



RE: Vimly Benefit Solutions COBRA Administration Services

It is important that employers be aware of their responsibilities with regard to the COBRA requirements. Generally, any employer who has twenty or more employees is obligated to offer COBRA continuation coverage 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, Vimly Benefit Solutions (VIMLY) offers employers COBRA administration service at no additional charge to the employer. These services include COBRA notification and billing for your eligible COBRA employees. Specific services offered are itemized in the attached COBRA Administration Agreement.

If you wish to retain VIMLY as your COBRA Administrator, please review and sign the attached COBRA Administration Agreement and return to VIMLY. VIMLY will sign the Agreement and you will be mailed a copy indicating the effective date VIMLY will begin your COBRA administration. The effective date of the Agreement will generally be the first of the month following the VIMLY's last billing cycle. **Do not assume that VIMLY will begin administration of your COBRA until you have received the signed Agreement.**

For more information about Vimly COBRA Administration Services please contact VIMLY at 206-859-2600 or email cobra@vimly.com.

Sincerely,

Vimly COBRA Administration Services

COBRA Administration Services
Vimly Benefit Solutions
P.O. Box 65 Mukilteo, WA 98275-0065
Phone 206-859-2600 Fax 425-771-1226 Email: cobra@vimly.com

How Vimly Benefit Solutions (Vimly) COBRA Administration Works

Please keep this reference sheet handy!

Vimly COBRA Administration: Vimly will handle all COBRA administration duties and notices for your Trust or Association health plans, including:

- Sending a COBRA election notice to qualified beneficiaries when they experience a COBRA qualifying event. A qualified beneficiary is an individual (an employee or dependent) who loses coverage and is eligible for continuation coverage under COBRA.
- Monthly billing and collection of COBRA premiums from the COBRA participant.
- Providing notice of unavailability of COBRA coverage as needed.
- Sending a letter of early termination of COBRA as needed.

Cost: Vimly provides COBRA administration of the Trust health plans at **NO** cost to the employers. Vimly will charge qualified beneficiaries a 2% administration fee on the applicable COBRA premium as allowed by the Internal Revenue Service (or up to 50% of the applicable premium when COBRA is extended beyond the standard 18-month period due to disability).

The process: The employer has a legal responsibility to notify Vimly in writing when an employee or dependent experiences a qualifying event **within 30 days** from the date of the event. Qualifying events are:

- Termination of employment (for any reason other than gross misconduct)
- Reduction in hours (falling below the minimum required hours worked for coverage)
- Employee death
- Loss of dependent status (reaching age 26 for children)
- Divorce or legal separation

The written notification to Vimly must include:

- Qualified Beneficiary's name
- Current Mailing Address
- Type of Qualifying Event (reason for loss of coverage)
- Qualifying Event Date

Vimly will mail the qualified beneficiary a COBRA election notice within 14 days from the date of notification upon notification from the employer of a qualifying event.

If the qualified beneficiary elects COBRA, Vimly will bill them directly and they will pay Vimly directly. The COBRA participants will not appear on your monthly Trust invoice.

Gross Misconduct: Employees who are terminated from employment due to gross misconduct are generally not eligible for COBRA. It is the employer's responsibility to advise Vimly if the termination was due to gross misconduct and that a COBRA election notice should not be sent so that we may send the employee a letter of COBRA unavailability. Please note, employers should carefully evaluate such a decision and consult with their legal representative before denying an employee the option to continue coverage via COBRA due to gross misconduct.

Employer COBRA payments: If you have agreed to pay all or part of an employee's coverage as part of a severance agreement, you may **not** leave the employee on active coverage and continue to pay for them as part of your active invoice. Instead, the ineligible employee must be terminated from active coverage and elect COBRA coverage. The employer may make the COBRA premium payments on behalf of the employee as described below.

Please note, Vimly will not bill the employer directly. We will bill the employee and they will need to forward the invoice on to you so that you can remit payment to Vimly's COBRA Department. Please make sure the invoice stub and/or pertinent employee information is included with the check so that we can apply the payment accurately in our system.

Termination of Vimly COBRA Administration: If you wish to discontinue Vimly COBRA administration services in the future, you must give Vimly at least 30 days' notice and if applicable to your Trust, submit a completed Waiver Form indicating the third-party administrator who will be doing the COBRA administration of your Trust plans going forward.

Indemnification: Employers agree to indemnify and hold Vimly harmless against any loss, damage, or expense, including reasonable attorney fees that Vimly may incur or be required to pay as a result of any failure by an Employer to provide accurate and timely information required by Vimly to provide the services under this Agreement.

VIMLY COBRA ADMINISTRATION AGREEMENT

This COBRA Administration Agreement (this "Agreement") is made by and between

and

VIMLY BENEFIT SOLUTIONS

Company Name (please print) (the "Employer")

(VIMLY)

WHEREAS, the Employer wishes to engage the services of VIMLY 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 employees through

Company Plan Name (please print)

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 VIMLY with regard to recordkeeping and accounting of qualified beneficiaries whose group health plan coverage has ceased and who are entitled to continuation coverage under COBRA.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements as hereinafter set forth, the Employer and VIMLY 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 Beneficiary" means an individual who is eligible for continuation coverage under COBRA as defined in Treas. Reg. § 54.4980B-3, Q/A-1 (a)(1).
- 1.4 "Monthly Contribution Amount" means the amount a Qualified Beneficiary must pay for Continuation Coverage for himself or herself and any dependents eligible for coverage.
- 1.5 "Plan" means the employee benefit plan that the Employer makes available to its employees.

ARTICLE II - Responsibilities of Employer

- 2.1 During the term of this Agreement, Employer will:
 - (a) Provide an initial notice describing COBRA rights to each covered employee and each covered spouse in the form and manner and in the timeframe required by COBRA.
 - (b) Retain substantiating materials demonstrating compliance with the initial notice requirements of COBRA in a form and manner in compliance with COBRA.
 - (c) Provide COBRA eligibility information to VIMLY in the form and manner requested by VIMLY. The Employer will notify VIMLY 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 VIMLY. 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 Beneficiary; and,
 - Any other information reasonably requested by VIMLY and available to Employer.
 - (d) Provide VIMLY with any updated information about the eligibility of a Qualified Beneficiary or eligible dependent of a Qualified Beneficiary available to Employer, including, but not limited to: a change in address of the Qualified Beneficiary; the death or disability of a Qualified Beneficiary; the divorce or separation of a Qualified Beneficiary; and, the enrollment of the Qualified Beneficiary in Medicare or other group health plan coverage.
 - (e) Provide VIMLY with 30 days advance written notification prior to terminating VIMLY COBRA services.

ARTICLE III - Responsibilities of VIMLY

- 3.1 During the term of this Agreement, VIMLY will:
 - (a) Provide COBRA election notices to Qualified Beneficiaries;
 - (b) Bill Qualified Beneficiaries for the Monthly Contribution Amounts;
 - (c) Collect Monthly Contribution Amounts from Qualified Beneficiaries and remit to the insurer;
 - (d) Provide notice of unavailability of COBRA coverage; and,
 - (e) Provide notice of early termination of COBRA coverage.
- 3.2 VIMLY 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. VIMLY will mail the notice by first class mail to the mailing address provided by the Employer. A single notice, addressed to each Qualified Beneficiary, may be sent to a covered employee, covered spouse and dependents residing at the same address. 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, the COBRA premium amount, and due date.
- 3.3 Unless otherwise notified by the Employer in writing, VIMLY 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.
- 3.4 VIMLY will determine the applicable COBRA premium for each Qualified Beneficiary and may include in that premium amount an

administrative fee as permitted by Internal Revenue Code § 4980B(f)(2)(C).

3.5 It is expressly understood that VIMLY 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 VIMLY may retain as a fee for its services an administrative fee as permitted by Internal Revenue Code § 4980B(f)(2)(C). VIMLY 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 VIMLY harmless against any loss, damage, or expense, including penalties and reasonable attorney fees, that VIMLY 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 resulting from the willful misconduct, negligence, fraud or bad faith of Employer, its employees or agents.

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 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.

ARTICLE X - Termination of COBRA Agreement

10.1 Employer or VIMLY may terminate this Agreement only upon 30 days advance written notification.

"Employer"

"Vimly"

Company Name (please print)

Signature

Name (please print)

Title

Date Signed

Signature

Name (please print)

Title

Date Signed

For Administrative Use:

Effective date of executed agreement

Client Account #

Copy of executed agreement returned to Employer on (date)

By (name)