COBRA AND DIRECT BILL
Client Handbook

Welcome to Alerus COBRA administration services! We appreciate your business and look forward to working with you. This document contains helpful resources for employers. The final page of this document contains a handout you can provide to your employees exiting employment. If you have any questions, feel free to contact us — we're here to help!

Employer Responsibilities

- Employers are responsible for terminating the active employee coverage.
- Qualifying events must be reported to Alerus via the employer website.
  - Groups may opt to have a COBRA EDI file feed(s). If your group is interested in setting up an EDI file(s), you will need to begin the process by contacting your HRIS/payroll vendor. Alerus will work with any vendor so long as they can comply with our testing requirements and file specifications.
    - Please reach out to **cobraedi@alerus.com** for more information.
- Each month you should audit your carrier premium billing to the Alerus COBRA system to ensure that all COBRA and/or direct bill members are reflected correctly.
  - Alerus is not responsible for premium billing discrepancies beyond 60 days for adjustments.
- Annual benefit renewal information, (i.e., insurance carriers, premiums, etc.) must be provided to Alerus at least 30 days before the effective date.
  - These updates could occur consistently with a new carrier plan rate period or at other times throughout the year.
  - Alerus will not back-bill qualified beneficiaries for premium rate increases when the rates are received in our office after the renewal date.
    - E.g., Rates received on September 10 for a renewal date of September 1 will be effective October 1. Premium deficiencies due to late rate notices are the responsibility of the employer.
- Correction fees may be assessed should it be found that Alerus was provided with incorrect renewal information, including but not limited to premium corrections, carrier changes and plan setup details.
- Remittance to employers of collected premiums will follow within 10 business days of the previous month’s closing.

If you have questions at any time, please reach out to us, we’d be happy to assist! We’re available Monday through Friday, 7:30 a.m. – 4:30 p.m. CT.

Alerus COBRA Operations Team
cobra@alerus.com
952.253.1261 | Office
800.761.1934 | Toll-free

Please see last page for important disclosures.

Frequently Asked Questions

Q: What is COBRA?

A: According to the U.S. Department of Labor, the Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102% of the cost to the plan.

COBRA generally requires that group health plans sponsored by employers with 20 or more employees in the prior year offer employees and their families the opportunity for a temporary extension of health coverage (called continuation coverage) in certain instances where coverage under the plan would otherwise end.
"Continuation of Health Coverage (COBRA)", https://www.dol.gov/general/topic/health-plans/cobra.

Q: Which benefits are COBRA eligible?

A: Group health insurance plans (medical), dental, vision, Rx (typically embedded with medical), ICHRA, HRA, health FSA, limited purpose FSA, EAP and on-site medical clinics. Alerus recommends you confirm with your insurance carriers if you are questioning plans subjectability to continuation.

Q: What is a General Rights Notice?

A: The General Rights Notice, (a.k.a. Initial Rights Notice or DOL New Hire Notice) is the first required letter of COBRA. This notifies newly covered members of their general rights and responsibilities in relation to COBRA, as well as timelines for them to notify you, the employer, of any qualifying life events.

Q: What is the COBRA Specific Rights Notice (election notice)?

A: The election notice gives qualified beneficiaries information regarding their rights and obligations with reference to a specific qualifying event. When a qualifying event occurs (and after notice of the event is provided to the plan administrator), the plan administrator must furnish an election notice to each qualified beneficiary (including the covered employee, covered spouse, and any covered dependent child) who loses plan coverage in connection with the qualifying event.

Q: How do members elect COBRA?

A: Members can elect by completing one of the following actions:

- Registering and electing using the online member website.
- Email a completed election form to **cobra@alerus.com**.
- Mail the completed election form to: Alerus Retirement and Benefits, P.O. Box 3850, Omaha, NE 68103-3850.
- Contact our member service center at the number listed on their COBRA Specific Rights Notice.

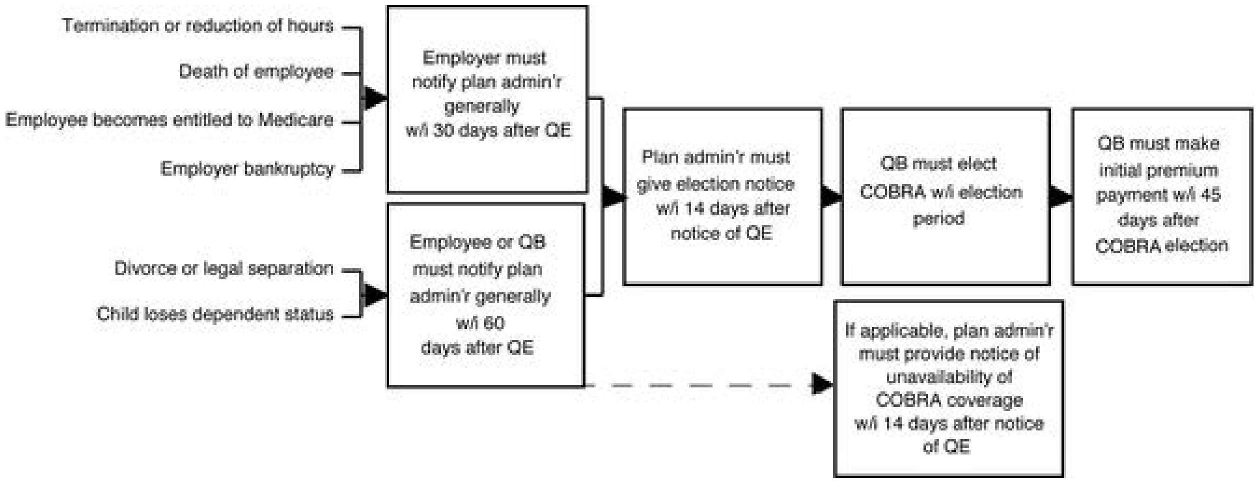
Q: How do members make payments?

A: Members can submit payment by utilizing one of the following options:

- Pay online via the COBRA website using a credit or debit card.
  - Any one-time payment, debit card, or credit card payment will carry a $20 fee per transaction. This is the only option that carries a fee. Alerus does not retain this fee.
- Set up recurring ACH deduction from a checking or savings account via the online member website.
- Mail check or money order to Alerus Retirement and Benefits, P.O. Box 3850, Omaha, NE 68103-3850.
- Set up a bill pay with their bank using the address above. Check must include their Alerus member ID and/or first and last name in the memo line to ensure accurate and timely posting of the payment.

Q: What is the timeline for members to elect COBRA?

A: Timeline is outlined in the chart below:



Q: When is COBRA coverage activated?

A: Coverage will be reinstated back to the date of loss when member's election as well as the first month's premium payment has been received by Alerus.

Q: When is COBRA coverage terminated?

A: Coverage is terminated back to the last day of the month for which they were paid in full. Premiums are due at the first of the current month with a 30-day grace period. Alerus will accept payments that are postmarked within the grace period.

Q: What happens if a member needs services while in their election period?

A: Once Alerus receives the election and first premium payment, we notify the carrier of the reinstatement. It may take 7-10 business days for the carrier to process, or 24-72 hours if Alerus has online access. Members should inform providers of the COBRA reinstatement and request that any pending claims be reprocessed. If the provider requires out-of-pocket payment, members can work with the provider or carrier for reimbursement. For prescriptions, most pharmacies will reprocess claims within 14 days for reimbursement, or members can work with the carrier for reimbursement if the pharmacy doesn't follow that policy.

Q: What if a member is in urgent need of care but has not started the reinstatement process yet? Can I re-enroll them on coverage?

A: No. Allow Alerus to process reinstatements following our standard procedures to stay compliant with COBRA regulations and protect your company. If a member doesn't elect or pay, some service costs (like prescriptions) can't be recouped, potentially making the employer responsible for premiums or claims incurred during a wrongful reinstatement. Alerus also can't track members if the employer reinstates coverage without the member's election/payment. You can direct members to Alerus for more information, and coverage can be reinstated retroactively to avoid lapses.

Q: Are COBRA members part of ACA regulations?

A: Yes, it is the employer's responsibility to ensure that you or your carrier/designated ACA administrator send out the appropriate 1095-B/1095-C forms.

Q: How is open enrollment handled?

A: COBRA members have the same open enrollment rights as active employees. For renewal instructions, visit the COBRA Resource Center. After receiving complete information, Alerus will update the necessary records. All pending and enrolled members will get a Plan Change and Open Enrollment Notification. If possible, Alerus will run a passive open enrollment, where members don't need to re-elect if they want to keep the same plans. If changes are needed, Alerus will notify the carriers, and members may need to log into the member website for new elections if there are carrier changes. The Open Enrollment Notification will provide these details.

Q: Terminated employees are showing up on my carrier bill again, is that okay?

A: Yes. When Alerus receives a member's elections and first premium payment, their coverage is reinstated with the carrier(s), and they will appear on your bill. Some carriers label COBRA members, while others don't distinguish them from active employees. DO NOT TERMINATE COBRA COVERAGE. To confirm a member's COBRA status, check your monthly reports, the online COBRA website, or contact Alerus. If you have an enrollment file feed, ensure it doesn't terminate COBRA members when updating active employees.

Q: COBRA members are on my bill, but I have not received reimbursement for them, why?

A: Alerus' billing period runs from the 1st to the last day of each month. Within 10 business days after month-end, we remit collected COBRA premiums via ACH, with a remittance email sent at least one day before the payment. The email includes the remittance date, amount, and a detailed breakdown by member, coverage, and premium info. Premiums may sometimes appear in the following month's remittance if they miss the current month's cut-off.

Q: A member was terminated from COBRA, but they are still on my bill, when will I get the credit?

A: Carrier processing of termination requests can take 7–10 business days, varying by time of year. If Alerus has online access with the carrier, terminations are typically completed within 24–72 hours of receiving the carrier's notice. Credits may take time to appear on your bill. There is a five-day window after the latest payment date that allows for payments to be applied if the postmark date is within the acceptable timeframe.

Q: I did not receive any premiums from Alerus this month, why?

A: Alerus sends collected COBRA premiums within 10 business days after month end. If no members are enrolled, no premiums will be sent. Late payments are included in the next month's remittance. If you receive a remittance email but no deposit, contact Alerus to verify your banking info. If you cover 100% of a member's COBRA premium, you're also responsible for the 2% admin fee. This fee is usually offset by other members' premiums, but if not, you'll receive no premiums, and the fee will be added to your monthly invoice.

Q: How do I see if my members are active on COBRA?

A: Visit online COBRA employer website to run reports on demand. Additionally, you will receive an email once a month from our COBRA billing team (**cobrabilling@alerus.com**) that outlines this information as well.

Q: Members are asking me about electing and remitting premiums, what do I do?

A: Direct members with COBRA questions or needs to Alerus. All COBRA paperwork and premiums should be sent to Alerus. If clarification is needed, we'll contact you directly and confirm with the member. For questions beyond our scope, we'll provide what information we can and refer them to the relevant source (e.g., insurance carriers, HSA admins). We'll only refer members back to you if the question is outside our ability to answer [e.g., 401(k) questions].

Q: How do I know who is paying for COBRA each month?

A: Each month, the COBRA billing team will send you a remittance report detailing the division, member name, plan, coverage level, premium amount, and month/year of the remittance. The report will also list all members who received notices that month. When benefits are subsidized by your group at 100%, the 2% administration fee will be charged back to the group and are shown as a negative amount. This fee is usually offset by other premiums, but if not, the balance will be added to your invoice. You can also access the system-generated Remittance Report in the employer website after the month end process has run.

May 2025 - COBRA REPORTS

ClientName	DivisionName	ReportType	Addressee	LetterDate	Letter Name/PlanName	CoverageTier	PremYr	PremMo	RemitAmt
ABC Group	Admin Group 3	Letter Detail	Allison Carle	5/16/2025	General Rights Notice				
ABC Group	Admin Group 1	Letter Detail	Allyssa Tunby	5/9/2025	General Rights Notice				
ABC Group	Admin Group 3	Letter Detail	Jenna Glass	5/23/2025	Specific Rights Notice Letter				
ABC Group	Admin Group 1	Letter Detail	John Eimers	5/7/2025	Termination Notice				
ABC Group	Admin Group 1	Letter Detail	Kevin Huffman	5/1/2025	45 Day Notice With No Pymt				
ABC Group	Admin Group 1	Letter Detail	Kevin Huffman	5/1/2025	Medicare Notice				
ABC Group	Admin Group 2	Letter Detail	Mike Madruga	5/16/2025	Specific Rights Notice Letter				
ABC Group	Admin Group 1	Letter Detail	Tom Aman & Family	5/1/2025	Enrollment Confirmation Notice				
ABC Group	Admin Group 1	Member Status	Aman, Tom		BCBS PPO Medical	EE			
ABC Group	Admin Group 1	Member Status	Aman, Tom		EyeMed Vision	EE			
ABC Group	Admin Group 1	Member Status	Miller, Mike		Delta Dental	EE + Spouse			
ABC Group	Admin Group 1	Member Status	Miller, Mike		EyeMed Vision	EE + Spouse			
ABC Group	Admin Group 1		Aman, Tom		BCBS PPO Medical		2025	5	($11.20)
ABC Group	Admin Group 1		Aman, Tom		EyeMed Vision		2025	5	($0.24)
ABC Group	Admin Group 1		Miller, Mike		Delta Dental		2025	5	$109.24
ABC Group	Admin Group 1		Miller, Mike		EyeMed Vision		2025	5	$11.23
ABC Group									$109.03

BENEFITS SUBSIDIZED, VALUE REPRESENTS 2% ADMIN FEE.

Q: How do I audit my COBRA service invoice?

A: Review Dates of Service and Description Section of your invoice for specific details. To audit your bill, check the quantity column for each item type against the backup detail report you received with the invoice.

INVOICE DATE	INVOICE NUMBER	DATES OF SERVICE	TERMS
June 6, 2025	C173586	May-25	Net 30

QTY	DESCRIPTION	RATE	AMOUNT
1.00	COBRA Monthly Service Fee		
2.00	Specific Rights Notice	10.00	20.00
2.00	General Rights Notice	3.00	6.00
2.00	Ongoing Event Administration	6.00	12.00
	Open Enrollment Packet		
2.00	Subsidy Fees		11.44
	Annual COBRA Renewal Fee		

PAID

CUSTOMER ID: ABC Group — PLEASE REMIT — Total 49.44

- **COBRA monthly service fee** — Your service agreement (SA) will outline if this applies. If your group exceeds the monthly minimum fee, it will be outlined in this section.
- **Specific rights notice** — collected based upon letters mailed during the applicable dates of service.
- **Per eligible employee (PEPM)** — Collected based upon the employer's most current reported data to Alerus of benefit eligible employees.
- **General Rights Notice (a.k.a. Initial Rights Notice or New Hire Notice)** — collected based upon letters mailed during the applicable Dates of Service.
- **Ongoing event administration** —Collected based upon enrolled members for the applicable dates of service.
- **Open enrollment packet** — Collected based upon pending and enrolled members that receive OE information.
- **Subsidy fees** **—** Employers are charged the 2% admin fee when benefits are subsidized at 100%.
- **Annual renewal fee** — If applicable, collected annually per the terms of your SA.

Disclosures

Employers: To get more information about COBRA benefits, read this publication from the U.S. Department of Labor (DOL) "An Employer's Guide to Group Health Continuation Coverage Under COBRA" chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf

COBRA and Continuation Options

Q: I've lost my benefits, what are my options for coverage now?

A: This loss of coverage is a qualifying event that opens a special enrollment window with carriers.

- A spouse/parent can add you to their policy (when applicable).
- Review options on the healthcare marketplace (**healthcare.gov**).
- You can enroll in COBRA/continuation coverage.

PLEASE NOTE: Different options have different costs, and enrolling under one option may disqualify you from enrolling in the other option(s) for this qualifying event. Be sure to review your options carefully and select the option that works best for your situation. Please contact Alerus with any questions you may have.

Q: What is COBRA?

A: COBRA is a collection of federal laws and regulations that allow you to continue coverage of certain benefits for yourself (and any covered dependents, if applicable) under your company's plan for a designated period after a qualifying loss of coverage. The notice of your rights and responsibilities, eligible benefits, associated costs, and timeline to enroll will be mailed to you from our COBRA administrator, Alerus.

Q: What triggers COBRA?

A: COBRA is offered when a covered employee experiences an involuntary loss of coverage. This can happen through such events as resignation, retirement, termination, layoffs, or reduction in hours. Covered dependents may also be offered COBRA if they lose coverage under a covered employee through such events as divorce, ageing off a parent's plan, or death of the employee.

Q: I want to enroll, what do I do?

A: You have 60 days from the last day of coverage or the date the letter was sent, whichever is later, to make your elections. You will have 45 days from the date we receive your elections to bring your account current. To reinstate coverage, Alerus must receive your election as well as your first full month's premium payment. Once elections and payment are received, Alerus will send reinstatements to the carriers. It typically takes the carriers 7-10 business days to process. Please keep this in mind when seeking services.

Q: What if I don't want to enroll under COBRA?

A: COBRA is opt-in only, you will not be enrolled without an election or payment; however, according to Federal regulations, during the 60-day grace period, Alerus is required to keep you informed of any changes that may occur (such as premium rate changes). If the election period closes and you have not elected coverage, you will not receive any further communications from Alerus.

Alerus COBRA Operations Team
cobra@alerus.com
952.253.1261 | Office
800.761.1934 | Toll-free

Disclosures

Trust services are offered through Alerus Financial, N.A. (Alerus), which does not provide legal or tax advice. The information contained is general in nature and not intended to provide tax or legal advice or recommendations for any particular situation or type of benefit. Nothing in this handbook should be construed as legal or tax guidance, nor as the sole authority on any regulation, law, or ruling as it applies to a specific plan benefit or situation. Always consult your legal or tax advisor or other qualified professional for advice regarding benefit-specific issues. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy. All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed.

Employees: For more information about your rights and obligations under the plan and under federal law, you should either review the plan's summary plan description or certificate of coverage. To get more information about COBRA benefits, read this publication from the U.S. Department of Labor (DOL) "An Employee's Guide to Health Benefits Under COBRA" chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employees-guide-health-benefits-under-cobra-2022.pdf