

Message to Groups with COBRA and Administrative Services (COMBO)

Dear [Mr. HR Benefits Manager],

During these challenging economic times, Highmark – like all companies – continues to seek ways to operate more efficiently. We are moving forward on many fronts to strengthen our capabilities and stay in the forefront of the health insurance industry, especially after the passage of health care reform legislation.

Recently, HM Insurance Group (HM)*, the Highmark company that handles COBRA administration and other Administrative Services for you, conducted a thorough analysis of these services to identify any improvements or operational efficiencies that should be considered. The analysis revealed that, as these services have become increasingly complex due to recently enacted legislation, HM would need to invest substantial resources to continue to provide the level of service you have come to expect.

As a result, a decision was made that HM will no longer offer these services. The discontinuation of COBRA administration and other Administrative Services – group billing, retiree administration, retiree billing and pension services – will allow HM to focus on other core insurance products that will better meet the needs of its regional and national customers.

Because we recognize that COBRA administration is a critical part of your health care benefits program, Highmark wants to help make the transition to a new COBRA vendor as easy as possible for you. For example, we have initiated a COBRA RFP process to identify a third party vendor to recommend to our clients. Here are some key points you should be aware of with regard to the transition process:

- Effective with February 2011 renewals, HM group customers will need to begin working with a new vendor for their COBRA administration. Employers will be able to contract with the recommended COBRA vendor Highmark has identified or a vendor of their choice.
- To make this transition as smooth as possible for you, HM has agreed, if needed, to continue COBRA administration on a short-term basis for Highmark groups until the recommended COBRA administrator is selected and there is an agreed upon transition plan in place.
- We are committed to keeping you informed throughout this process to ensure an orderly and smooth transition to a new administrator.

Regarding the other Administrative Services HM provides for you, HM plans to transition out of these services over the next 12 – 16 months. Given the customized nature of these services, HM will work directly with you to make the transition process as easy as possible for you. Specifically, HM will continue to honor the terms of its current contracts, and renewals will be offered to groups through January 1, 2011. Groups with renewal dates of February 1, 2011 and later will not be offered a renewal.

HM will be in contact with you at least 90 days before your contract renewal and prior to any changes in service. Should you have any immediate questions, please contact your Highmark Client Manager or authorized agent. We appreciate your understanding as we work through this transition and thank you for continuing to allow Highmark to provide your employees' health care coverage.

****COBRA and Administrative Services are provided by HM Benefits Administrators or HM Life Insurance Company, separate companies in the HM Insurance Group that do not provide Blue Cross and/or Blue Shield services. These companies are solely responsible for the services described here.***

Message to Groups with COBRA ONLY

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Because we recognize that COBRA administration is a critical part of your health care benefits program, Highmark wants to help make the transition to a new COBRA vendor as easy as possible for you. For example, we have initiated a COBRA RFP process to identify a third party vendor to recommend to our clients. Here are some key points you should be aware of with regard to the transition process:

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Deb Rice

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Sincerely,

Deb Rice
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Message to Producers with COBRA and Administrative Services (COMBO)

Dear [Mr. Producer],

During these challenging economic times, Highmark – like all companies – continues to seek ways to operate more efficiently. We are moving forward on many fronts to strengthen our capabilities and stay in the forefront of the health insurance industry, especially after the passage of health care reform legislation.

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- We are committed to keeping you informed throughout this process to ensure an orderly and smooth transition to a new administrator.

Regarding the other Administrative Services HM provides, HM plans to transition out of these services over the next 12 – 16 months, and HM will no longer quote new business for Administrative Services. Given the customized nature of these services, HM will work directly with you and your clients to make the transition process as easy as possible. Specifically, HM will continue to honor the terms of its current contracts, and renewals will be offered to groups through January 1, 2011. Groups with renewal dates of February 1, 2011 and later will not be offered a renewal.

I've attached a copy of the letter that will be sent to your in-force group(s) to make them aware of HM's decision and timing.

HM will be in contact with you and each client at least 90 days before your client's contract renewal and prior to any changes in service. Should you have any immediate questions, please contact your Highmark Client Manager. We appreciate your understanding as we work through this transition and thank you for your continued support.

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