

## **FAQ's – COBRA & Administrative Services Combined**

### **Why are Administrative Services, including COBRA, being discontinued?**

The decision to discontinue these services is based on an enterprise-wide strategy to operate all of Highmark's business more efficiently and reduce administrative costs. Recently, Highmark and HM focused on Administrative Services (COBRA, group billing, retiree administration, retiree billing and pension services) as one line of business to examine for cost-efficiency and future viability.

Further, this decision is consistent with HM's strategic focus to achieve profitable growth, increase our operating scale and to concentrate our efforts to best leverage our expertise in our insured lines of business.

### **About COBRA**

#### **What is being done to assist groups with the transition to a new COBRA administrator?**

Highmark has initiated an RFP process to recommend one third party vendor capable of offering customers COBRA services. We are committed to keeping you informed throughout this process and assisting all groups to achieve an orderly and smooth transition to the new COBRA vendor or an administrator of your choice.

#### **How does this decision affect COBRA business with renewal dates from now until January 1, 2011?**

COBRA business will continue to be renewed for contracts with effective dates up to January 1, 2011.

#### **When will a group receive notification that their business is not going to be renewed?**

Groups will be notified 90 days in advance of the renewal date for their contract.

#### **How does this decision affect new business?**

No new COBRA business will be written after January 1, 2011.

#### **Does the group have to select the preferred COBRA vendor?**

No, the group is free to decide whether or not to follow the vendor recommendation. Highmark will not assume legal or financial responsibility for the services provided by the administrator selected.

#### **What affect will this have on pricing?**

Prices will be determined based on the vendor selected and the individual requirements of each group.

#### **How are producers being notified?**

Producers whose groups currently have COBRA contracts have been notified in writing. A letter has been sent to their attention outlining these key informational points.

#### **How are groups being notified?**

Groups that currently have COBRA administrative service contracts have been notified in writing. A letter has been sent to their attention outlining these key informational points.

## **About Administrative Services**

### **How does this decision affect Administrative Services business with renewal dates from now until January 1, 2011?**

Administrative Services contracts will continue to be renewed for effective dates up to January 1, 2011. Any contract with an effective date after January 1, 2011 will not be renewed.

### **When will a group receive notification that their business is not going to be renewed?**

Groups will be notified 90 days in advance of the termination date for their contract.

### **How does this decision affect new business?**

Effective immediately, no new business will be written.

### **What is being done to assist groups with the transition?**

Given the customized nature of these services and the limited number of groups impacted, we will be working directly with each group during this process. We are committed to keeping you informed throughout this process to achieve an orderly and smooth transition.

### **What if a group wants to transition its account before the renewal date?**

We are committed to an orderly transition of this business. Meeting the needs of our customers is our primary goal and we will address requests like these on a case-by-case basis.

### **What are the consolidated billing options going forward?**

Groups that currently have consolidated billing will continue to receive this service until their contract is renewed with another administrator. At that time, the group has the option to change to direct billing or to select an administrator that can offer consolidated billing.

### **How are producers being notified?**

Producers whose groups currently have Administrative Service contracts have been notified in writing. A letter has been sent to their attention outlining these key informational points.

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