increase occurs and the POCs are already aware of the age-rated premium structure of the plan. Your notification to isolved Benefit Services should occur before the determination period begins, but no later than 30 days before the effective date, so that isolved Benefit Services can appropriately notify the POC. In other words, the birthday-related premium change is not considered a COBRA premium increase because the POCs were aware of the premium structure at the start of the determination period and received an increase in premium just like similarly situated active participants.

Notification to Qualified Beneficiaries

isolved Benefit Services has included the following paragraph in the *Continuation Coverage Election Notice* to describe the age/gender premium structure of such plans and that a premium increase may be passed on due to the qualified beneficiary passing from one age band to another during a determination period:

“Age/Gender Rated Plans: Some plan premiums are subject to an age/gender-rated premium structure. If you have this type of plan, during the determination period your premium may change due to passing from one age band to another. This premium change is in accordance with the terms of your plan. For specific questions regarding age/gender-rated premiums for your specific plan, please contact your plan administrator.”

Employer Responsibilities

- Make certain that all your employees are aware of the age/gender rated nature of the health plan they are covered on and document this in a company handbook, plan enrollment materials and/or the plan's Summary Plan Description.
- Make isolved Benefit Services aware of a rate increase due to the qualified beneficiary's birthday at least 45 days in advance of the new premium effective date.
- Communicate at the start of each plan year any additional rate increases the qualified beneficiary may receive during the determination period as a result of passing from one age band to the next.
- You have an option of including an *Offered Coverage Note* on the *Continuation Coverage Election Notice* to notify the qualified beneficiary of potential rate increases at the time of the qualified beneficiary's birthday. The *Offered Coverage Note* field is in Section Two of the *Qualifying Event Form* found on the isolved Benefit Services website behind the client login. Please contact a member of the Customer Response Department at 866-320-3040 for assistance in completing the *Offered Coverage Note*.
- Monitor all reports from isolved Benefit Services to ensure that all qualified beneficiaries are set up on the correct plans and the correct premiums are being collected.
- Audit your carrier billings to ensure they are billing the correct premium and communicate any discrepancies to the carrier and isolved Benefit Services.
- Please remember to always add the 2% COBRA administration fee to any Qualifying Event forms you enter online.

If you have any questions regarding a midyear rate increase for your qualified beneficiaries, please contact the Customer Support Team at 866-320-3040.