

April 3, 2009

Name
Company
Address
Address
City State, Zip

Dear Group Administrator,

Regence is committed to our partnership and eager to assist you in understanding recently passed federal laws. Towards that end, we are contacting you to help clarify portions of the American Recovery and Reinvestment Act (ARRA) and Children's Health Insurance Program Reauthorization Act (CHIPRA) and the impact they have on you as an employer.

On February 17, 2009, President Obama signed the ARRA. This law included some important changes to COBRA that require swift action. We want to explain our mutual responsibilities under these new provisions and provide resources to answer some of the more common questions about the new law.

Below are some of the highlights from the new ARRA – COBRA law. More information can be found in the enclosed Frequently Asked Questions (FAQ). The ARRA provisions apply to groups who are subject to COBRA.

Notification of employees:

The law states that employers must notify each eligible employee experiencing certain "qualifying events." **The notification must be sent no later than April 18, 2009.** Please see the attached FAQ for descriptions of those "qualifying events." As a carrier, Regence will not be notifying employees. The enclosed FAQ includes website resources which include the locations of model notices and FAQ information from the federal government.

Subsidy payment and recovery:

If your group is subject to COBRA, you will be responsible for paying the full COBRA premiums to Regence for eligible employees who choose to enroll and take advantage of the subsidy. You will also be responsible to recover the 65% subsidy from the IRS.

Information to give to Regence:

If your group is subject to COBRA, you will continue to use the same COBRA application form you have always sent to Regence. You need to note on the form whether **or not** the qualified beneficiary is eligible for the subsidy. Failure to do so may lead to processing delays.

This new law was enacted with an aggressive effective date. As always, you should look to your legal or benefits counsel for detailed analysis and advice. We are enclosing an FAQ that we hope will help with a successful implementation.

We have also included information on the CHIPRA legislation that was signed into law on February 4, 2009, including information for you to distribute to your employees (whether enrolled or not).

Regence is committed to assisting our employer groups with these provisions. We will be posting updates at www.regence.com/cobra. If you wish to contact us for additional information, please do so through your normal communications channels. We will make every effort to respond to your questions quickly.

We appreciate your continued business. Together, we can successfully work through these new changes.

Sincerely,

A handwritten signature in black ink, appearing to read 'JHensley', written in a cursive style.

Jonathan Hensley
President, Regence BlueShield

Enclosures: COBRA FAQ, CHIPRA information