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**RE: What You Should Do to Comply With the New COBRA Regulations**

Dear Clients and Other Friends:

New Labor Department COBRA regulations require most employers to change their COBRA procedures for plan years beginning on or after November 26, 2004. If your health plan has a plan year beginning on January 1, the regulations will affect your plan beginning January 1, 2005.

In the last few years, COBRA coverage and its administration has increasingly become the subject of litigation between former employees and their employers. Courts are awarding more statutory penalties in these cases. Therefore, you should make sure that your notices and administrative procedures are up-to-date.

We recommend the following actions to make your health plan comply with the new COBRA regulations:

- Revise initial COBRA notice to comply with new DOL model notice.
- Revise election notices to comply with new DOL model notice.
- Review and, if necessary, revise Summary Plan Description language to comply with new requirements and supply certain information which would otherwise have to be provided separately.
- Create new notice that must be provided when an individual's COBRA coverage ends, and establish procedures for use.
- Create new notice and related procedures for cases where COBRA coverage is not available.
- Review your company's COBRA procedures to ensure that they comply with all requirements.

Because the new requirements for the initial notice are substantially expanded from the old model notice, you may also want to evaluate whether to send new initial notices to all employee participants and their participating spouses.

If you would like our help in reviewing and, if necessary, revising your COBRA notices and procedures, please let us know.

Sincerely,

Sonja Lemmer Martens

SLM/hgn