

December 2004

Dear Agent:

Regence BlueShield of Idaho will be sending information to our fully insured and self-funded employer groups regarding changes that may affect their responsibilities under COBRA.

As you may already be aware, earlier this year the Internal Revenue Service (IRS) issued guidance (Revenue Ruling 2004-22) regarding Medicare Entitlement as a COBRA qualifying event, and the U.S. Department of Labor (DOL) issued a final rule (29 CFR §2590.606-1 through 4) regarding COBRA notices.

We want to ensure that groups that are subject to COBRA are aware of these new developments, and we want to provide them with information to assist them in their efforts.

The IRS Revenue Ruling and the DOL final rule can be obtained from the IRS and DOL Web sites at <http://www.irs.gov> and <http://www.dol.gov>, respectively. Sample COBRA notices are provided on our Web site at <http://www.id.regence.com> for informational purposes only and are not intended to supply legal advice.

If you have any questions, please contact your Sales Representative.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Colleran". The signature is written in a cursive, flowing style.

Steve Colleran  
Vice President, Sales