

Overview and Contracting Status

1. Why is Pomona Valley Hospital Medical Center terminating its contract with Anthem Blue Cross?

Hospitals often terminate their contract with a health plan as leverage to renegotiate higher reimbursement for health care services. Frequently, the reimbursement hospitals request is too excessive and does not meet our objective of assuring access to health care at an affordable price for our members. In an effort to keep Pomona Valley Hospital Medical Center ("Pomona Valley Hospital") in Anthem Blue Cross' network, both parties engaged in contract negotiations for several months. Unfortunately, Anthem Blue Cross and Pomona Valley Hospital were not able to come to terms, so the contract terminated effective August 15, 2008.

2. What does the DMHC's conditional approval of Anthem Blue Cross' filing mean?

The California Department of Managed Health Care ("DMHC") approved Anthem Blue Cross' transition plan for the termination under certain conditions.

- If a PPO or HMO physician is **unable to admit** a member to San Antonio Community Hospital, Foothill Presbyterian Hospital, Doctor's Hospital of West Covina or Placentia Linda Community Hospital (these are the hospitals the DMHC considers to be our "Alternate Hospitals," although there are approximately 15 general acute care hospitals in the area to which members may be admitted), then Anthem must allow admission to Pomona for **medically necessary** services for a **transition period of 120 days** (until December 13, 2008) and apply in-network benefits. Requests by a member or physician for admission to Pomona, because the member's physician is unable to admit to an Alternate Hospital, are referred to throughout this Q&A as **"Privileges" requests**.
- If **medically necessary** Neonatal Intensive Care Unit ("NICU") services **cannot be scheduled** at the Alternate Hospitals in a timely manner **or a particular NICU service is only available at Pomona**, then Anthem must allow access to Pomona for that service and apply in-network benefits. Requests for NICU services at Pomona pursuant to this condition are referred to through this Q&A as **"NICU Services" requests**.

3. What is the status of negotiations between Anthem Blue Cross and Pomona Valley Hospital?

Anthem Blue Cross does not share details of its confidential contract negotiations with the public. Our primary goal during contract negotiations is to ensure we are compensating hospitals fairly, while assuring the best access to health care at an affordable price for our members. We take protecting our members from exceedingly high medical costs very seriously and cannot justify the hospital's rate requests given the impact they would likely have on increasing members' health insurance premiums and coinsurance amounts.

4. Why doesn't Anthem Blue Cross just pay the hospital what it's demanding so members can continue to go there?

Anthem Blue Cross' main concern is offering our clients access to high-quality health care at an affordable price. The cost of care continues to skyrocket and Anthem Blue Cross must sometimes allow a hospital to terminate from the network if the reimbursement sought by the facility for health care services is too excessive.

5. I've been told Anthem Blue Cross is withholding reimbursement for medical care from Pomona Valley Hospital?

This is not an accurate characterization. There is a dispute between Pomona Valley Hospital, Anthem Blue Cross, and a major admitting group regarding financial responsibility for facility charges. That dispute is the subject of a pending arbitration and is a separate matter from the ongoing contract negotiations.

6. Don't these negotiations usually work themselves out after the termination?

Often these negotiations do work themselves out after a termination occurs, but that is not always the case. Anthem Blue Cross is doing everything it can to work collaboratively with Pomona Valley Hospital, our network physicians, and medical groups to ensure as smooth a transition for our members as possible. Anthem Blue Cross appreciates the cooperation of our members, physicians, and medical groups during this transition.

How Members are Affected

7. What Anthem Blue Cross products are affected by the hospital termination?

The termination of Pomona Valley Hospital affects PPO, HMO, POS, EPO, Healthy Families EPO, AIM EPO and MRMIP products.

8. How are Anthem Blue Cross HMO members affected?

Anthem HMO members assigned to medical groups who admit to Pomona will be redirected to other Anthem HMO participating facilities following the termination with the exception of continuity of care, Privileges and NICU Services. Admitting medical groups (who are responsible for arranging admission of Anthem HMO members to network hospitals) were notified of the termination and of the DMHC's conditions. The groups were also provided a partial list of the other participating facilities in the area so that they could make alternate admitting arrangements.

HMO members wishing to request Privileges or NICU Services at Pomona should first contact their participating medical group with such a request. However, if the member/physician needs immediate or additional assistance, they can call the Customer Service number on the back of their Anthem Blue Cross ID card for help.

PPO members wishing to request Privileges or NICU Services at Pomona should contact Anthem Blue Cross Customer Service for assistance.

9. Did Anthem Blue Cross notify PPO members about Pomona Valley Hospital's contract termination?

Yes. As required by state laws and regulations applicable to health plans licensed by the DMHC, PPO members within a 15-mile radius of Pomona Valley Hospital were sent a letter telling them about the termination and instructing them to call Customer Service if

they are in a current course of treatment at Pomona Valley Hospital or if they have questions or concerns about the termination.

In addition, since members' care at a hospital is directed by their physicians, Anthem Blue Cross notified Prudent Buyer (PPO) physicians about the the termination and described the DMHC's conditions for continued admission to Pomona Valley Hospital. Members' physicians should direct their PPO members' care towards participating hospitals unless admission to Pomona is appropriate under the DMHC's conditions (Privileges or NICU Services).

Members of health plans, insurers or self-insured employer groups that are not regulated by the DMHC have not been notified directly by Anthem Blue Cross about the hospital's contract termination. However, as mentioned above, all PPO physicians were notified about the termination and only a physician can admit a patient to a hospital.

Physicians, Medical Groups, and Alternate Hospitals

10. Pomona Valley Hospital mailed a letter to its medical staff members saying that Anthem Blue Cross will pressure physicians to refer patients to other area hospitals. Is this true?

Prudent Buyer physicians and participating medical groups agreed in their contracts with Anthem Blue Cross to admit members to a participating hospital in the Anthem Blue Cross provider network. The rationale behind this obligation is to ensure that our members receive the maximum benefits possible under their plan benefit agreement.

When a hospital decides to terminate its contract, it is choosing not to participate in the health plan's network. Physicians who usually admit to Pomona Valley Hospital should help their patients receive the most benefit from their health plan by admitting them to a contracting hospital. If not, the patient may pay be exposed to higher out-of-pocket costs.

11. What happens if a member's physician only has admitting privileges at Pomona Valley Hospital?

Physicians and primary admitting medical groups were notified about the Pomona Valley Hospital termination and were advised about the need to admit Anthem Blue Cross members to a participating hospital. Those physicians may have already obtained admitting privileges at another participating hospital and the medical groups may have already made admitting arrangements at an alternate hospital. However, in the event that a member's physician cannot admit to an alternate hospital, then for a 120 day period, a Privileges request for medically necessary services to be rendered at Pomona Valley Hospital may be submitted to the Anthem Blue Cross.

Customer Service is available to assist members in submitting the request to Anthem Blue Cross' Transition Assistance unit, which will review those requests on a case-by-case basis. When approved/documented through the Transition Assistance unit, the Privileges claim will be processed at in-network benefit levels.

As previously mentioned, HMO members or physicians wishing to request Privileges services at Pomona should first contact their participating medical group with such a request. However, if the member/physician needs immediate or additional assistance, they can call Anthem Blue Cross' Customer Service.

12. Pomona Valley Hospital states that Anthem Blue Cross did not consider whether there is adequate capacity at alternate facilities and whether or not the alternate hospitals could accommodate additional patients. Is this true?

No. Anthem Blue Cross plans for every potential hospital termination and carefully considers access to alternate medical facilities within the geographic area. Each termination filing submitted to the DMHC requires that Anthem Blue Cross demonstrate the available capacity at each alternate facility.

The Alternate Hospitals listed below have met that criteria:

- San Antonio Community Hospital
- Foothill Presbyterian Hospital
- Doctors Hospital of West Covina
- Placentia Linda Hospital

Members may seek health care services at any participating hospital in Anthem Blue Cross' network to which their physician or medical group admits or makes arrangements to admit. They are not limited to those hospitals listed in Anthem Blue Cross' DMHC filing. There are approximately fifteen (15) contracting general acute care hospitals in the area, including the four listed above.

For a complete list of alternate hospitals in the area, as well as ambulatory surgery centers, dialysis centers, and other ancillary providers, please go to Anthem Blue Cross' website at www.anthem.com/ca.

13. Did Anthem Blue Cross notify Prudent Buyer physicians and admitting HMO medical groups about the termination?

Yes, since members do not admit themselves to the hospital, Anthem Blue Cross gave advance notice of the potential termination to primary admitting medical groups and Prudent Buyer physicians via a letter dated July 9, 2008 and provided a *partial list* of alternate contracting hospitals in the area. We also provided contact information for each of the alternate facilities so that our participating physicians and medical groups could prepare and obtain admitting privileges at a network hospital.

A second post-termination notice (approved by the DMHC) was sent to PPO physicians and primary admitting medical groups on August 21, 2008 explaining that the termination had occurred, what it means for Pomona Valley Hospital to be out of the Anthem Blue Cross network and describing the DMHC's conditional approval.

14. Will Anthem Blue Cross notify other hospitals in the area?

Yes. The alternate hospitals are prepared to accept additional Anthem Blue Cross members and will answer physicians' questions about the hospital credentialing process.

15. Will Anthem Blue Cross assist physicians in acquiring admitting privileges at an alternate hospital?

Anthem Blue Cross is ready and willing to assist physicians and medical group partners in acquiring admitting privileges at another participating hospital. PPO physicians and the primary admitting medical groups were advised to contact Anthem Blue Cross if they

need contact information for other network hospitals. The Alternate Hospitals have also agreed to assist physicians in expediting admitting privileges.

Care at Pomona Valley Hospital Following Termination

16. What happens to patients who were inpatient at Pomona Valley Hospital on the day the contract expired?

If a member was in the hospital as of 11:59 PM on August 14th, 2008, the member will continue to receive uninterrupted care at Pomona Valley Hospital until discharged and the member's in-network benefit levels will apply.

17. How are emergency services at Pomona Valley Hospital affected?

Emergency medical services do not require pre-authorization, regardless of where they are delivered. Pomona Valley Hospital will still provide services for members requiring emergency care. Coverage will be provided according to the member's policy benefits.

18. Will Anthem Blue Cross provide Continuity of Care /Transition Assistance services to members?

If an Anthem Blue Cross member has one of the following conditions listed below, he or she may be eligible to receive continuity of care:

- Members in an active course of treatment for an acute medical or behavioral health condition.
- Members in an active course of treatment for a serious chronic condition.
- Members who are pregnant, regardless of trimester.
- Members with a terminal illness.
- Members who are newborn children between the ages of birth and 36 months.
- Members with a surgery or other procedure that has been authorized by the health plan or its delegated provider prior to August 15, 2008 and is scheduled to occur within 180 days of the contract's termination, which is February 15, 2009.

If a member is in a course of treatment, they or their treating physician may contact Customer Service for help and Customer Service can assist members/physicians in completing the form to request continuity of care.

When a case is approved for continuity of care through Anthem Blue Cross' Transition Assistance unit, the claim is processed at in-network benefit levels.

If an Anthem member has one of the conditions listed above, but Transition Assistance does not approve the request (i.e. the member was not in a course of treatment at Pomona prior to the termination date), no continuity of care will be provided. In this situation, the hospital will be considered out-of-network and the member, if he or she chooses to receive care there, may incur significant out-of-pocket expense, depending on the plan. Anthem will assist PPO members in obtaining the requested services from a participating hospital in the Anthem network.

HMO members or physicians wishing to request continuity of care should contact their participating medical group.

19. What if the member does not qualify for continuity of care or admission to Pomona under the DMHC's conditional approval (Privileges or NICU Services)? Can the member choose to go to Pomona anyway?

PPO Members:

Large Group: Members may choose to use a non-contracting hospital; however, they may be responsible for higher out-of-pocket expenses depending on benefit plan design for authorized and non-authorized services at these hospitals as stated in the member's Evidence of Coverage (EOC).

Note: There may be different arrangements for ASO groups or other self-insured groups.

ISG: Members may choose to use a non-contracting hospital, however, they may be responsible for higher out of pocket expenses depending on benefit plan design for services at these hospitals as stated in the EOC.

HMO members:

All hospital services must be approved by the member's participating medical group or independent physician association ("PMG/IPA"). If approved, Anthem Blue Cross will cover the claim at the member's in-network benefit levels. If not approved by the member's PMG/IPA, the claim will be denied for PMG/IPA authorization as stated in the member's EOC. As a result of the Pomona Valley Hospital contract termination, HMO physicians and PMG/IPA's were instructed to re-direct patients to participating network hospitals (other than continuity of care, Privileges, and NICU Services).