

# COBRA Service Agreement

Between:

ABC Company

Benefit Plan Sponsor

and

Sound Benefit Administration  
on behalf of the Northwest Employers Trust

COBRA Service Provider

Effective On: \_\_\_\_\_

Agreement made this \_\_\_\_\_ day of \_\_\_\_\_ by and between:

ABC Company  
1234 Main Street  
Seattle, WA 98101

And

Sound Benefit Administration  
4725 NE Totten Road  
Poulsbo, WA 98370

WHEREAS, ABC Company has resolved to retain Sound Benefit Administration to assist with certain compliance requirements of the Consolidated Omnibus Reconciliation Act of 1985 (COBRA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and any amendments thereto, hereinafter referred to as "the Acts";

NOW THEREFORE, in consideration of the premises and mutual promises contained herein, the parties agree as follows:

ABC Company hereby retains Sound Benefit Administration to assist its benefit plans Administrator (as defined by the Acts) to provide notifications and services as indicated below:

Initial Notification by First Class Mail with Proof of Mailing to:

- Employees who first become eligible under Covered Benefit Plans after the effective date of this agreement
- All employees who are participants under Covered Benefit Plans on the effective date of this agreement

Qualifying Event Notification by First Class Mail with Proof of Mailing Certification by U.S. Postal Service to Qualified Beneficiaries for Qualifying Events occurring after the effective date of this agreement.

Certificate of Coverage Notification: Initial Certificate included with Qualifying Event Notification and Second Certificate following termination of COBRA.

Update Notifications by First Class Mail to Covered Employees, COBRA Participants, and/or Qualified Beneficiaries as may be required by amendments to the Acts and the regulations, or changes to covered benefit plans.

Termination Notification upon non-payment of premium or end of COBRA term.

Billing, premium collection, and remittance to ABC Company. Sound Benefit Administration will collect and retain 2% administrative fees added to premium.

Services pursuant to this Agreement shall commence on: \_\_\_\_\_ and continue until: \_\_\_\_\_.

This Agreement shall automatically renew for one-year terms on the expiration date stated above at the rates stated below unless modified in writing by mutual agreement of both parties prior to the expiration date.

ABC Company shall pay to Northwest Employers Trust \$1.00 per benefit-enrolled employee per month for full-service COBRA administration. This fee shall be itemized on the monthly Northwest Employers Trust billing invoice.

**Sound Benefit Administration Responsibilities and Duties in addition to Services Checked Above:**

- Maintain computer and/or physical records of all notices.
- Maintain a database of qualifying beneficiaries to whom any notifications have been sent. Data will include all pertinent information reported by ABC Company.
- Provide ABC Company with reports of all activities.
- Notify ABC Company of any discrepancies or conditions it discovers during the course of its operations that may require action by ABC Company.
- Notify ABC Company of known changes or updates relating to compliance with the Act.
- Provide ABC Company with quarterly reconciliation reports showing how much ABC Company should take as a credit on the 941 IRS Tax return for Individuals who are on COBRA and qualify under the American Recovery and Reinvestment Act of 2009 (ARRA).
- Sound Benefit Administration will enroll qualified beneficiaries in the Regence Blue Shield medical plan and the United Concordia dental plan through the Northwest Employers Trust.
- Sound Benefit Administration will email completed enrollment forms and signed COBRA election forms to ABC Company for stand-alone dental, vision, Health Flexible Spending Account and Health Reimbursement Arrangement plans not administered by Northwest Employers Trust. ABC Company will submit enrollment forms to the insurance carriers and/or third-party administrators of those plans.

### **ABC Company Responsibilities and Duties:**

At least two weeks prior to commencement of services under this agreement, ABC Company shall submit to Sound Benefit Administration the following information:

- Submit to Sound Benefit Administration a completed and signed questionnaire regarding qualified health plans offered by ABC Company.
- Submit to Sound Benefit Administration a completed data sheet (provided by Sound Benefit Administration) for each of the following: COBRA Participants, Qualifying Beneficiaries who have been notified and are in the election period, and Qualifying Beneficiaries who have not been notified.
- Submit to Sound Benefit Administration a completed data sheet (provided by Sound Benefit Administration) with employee and covered dependent enrollment in all stand alone dental, vision, Health Flexible Spending Account and Health Reimbursement Arrangement plans not administered by Northwest Employers Trust. All employee and covered dependent enrollment data for those enrolled in plans sponsored by Northwest Employers Trust will be available through the Trust so ABC Company will not have to provide this information as part of the setup process.
- Following commencement of services under this agreement, ABC Company will notify Sound Benefit Administration in writing within 10 working days of the date it has knowledge of the following:
  - Employees who have become eligible for and elected a covered benefit.
  - Qualifying Events (Death of a covered employee; Termination of employment; Reduction of work hours which cause loss of coverage; Divorce or legal separation of a covered employee; A covered employee's entitlement to benefits under title XVIII of the Social Security Act (Medicare); A dependent of a covered employee ceasing to be a dependent; or Changes to covered health plans (including insurers, rates, or benefits).
- ABC Company will submit enrollment forms to the insurance carriers and/or third-party administrators of plans not sponsored by the Northwest Employers Trust.

### **Representations, Warranties, and Understandings:**

- ABC Company warrants and represents that it is the legal Plan Administrator and sole fiduciary of the Plan or Plans covered by this agreement, and shall not require any bond or security of Sound Benefit Administration in the performance of its duties under this Agreement.
- ABC Company reserves full authority to make all decisions regarding its COBRA administration, including those duties and responsibilities delegated to Sound Benefit Administration by this Agreement. In accordance with this Agreement, Sound Benefit Administration will serve as a Service Provider under the direction of the Plan Administrator, but will not act as the Plan Administrator.
- ABC Company shall take any and all necessary action and execute any and all necessary documents to authorize Sound Benefit Administration to perform its functions and duties pursuant to this Agreement.
- ABC Company agrees to timely provide Sound Benefit Administration with information and/or documentation reasonably requested by Sound Benefit Administration, which is necessary for Sound Benefit Administration to fulfill the terms and conditions of this agreement.
- ABC Company agrees to indemnify, defend, and hold Sound Benefit Administration, its representatives and employees harmless and to reimburse Sound Benefit Administration for any losses Sound Benefit Administration might suffer, of whatever nature or whatever source, including but not limited to ABC Company's failure to comply with its representations and warranties and with the terms and conditions of this Agreement, or to otherwise timely provide Sound Benefit Administration with information and/or documentation reasonably requested by Sound Benefit Administration that is necessary for Sound Benefit Administration to fulfill the terms and conditions of this Agreement.

### **Termination of this Agreement**

This Agreement may be terminated by either party for reasonable cause upon 30 days written notice stating such reasonable cause. Reasonable cause shall include, but not be limited to, the following:

- Bankruptcy or insolvency of either party;
- Change in statutes or regulations which eliminate or substantially modify the requirements for COBRA Notification;
- Either party is suspended or restricted from performance by Federal or State regulatory authority;
- Either party fails to comply with the provisions of this agreement;
- ABC Company fails to pay fees in accordance with fee schedule.

This is the sole agreement between the parties, and shall not be amended or modified except by written agreement between the parties. This agreement shall be binding upon both parties, its successors or assignees, and shall be interpreted under the laws of the State of Washington.

The undersigned signature for ABC Company hereby warrants and represents that he/she is duly authorized by ABC Company to execute this Agreement on behalf of ABC Company, and that he/she as read the Agreement in its entirety.

For: ABC Company

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

For: Sound Benefit Administration

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_