

WASHINGTON ALLIANCE FOR HEALTH INSURANCE TRUST

administered by Benefit Solutions, Inc.

P.O. Box 25 Mukilteo, WA 98275-0025

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IMPORTANT NOTICE

TO: Employers Responsible for COBRA* Continuation Coverage Administration
In the Washington Alliance for Health Insurance Trust

FROM: Benefit Solutions, Inc. COBRA Department, Administrative Office

RE: COBRA Administration

It is important that employers be aware of its responsibility with regard to the COBRA requirements. Generally, any employer who has more than twenty employees is obligated to offer COBRA rights to their employees. There are other unique employer scenarios that also require COBRA compliance. If there is any doubt as to whether or not your company is required to comply with the COBRA regulations, you are encouraged to seek legal counsel.

In addition to providing employers with billing and eligibility functions, *Benefit Solutions, Inc.*, offers employers the service of COBRA administration at no charge. These services include COBRA notification and billing for your eligible COBRA employees. Attached is a COBRA Administration Agreement if you wish to take advantage of the service.

Please review and sign the attached COBRA Administration Agreement and return to BSI. If you *currently have employees on COBRA*, you must submit Enrollment Applications for *each* individual who is now covered by COBRA. ***BSI will sign the Agreement and you will be mailed a copy of the Agreement indicating the effective date BSI will begin your COBRA administration. Until you have received the signed Agreement, you should not assume that BSI will begin administration of COBRA.*** BSI will base the effective date on the monthly billing cycle.

If BSI does not receive a signed agreement, it will be assumed that you are handling any COBRA administration that may be necessary.

**Consolidated Omnibus Budget Reconciliation Act*

COBRA ADMINISTRATION AGREEMENT

This COBRA Administration Agreement (this "Agreement") is made by and between
_____ (the "Employer") and Benefit Solutions, Inc. ("BSI").

COMPANY NAME (Please Print)

WHEREAS, the "Employer wishes to engage the services of BSI in order to comply with the group health plan continuation coverage requirements of Federal law, commonly known as "COBRA," as they relate to the group health plan benefits the Employer provides to its employee through the Washington Alliance for Health Insurance Trust ("WAHIT").

WHEREAS, in furtherance of the Employer's responsibility to comply with the requirements of COBRA, the Employer desires to delegate certain administrative functions and authority to BSI with regard to record keeping and accounting of qualified beneficiaries whose group health plan coverage has ceased and who are entitled to continuation coverage under COBRA;

WHEREAS, the Employer is a participating Employer in WAHIT and this Agreement is entered into in connection with the administration of Employer's employee benefit plan under WAHIT.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements as hereinafter set forth, the Employer and BSI do hereby agree as follows:

ARTICLE I Definitions

- 1.1 Unless otherwise defined herein, capitalized terms used herein have the same meaning as ascribed to them in the Agreement.
- 1.2 "Continuation Coverage" means the extended health care coverage required by COBRA.
- 1.3 "Qualified Beneficiaries" means those individuals who are eligible for continuation coverage under COBRA because of their status on the day before a qualifying event.
- 1.4 "Monthly Contribution Amount" means the amount the Qualified Beneficiary must contribute for Continuation Coverage.
- 1.5 "Plan" means the employee benefit plan the Employer makes available to its employees through the Employer's participation in WAHIT, but only with respect to the group health plan benefits of that plan.

ARTICLE II Responsibilities of Employer

- 2.1 During the term of this Agreement, Employer will:
 - (a) provide an initial notice describing COBRA rights to all covered employees and their spouses at the time coverage under the Plan commences.
 - (b) provide eligibility information to BSI. The Employer will notify BSI of individuals who have experienced a Qualifying Event within 30 days of the Qualifying Event. The notification will be provided by noting termination or other changes of employment status on the monthly employer

report, or by separate written notification to BSI. The information provided in the notification will include the following:

- Name, Social Security Number
- Date and Type of Qualifying Event
- Current Mailing Address of Qualified Beneficiaries

(c) provide BSI with address changes of its employees covered by COBRA.

ARTICLE III Responsibilities of BSI

3.1 During the term of this Agreement, BSI will:

- (a) provide COBRA election notices to Qualified Beneficiaries;
- (b) bill Qualified Beneficiaries for the monthly contribution amounts; and
- (c) collect and remit monthly contribution amounts from Qualified Beneficiaries.

3.2 BSI will provide notification of the right to elect continuation coverage under the Plan to individuals who have been identified by the Employer as Qualified Beneficiaries who have experienced a Qualifying Event. BSI will mail the notice by first class mail to the mailing address provided by the Employer. The notice will be mailed within fourteen (14) calendar days from receipt of the notification from the Employer. The notice will specify coverage(s) under the Plan for which the Qualified Beneficiary is eligible and the contribution rate and due date.

3.3 Unless otherwise notified by the Employer in writing, BSI will be entitled to conclusively presume that a Qualified Beneficiary's eligibility for continuation of coverage under the Plan has not terminated by reason of coverage under another group health plan or by becoming eligible for Medicare.

3.4 It is expressly understood that BSI is neither the "Plan Administrator" nor a "Named Fiduciary" with respect to the Plan, as defined by ERISA or the Internal Revenue Code as the result of this Agreement.

ARTICLE IV Fees

4.1 BSI will not charge the Employer a separate fee for the services described in this Agreement.

ARTICLE V Indemnification

5.1 Employer agrees to indemnify and hold BSI harmless against any loss, damage, or expense, including reasonable attorney fees that BSI may incur or be required to pay as a result of any claim, demand, cause of action, lawsuit or proceeding arising out of or in any way in connection with the services provided under this Agreement unless it is determined in a final judgment of a court competent jurisdiction that such loss, damage or expense was the result of BSI's willful misconduct or neglect, fraud or bad faith. Employer agrees to indemnify and hold harmless BSI against any penalty that is or will be imposed upon it under ERISA and pertinent regulations there under or the imposition of an excise tax upon BSI under Section 4980B of the Internal Revenue Code or any other penalties which may be imposed by law or regulation in connection with COBRA, unless it is determined that the liability therefore was the direct consequence of the dishonest, fraudulent or criminal acts of BSI or its employees.

ARTICLE VI
Notices

6.1 Any notices permitted or required by this Agreement shall be sent to the intended recipient by first class mail at his or her last known address.

ARTICLE VII
Severability

7.1 If any term or provision of this Agreement is held to be unlawful or invalid for any reason, such unlawfulness or invalidity shall not affect the remaining portions of this Agreement.

ARTICLE VIII
Construction

8.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington, the Employee Retirement Income Security Act of 1974, the Internal Revenue Code and the regulations there under, and any other applicable federal and state statutes and regulations.

ARTICLE IX
Arbitration of Disputes

9.1 Any claim or controversy that arises out of or relates to this Agreement or breach of it will be settled by arbitration in the City of Seattle, in the State of Washington, in accordance with the rules then obtaining of the American Arbitration Association. Judgment upon the award rendered may be entered in the King County Superior Court in the State of Washington.

Company/Employer Name	<i>Benefits Solutions, Inc.</i>
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

For administrative use only:

Effective Date of Executed Agreement: _____ ***Locator #:*** **WAHIT/** _____

Copy of executed agreement returned to Employer on _____ ***by*** _____