

COBRA Administration Agreement

JANUARY 2011

THIS Agreement is effective the 1st day of ~~December, 2010~~, by Revere Local Schools referred to as "Plan Sponsor" and The HR Group, LLC

A. The Consolidated Omnibus Budget Reconciliation Act of 1985 as amended, together with proposed and final regulations thereunder, ("COBRA") requires Plan Sponsor to provide medical benefits to certain individuals for whom coverage would not otherwise be provided;

B. Plan Sponsor desires to provide the legally required notices and benefits to Plan participants who become eligible for COBRA continuation; and

C. In connection with services provided by Benefit Designs, LLC as Plan Sponsor's insurance broker, Plan Sponsor wishes to engage The HR Group, LLC to provide administration services for such COBRA continuation.

NOW THEREFORE, the parties agree as follows:

SECTION I - DUTIES AND RESPONSIBILITIES OF THE HR GROUP, LLC

1.01 Election Notice - The HR Group, LLC will provide Plan participants who are or who become eligible for COBRA continuation under sections 2.01 and 2.02 with notice of such eligibility upon receiving notification from Plan Sponsor pursuant to said sections. Notice to the Plan participants will be mailed to the address provided by the Plan Sponsor with notice of such eligibility upon receiving notification from Plan Sponsor pursuant to said sections. Plan Sponsor will be solely responsible for ensuring that HR Group, LLC receives an accurate address for each plan participant.

1.02 Plan Records - The HR Group, LLC will maintain records of all qualifying events reported by Plan Sponsor. The HR Group, LLC will also maintain records of all notices, acceptances or rejections of election of COBRA continuation, applicable COBRA contributions, length of COBRA coverage, and any subsequent qualifying events.

1.03 COBRA Contribution Amount - The HR Group, LLC will provide a calculation of COBRA contributions for the Plan at the request of the Plan Sponsor. This contribution for fully insured benefits will be the applicable insurance premiums for each plan of benefits eligible for COBRA continuation, plus 2% for Administrative services. This contribution for self-funded benefits will be provided to The HR Group, LLC by the Plan Sponsor's Third Party Claims Administrator and will include 2% for Administrative services.

1.04 COBRA law allows employers to charge up to a 50% administration fee for those participants who extend COBRA coverage to 29 months when they meet specific requirements for Social Security Disability. The plan sponsor will indicate what administrative fee the HR Group will use, not to exceed 50% by law, when billing the participant. This amount will be indicated at the onset of this agreement and can be changed only at renewal. The HR Group will keep only the usual 2% administrative fee for all Cobra participants, regardless of reason for Cobra election. Any remaining administrative fee will be returned to the plan sponsor.

- 1.05 Receipt of COBRA Contribution - The HR Group, LLC shall receive COBRA contributions from Plan participants who have elected COBRA continuation. COBRA contributions, less 2% Administrative fee received by The HR Group, LLC will be sent by check to the Plan Sponsor each month with a report listing each COBRA participant, benefits the participant is continuing and the amount of contribution paid by the participant.
- 1.06 New Employee Notice - The HR Group, LLC will notify new employees of Plan Sponsor of their rights under COBRA upon receiving notification from Plan Sponsor regarding the hiring of any such new employees.
- 1.07 COBRA Termination Notice - The HR Group, LLC will give notice of termination of COBRA continuation to Plan participants who are no longer entitled to receive COBRA continuation upon receiving notification from Plan Sponsor that such notice of termination is to be given.
- 1.08 Plan Reports - The HR Group, LLC will separately account for Plan participants who have elected COBRA continuation in Plan reports provided for under this Agreement. Upon termination of the services provided under this Agreement, The HR Group, LLC will make available to Plan Sponsor all COBRA administration records and files. Upon the request and at the expense of the Plan Sponsor, The HR Group, LLC will arrange for the delivery of the COBRA administrative records and files to Plan Sponsor or its authorized agent.
- 1.09 COBRA Procedure Manual - The HR Group, LLC is not responsible for supplying Plan Sponsor with the required COBRA Procedure Manual required by the IRS. In addition, The HR Group, LLC is not responsible for the Plan Sponsor's record keeping and procedure requirements associated with utilizing a Third-Party Administrator for COBRA administration.

SECTION II - DUTIES AND RESPONSIBILITIES OF THE PLAN SPONSOR

- 2.01 Notification of Qualifying Event -
 - (a) Plan Sponsor will notify The HR Group, LLC within thirty (30) days of an employee's termination, reduction in work hours, death, or other qualifying event as required by COBRA. The HR Group, LLC will be held harmless when more than thirty (30) days have lapsed before notification of a qualifying event is received in our office.
 - (b) Plan Sponsor will notify The HR Group, LLC within thirty (30) days of receiving notice of a Plan participant's divorce or legal separation, a Plan Participant's dependent ceasing to satisfy the definition of a dependent child under the Plan, or other qualifying event as required by COBRA. The HR Group, LLC will have no obligation under this Agreement to provide COBRA Administration services to Plan Sponsor for any Plan participant not identified by Plan Sponsor as required by this section.
- 2.02 Existing COBRA Participants - Within ten (10) business days of the effective date of this Agreement, Plan Sponsor will provide The HR Group, LLC with (a) information regarding each Plan Participant who has elected COBRA continuation and remains covered under

the Plan, and (b) information regarding each Plan participant who is (i) eligible for COBRA continuation, (ii) whose qualifying event occurred no earlier than sixty (60) days prior to the effective date of this Agreement, and (iii) who has not received notice of his or her right to continue coverage under the plan. The HR Group, LLC will have no obligation under this Agreement to provide COBRA Administration services to Plan Sponsor for any Plan participant not identified by Plan Sponsor as required by this section.

- 2.03 Administrative Fees - Plan Sponsor will pay The HR Group, LLC the fees described in Schedule A for COBRA Administration. Fees will be paid within thirty (30) days from billing date on monthly invoice.
- 2.04 Notification of Plan Changes - Plan Sponsor will notify all COBRA participants of changes in the Plan which affects the benefits provided to Plan participants on a timely basis in compliance with applicable laws and regulations. Upon request, The HR Group, LLC will assist the Plan Sponsor by providing a complete listing of COBRA participants and addresses.
- 2.05 Changes in Size of Employer Group – The HR Group, LLC reserves the right to adjust an in-force contract and rates in the event of more than a 25% increase or decrease in group size (i.e. due to purchase/sale of plant/division). The HR Group may also invoice Plan Sponsor for any additional fees associated with set-up and administration of additional employees.
- Change in size of Plan Sponsor may also affect the necessity to offer COBRA coverage. The HR Group, LLC is not responsible for determining the necessity of COBRA. Execution of this contract assumes Plan Sponsor is aware of method of counting employees to determine if the group must offer COBRA.
- 2.06 Change in Agent/Broker Status – If during the term of this contract, Plan Sponsor terminates agent/broker status with Benefit Designs, LLC, The fees, payable by Plan Sponsor, will immediately and without notice to Plan Sponsor be increased by 20%.

SECTION III - LIMITS OF LIABILITY

- 3.01 Hold Harmless
- (a) The HR Group, LLC agrees during and after the term of this Agreement to hold Plan Sponsor harmless from, and indemnify Plan Sponsor against, any and all claims, losses, and expenses, including attorney's fees, incurred by Plan Sponsor as a result of The HR Group, LLC's (i) negligence, gross negligence or willful misconduct in connection with its performance of services under this Agreement or (ii) breach of this Agreement.
- (b) Plan Sponsor agrees during and after the term of this Agreement to release, hold The HR Group, LLC and its officers, directors, employees and agents harmless from, and indemnify The HR Group, LLC and its officers, directors, employees and agents against, any and all claims, losses, and expenses, of any nature whatsoever, whether arising in law or equity, including attorney's fees, brought by any former, present or future employee of the Plan Sponsor, any governmental representative and/or agency or any other third party and in any way related to or arising out of the plan and/or the Plan

Sponsor's sponsorship or administration thereof, with the sole exception of those claims, losses and expenses arising out of The HR Group, LLC's (i) negligence, gross negligence or willful misconduct in connection with its performance of services under this Agreement or (ii) breach of this Agreement. Plan Sponsor hereby expressly agrees that The HR Group, LLC is in no way responsible for determining whether the Plan Sponsor is subject to COBRA, which of Plan Sponsor's employees or former employees qualifies as a Plan participant under COBRA or for otherwise ensuring that the Plan Sponsor is in compliance with COBRA, and Plan Sponsor specifically agrees to release, hold harmless and indemnify The HR Group, LLC its officers, directors, employees and agents from and against any and all claims, losses and expenses resulting from or arising out of any noncompliance or alleged noncompliance of Plan Sponsor there with.

SECTION IV - TERM AND TERMINATION

- 4.01 Term of Agreement - The term of this Agreement will commence at 12:01 a.m. on the effective date and will remain in effect for a period of twelve (12) months unless renewed or terminated under Section 4.02 below.
- 4.02 Renewal and Termination - This Agreement will renew on each anniversary date for an additional twelve (12) month period. It is the discretion of The HR Group, LLC to renew this contract at the end of the contract year with Plan Sponsor if Plan Sponsor no longer utilizes the services of Benefit Designs, LLC.

Please indicate whether or not your group is an eligible employer and therefore obligated to offer COBRA coverage for calendar year 2011:

Yes ____

No ____

2000 Definition of eligible employer: "...an employer that employs 20 or more employees on at least 50% of its typical business days during the preceding calendar year. In determining the number of the employees of an employer, each full-time employee is counted as one employee and each part-time employee is counted as a fraction of an employee. For each day of that pay period, each full time employee counts as one employee and each part-time employee counts as a fraction, with the numerator of the fraction equal to the number of hours worked by that employee during that pay period and the denominator equal to the number of hours that must be worked during that pay period in order to be considered a full-time employee."

Be aware that you must accept a premium payment that is short an "insignificant amount", which is defined as "no greater than the lesser of \$50 or 10 percent of the required amount."

Pursuant to Article 1.04, Page 1, please specify the administrative amount you wish to charge for Cobra beneficiaries that qualify for the 29-month disability extension of benefits. By law, the maximum amount that can be charged is 50%. If no amount is specified, the HR Group will automatically charge 2%.

As Plan Sponsor, we choose to charge _____% for Cobra beneficiaries that qualify for the 29-month disability extension of benefits.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the effective date first appearing above.

PLAN SPONSOR:

Revere Local Schools

The HR Group, LLC

By: _____

By: _____

Date: _____

Date: _____


COBRA Administration Fee Schedule

Standard fees for employers who have fewer than 500 covered employees and five or fewer health plans. Specific fees for clients with larger plans are available upon request.

One-Time Setup Fees
Initial Setup Fees

- Between 20 and 100 covered employees \$300.00
- Between 101 and 200 covered employees \$400.00
- Between 201 and 300 covered employees \$500.00
- Between 301 and 400 covered employees \$600.00
- Between 401 and 500 covered employees \$700.00

COBRA Participant Takeover Fee \$ 15.00
(per current COBRA participant)

Annual Renewal Fee

The Annual Renewal Fee covers updating premium amounts and employee coverage's after open enrollment and notification of rate changes for COBRA participants. If your group health plan offers more than five health plan options or benefits, please add an additional \$25.00 per option/benefits above five.

- Up to 200 covered employees \$150.00
- Between 201 – 300 covered employees \$250.00
- Between 301 – 400 covered employees \$350.00
- Between 401 – 500 covered employees \$450.00

Monthly Administration Fees

Administration Fees are determined by the number of COBRA occurrences within that month plus a base fee determined by the number of covered employees.

Base Monthly Fee

- Under 50 covered employees \$ 35.00
- Between 50 – 100 covered employees \$ 50.00
- Between 101 – 150 covered employees \$ 75.00
- Between 151 – 200 covered employees \$125.00
- Between 201 – 250 covered employees \$150.00
- Between 251 – 300 covered employees \$200.00
- Between 301 – 400 covered employees \$250.00
- Between 401 – 500 covered employees \$300.00

Plus COBRA Activity For The Month

- Per Qualifying Event Notice \$ 12.00
- General Notice Mailed to New Employees \$ 3.00

Mailing of General Notices for currently covered employees is included in the initial setup fee. This per-notice fee is only for employees who enter the plan after the initial setup.

*Note – The HR Group will retain the 2% administration fee authorized by COBRA regulations.