



Pre-Tax Premium and COBRA Implementation Workbook

UnitedHealthcare, Inc.
P.O. Box 1747
Brookfield, WI 53008-1747
Telephone: 800-318-5311
Fax: 800-324-3195

Administration services will be effective on the same date as your UnitedHealthcare medical plan, or 10 business days after we receive all required information and your Administrative Services Acknowledgement paperwork, whichever date is later. COBRA Services always begin on the first of the month. Please return the completed workbook by e-mail to implementation@uhcservices.com, by fax to 800-324-3195 or by mail to the address listed above.

SECTION I: General Employer Information

Legal Company Name <small>Including all proper punctuation</small>					
Doing Business As Name (If applicable)					
Federal Tax ID #	Business Entity Type <small>C-Corp, S-Corp, LLC, Non-Profit, etc.</small>				
Street Address					
City		State		Zip Code	
Primary Contact					
Phone Number	Fax Number				
E-mail Address					
Total Number of Employees <small>Do not include non-employee directors, leased, contractual or self-employed</small>				Number of COBRA Participants	
Definition of Eligible Employees <small>Examples: All full-time employees or employees who work more than 30 hours per week, etc.</small>					
New Hire Waiting Period <small>Examples: Date of hire, or 1st of the month following 60 days of employment, etc.</small>					

SECTION II: Division/Location Information

Please list information below for:

- 1) locations or divisions which have separate benefit plans, and/or require separate reporting; and
- 2) subsidiaries or affiliates for which there is an ownership relationship of 80% or more.

All information will be provided to the primary contact person.

Division/ Location or Related Company Name				Federal Tax ID # <small>If different from corporate location</small>	
Street Address					
City		State		Zip Code	
Primary Contact					
Phone Number	Fax Number				
E-mail					
Please specify separate COBRA plans					

SECTION II: Division/Location Information (continued)

Division/Location or Related Company Name				Federal Tax ID # If different from corporate location	
Street Address					
City		State		Zip Code	
Primary Contact					
Phone Number				Fax Number	
E-mail					
Please specify separate COBRA plans					

SECTION III: Pre-Tax Premium Plan Questionnaire

Date Pre-Tax Premium Plan is to Begin Example: January 1 The beginning and ending dates should correspond with the plan year of your medical coverage provided by UnitedHealthcare.		Ending Date of the Pre-Tax Premium Plan Year Example: December 31	
Have you ever deducted insurance premiums from your employees' paychecks on a pre-tax basis before?	Yes		No
If no, what plan number would you like assigned to your Section 125 Pre-Tax Premium Plan? A plan number is a 3-digit 500 series number assigned to welfare and fringe benefit plans beginning with 501. Numbers should be assigned to your benefit programs sequentially and plan numbers should not be reused. Be sure to check your other benefit plans and assign this 3-digit number accordingly.			
If yes, what was the original effective date of your Section 125 Pre-Tax Premium Plan?			
If yes, what was the date those pre-tax premium deductions began?			
If yes, what is the plan number that was originally assigned to your Section 125 Pre-Tax Premium Plan? For existing plans, the plan number and your original effective date can be found in your current Summary Plan Description or previously filed IRS Form 5500 return.			

If your organization is a C-Corp, non-profit or municipality, all employees are eligible to participate in the Pre-Tax Premium Plan. If your organization is an S-Corp, sole proprietor, partnership, LLC or LLP, only employees are eligible to participate in the Pre-Tax Premium Plan. Owners, sole proprietors, partners or members (and in most cases family members of owners) are not eligible to participate in the plan.

SECTION IV: Pre-Tax Premium Plan Implementation Steps

Employer completes Implementation Workbook
Employer agrees to the terms and responsibilities outlined in the Administrative Services Acknowledgement
Employer returns signed Administrative Services Acknowledgement
UnitedHealthcare provides employer online access to Pre-Tax Premium Plan Reference materials
UnitedHealthcare provides employer with Section 125 Plan Document, Summary Plan Description and Adoption Resolution

UnitedHealthcare Benefit ServicesSM

Flexible Spending Accounts, Pre-Tax Premium Plans, and COBRA Administration

Available to customers with **2-99** eligible employees



Save time and money

Lighten your administrative responsibilities by offering:

- ▶ Flexible Spending Accounts
- ▶ **Pre-Tax Premium Plans**
- ▶ COBRA Administration

When you purchase UnitedHealthcare medical coverage you automatically receive these services at no additional cost to you¹. Simply log in to www.uhcservices.com to activate your benefits.

Program advantages

- ▶ One stop shopping
- ▶ Limited employer liability
- ▶ Reduction of payroll-related taxes
- ▶ Increased employee satisfaction

Flexible Spending Accounts (FSA)

The Flexible Spending Account portion of Section 125 allows for employee contributions to a dedicated savings account be made on a pre-tax basis, resulting in savings to both employers and employees. Your company's total taxable payroll is reduced, directly lowering payroll-related taxes and your employees reduce their taxable income and pay less in federal, state, Social Security and Medicare taxes.

Pre-Tax Premium

Reduce your total taxable payroll and lower your payroll-related taxes by implementing a pre-tax premium plan. Employee Pre-Tax Premium contributions are not considered taxable income under **Section 125**. Offering your employees a Pre-Tax Premium plan allows them to **decrease their taxable income and increase their take-home pay.**²

COBRA Administration

COBRA, or the Consolidated Omnibus Budget Reconciliation Act of 1985, enables employees and dependents who no longer qualify under an employer approved group health plan to continue insurance under the group benefit plan.

UnitedHealthcare Benefit Services provides streamlined COBRA administration and efficient record-keeping, which allows you to concentrate on managing your growing business.

Next Steps

Visit uhcservices.com to activate your account or contact customer service at 1-800-318-5311 or your UnitedHealthcare representative to learn more details on the services available.

To activate your account you will need the following information:

- ▶ Employer tax ID number
- ▶ Business address
- ▶ Carrier/Plan information (for COBRA administration only)
- ▶ Bank account information (FSA Administration only)

You can activate your account in five easy steps:

- 1 Log on to www.uhcservices.com
- 2 Enter your User ID and Password
- 3 Follow the screen prompts
- 4 Click on the service you are activating from the blue menu bar and click **'Implement'**
- 5 Follow the screen prompts

¹ These programs are available to customers with 20 to 99 eligible employees;

² Your company's legal arrangement determines whether you can pay your own premiums on a pre-tax basis.

Insurance coverage provided by or through United HealthCare Insurance Company or its affiliates.

UnitedHealthcare

COBRA, Flexible Spending Account and Pre-Tax Premium Plan Administration

Available for customers with 2-99 eligible employees

Simplified benefits administration

Save money and lighten your administrative responsibilities by offering Pre-Tax Premium plans, COBRA administration services and Flexible Spending Accounts through UnitedHealthcare. These services are available at no additional cost to you when you purchase medical coverage through UnitedHealthcare.¹

Adding these plans to your benefit programs will enable you to reduce payroll-related taxes and increase employee satisfaction. And, all you need to do is enroll in these programs and UnitedHealthcare will provide all the support you need, including templates and tools to help you effectively communicate with your employees.

Pre-Tax Premium plan

You and your employees can take advantage of a valuable tax reduction through a Pre-Tax Premium plan. The Pre-Tax Premium portion of Section 125 of the Internal Revenue Code allows for the payment of employer-sponsored insurance premiums on a pre-tax basis, resulting in savings to both the employer and their employees.

The allowable employer-sponsored insurance plans that can be paid for on a completely non-taxable basis are the portion of the premium being paid by the employee. Plans that qualify under Section 125 are:

- ▶ Health
- ▶ Health Savings Account (HSA)
- ▶ Dental
- ▶ Vision
- ▶ Disability
- ▶ Accident
- ▶ Cancer
- ▶ Intensive care
- ▶ Group term life insurance for the employee
(up to \$50,000 worth of death benefit coverage)

¹ These services are available to customers with 2 to 99 eligible employees.

Here's how you save

Under Section 125 employee pre-tax premium contributions are not considered taxable income. As a result, your total taxable payroll is reduced, directly lowering your payroll-related taxes. Because your employees have reduced their taxable income, they pay less in federal, state, Social Security and Medicare taxes and they can actually increase their take-home pay.

Pre-Tax Premium Plan services

You don't need to worry about handling the administrative aspects of a Pre-Tax Premium plan, UnitedHealthcare will handle it for you and we will provide you with the necessary legal documents and filings required under Section 125. The following services are included in our Pre-Tax Premium plan.

- ▶ Full compliance services: Plan Document, Adoption Resolution and Summary Plan Description, including easy-to-understand directions for using these materials.
- ▶ Complete, on-demand, Web-based materials: Employee announcement letters, pre-tax payroll set-up information and nondiscrimination self-test instructions.
- ▶ Ongoing support: Get continued compliance and maintenance services – not just a one-time event.

What's in it for clients and employees:

It's easy to implement a Pre-Tax Premium plan and save money. How much you save depends on your payroll and how much your employees contribute toward their benefits.²

This service is complimentary when you purchase medical coverage through UnitedHealthcare. All you need to do is activate our PTP program and we administer the plan for you.

COBRA administration

COBRA, or the Consolidated Omnibus Budget Reconciliation Act of 1985, enables employees and dependents who no longer qualify under an employer-provided group benefit plan to continue insurance under the group benefit plan.

Generally speaking, if you offer a group health plan and had 20 or more employees on at least half of the business days in the prior calendar year, you must comply with COBRA. COBRA applies to group health, dental and vision plans as well as retiree health plans, medical flexible spending accounts, medical reimbursement plans, health reimbursement arrangements, and some employee assistance plans.

Qualified beneficiaries must be offered the opportunity to continue the same type of coverage as they had with their group plan when certain "qualifying events" occur. COBRA notices must be provided to each beneficiary when coverage is first obtained, and when a qualifying event occurs and benefit coverage is lost.

² Note: The legal entity under which the company operates can affect individual eligibility. Partners in a partnership or limited liability partnership, members (and spouse of a member) of a limited liability corporation, self-employed individual of a sole proprietorship, and more than 2% shareholders (and family members of shareholders) in a Subchapter S corporation are not eligible to participate in a Section 125 plan.

COBRA services³

When you have a UnitedHealthcare medical plan you get streamlined COBRA administration at no cost for all your eligible plans – even those with other vendors, e.g., dental with another. We will service all your COBRA needs with assured compliance and efficient record-keeping.

When a qualifying event occurs, you simply notify UnitedHealthcare by e-mail, fax or Internet and we do the rest. Our COBRA administration and processing includes:

- ▶ **Employee Support:** Mailing of qualifying event notices with proof of mailing, written communication and reminders regarding account status (eligibility for COBRA disability extensions), monthly premium collection including notices of partial or late payments.
- ▶ **Employer Support:** Examination/reconciliation of current participants' account status for takeover; payment coupons provided to new participants and upon renewals; immediate notification of new elections or terminations; prompt delivery of a monthly consolidated check for received premiums; technical assistance on questions about administration or compliance; reports such as payment status of enrolled participants; and listing of distributed notifications and summary listings of coverage terminations.
- ▶ **Full Compliance Services:** Appropriate distribution of HIPAA certificates when coverage is discontinued or expired, newsletters to inform you of any changes in regulations and a minimum seven-year data archival.

What's in it for clients and employees:

COBRA administration can be ongoing and complex, but all you need to do is activate our COBRA program, notify us when a qualifying event occurs and we handle all of the administrative work to ensure that your plan complies with COBRA requirements, all at no additional cost to you.

Flexible Spending Accounts (FSAs)

Flexible spending accounts (FSAs), can help your employees save on out-of-pocket expenses not covered under most benefit plans. These expenses include deductibles, coinsurance, copays, prescription drugs, eyeglasses, day care services.

When you add an FSA plan to your existing benefit package, your employees will be able to set aside portions of their salaries before taxes are calculated. This reduces employees' taxable income, meaning they will pay less in taxes and end up with more money in their pockets. The money set aside is automatically deducted from their paychecks and credited to their flexible spending accounts. As employees incur qualified expenses, they simply submit them to UnitedHealthcare and reimbursements are made from the plan.

FSA services

Our comprehensive FSA services enable you to quickly implement an FSA plan and leave the administrative work to us.

³ UnitedHealthcare's COBRA administration services for medical, dental, vision and retiree plans are also available on a fee basis to customers who do not purchase medical coverage through UnitedHealthcare.

Plan design services:

- ▶ Plan Document, Adoption Resolution and Summary Plan Description
- ▶ Easy-to-understand instructions for using these materials

Choice of claims process and reimbursement options:

- ▶ Online submission
- ▶ Fax
- ▶ Debit card offering
- ▶ Direct deposit or mailed check

Medical expense reimbursement account:

- ▶ Set minimums or maximums
- ▶ Eligibility and grace periods:
 - Determination of employee eligibility and adoption of FSA grace period.

Enrollment support:

- ▶ E-mail, paper, Internet
- ▶ CD-ROMs, online forms, instructions, etc.
- ▶ Ability for employees to calculate upcoming plan year elections


What's in it for clients and employees:

As with a Pre-Tax Premium plan, any client can implement an FSA and save money. How much you save depends on your payroll and how much your employees contribute toward their benefits.²

Sign up for these complimentary programs to simplify your benefits administration and save money for you and your employees. For more information regarding these services, please contact your UnitedHealthcare representative.



Insurance coverage provided by or through United HealthCare Insurance Company or its affiliates. Administrative services provided by United HealthCare Insurance Company, United HealthCare Services, Inc. or their affiliates.

 Printed on paper containing recycled material.

M44786 11/08 Employer © 2008 United HealthCare Services, Inc.



Save with Flexible Spending Accounts, Pre-Tax Premium plans and COBRA administration included with your medical plan

Save money and time by letting our expert staff and dedicated systems take over the task of administering Flexible Spending Accounts (FSA), **Pre-Tax Premium plans** and COBRA for you and your employees. UnitedHealthcare Benefit ServicesSM lets you pay lower payroll-related taxes – and see increased employee satisfaction.

Activate your UnitedHealthcare accounts at

uhcservices.com.*

They are included with your medical plan but you must activate them in order to participate in the programs.

Contact your broker for more information about how easy it is to activate these great programs.

Sample savings for a company with 50 employees

Flexible Spending Accounts

Here are the estimated tax savings when 30 percent of the employees participate in FSA medical and 20 percent participate in FSA dependent daycare:

Account Type	Number of Participants	Monthly Deposit	Employer FICA Rate	Monthly FICA Tax Savings
Medical	15	x \$50	x .0765	= \$57
Dependent Daycare	10	x \$250	x .0765	= \$191
Annual FICA Tax Savings				\$2,976

Pre-Tax Premium Plan

Under Section 125 employee pre-tax premium contributions are not considered taxable income. As a result, your company's total taxable payroll is reduced, directly lowering your payroll-related taxes.

Here are the estimated tax savings with a pre-tax premium plan:

Savings example	with PTP Plan	without PTP Plan
Employee's Annual Pay	\$40,000	\$40,000
Pre-tax Premium plan contribution	\$5,400	\$0
Taxable Payroll	\$34,600	\$40,000
FICA Employer Tax Rate	7.65%	7.65%
Employer Payroll Tax for Employee	\$2,646	\$3,060
Employer Payroll Tax Savings	\$414	

COBRA administration

Some employers try to limit their exposure to the human resources expense and potential legal liability by purchasing a third party COBRA administration service.

Here's the average cost:

Average Account Set up Fees**	Monthly Per Participant Costs	Typical Per Employee Notification Fee	Annual Renewal Processing
Start at \$1,200	\$5.00 to \$6.00	\$22.00	Approximately \$500
Average cost \$2,100 in the first year – before anyone may qualify for COBRA			

COBRA and FSA administration are included in your UnitedHealthcare medical plan.

Together, these examples show how a small business can easily achieve cost savings of over \$5,000.

* Services available to groups with 20 to 99 eligible subscribers. In select markets, services available to groups with **2 to 99 eligible subscribers**.

** Based on UnitedHealthcare market survey.