

Overview

1. What is the status of Anthem Blue Cross' commercial hospital contract with Tenet Healthcare?

On July 27, 2011, **Anthem Blue Cross ("Anthem")** received a termination letter from **Tenet Healthcare ("Tenet")** with an **effective termination date of February 1, 2012.**

Anthem and Tenet have been engaged in commercial hospital contract negotiations for several months to reach agreement on reasonable reimbursement rates and contractual terms that are beneficial to both organizations. Unfortunately, to date, Anthem and Tenet have been unable to reach an acceptable agreement and the commercial hospital contract may terminate effective 12:00am, February 1, 2012.

Tenet includes the following hospitals located throughout Northern and Southern California:

Hospital	Medicare ID
Desert Regional Medical Center	050243
Doctors Hospital of Manteca Inc.	050118
Doctors Medical Center of Modesto	050464
Fountain Valley Regional Hospital and Medical Center	050570
John F. Kennedy Memorial Hospital	050534
Lakewood Regional Medical Center	050581
Los Alamitos Medical Center	050551
Placentia Linda Hospital	050589
San Ramon Regional Medical Center	050689
Sierra Vista Regional Medical Center	050506
Twin Cities Community Hospital, Inc.	050633

Anthem continues to negotiate in good faith with Tenet in an effort to reach agreement before the expiration date.

How Members are Affected

2. What Anthem products are affected by this hospital termination?

This termination affects the out-of-pocket obligations for most Anthem members who are enrolled in PPO, HMO, POS, EPO, Senior Secure, Healthy Families EPO, AIM EPO, and MRMIP benefit plans and receive care at any of the Tenet hospitals listed above.

3. Will members be notified about the contract termination?

As required by state law and regulations applicable to health care service plans licensed by the Department of Managed Health Care (DMHC), Anthem must mail letters to PPO members enrolled in a DMHC-regulated health plan who reside within a 15-mile radius of a Tenet hospital telling them about the termination.

Anthem will also mail letters to Healthy Families EPO, AIM EPO, and MRMIP members who reside within 15 miles of a Tenet hospital. The letter instructs members to call the Customer Service number on their ID card if they are in a current course of treatment at one of the terminating hospitals or have questions or concerns about the contract termination.

4. How are Anthem HMO members affected by the Tenet termination?

All non-emergency hospital services must be approved by the member's participating medical group/IPA. If approved, Anthem will cover the claim at the member's in-network benefit levels. If not approved by the member's participating medical group/IPA, the claim will be denied, as stated in the members Evidence of Coverage (EOC).

Physicians, Medical Groups, and Alternate Hospitals

5. What other participating Anthem network hospitals are available in Tenet's geographic area?

Anthem has a statewide hospital network of over 300 acute care facilities. *Find a Doctor* can be used to locate a participating hospital in a specific area. The lists of alternate participating general acute care hospitals within the vicinity of each terminating Tenet hospital is attached to this document.

For a more detailed list of contracting hospitals, as well as ambulatory surgical centers and other ancillary facilities, please see Anthem's website at www.anthem.com/ca.

Customer Service can check the provider database for a physician's admitting privileges at another nearby in-network Anthem facility. Members should confirm database information with their treating physician.

Every effort should be made to assist members in determining their choices and understanding the potential financial consequences of seeking care at a hospital that is not in Anthem's provider network.

6. How do members know if their doctor will be affected by this hospital termination?

Many doctors have admitting privileges at more than one hospital. Just because a member's doctor may have admitting privileges at a Tenet hospital does not necessarily mean that a doctor cannot still treat his or her patients at another Anthem participating hospital.

7. Will Anthem notify PPO physicians and admitting HMO medical groups about the contract termination?

On January 3, 2012, Anthem will inform admitting medical groups and PPO physicians who maintain privileges/affiliations at a Tenet hospital about the pending contract termination and will include a list of alternate participating hospitals for them to direct Anthem members.

PPO physicians and HMO medical groups agreed in their contracts to admit members to participating Anthem hospitals to ensure that members receive the maximum benefit levels under their benefit agreement.

8. Will Anthem assist physicians in acquiring admitting privileges at an alternate hospital?

Anthem is ready and willing to assist our physician and medical group partners in acquiring admitting privileges at a participating hospital if necessary. In the event that a member's physician cannot admit to an alternate hospital after a hospital contract termination, then Anthem will work with the physician or other healthcare professional to admit members to an in-network facility.

Post-Termination Care – Tenet System

9. What if a member is in-patient at a Tenet hospital on the day the contract expires?

If a member is in-patient at a Tenet hospital at 11:59 PM on January 31st, 2012, the member will continue to receive uninterrupted care until he or she is discharged. In addition, the member's in-network benefit levels will apply for the entire in-patient stay.

10. What about members who need to complete a course of treatment (continuity of care) at a Tenet hospital following the termination?

California law provides for completion of covered services/continuity of care for certain medical conditions following a provider's termination *if, among other things, the provider and the plan agree on a rate of payment*. Anthem will initiate efforts to secure such an agreement prior to termination.

If the hospital agrees to the proposed rate, Anthem will provide completion of covered services/continuity of care in accordance with the law. Therefore, if a member began a course of treatment at a Tenet hospital prior to the termination for one of the following conditions, the member or his/her physician can request continuity of care by calling Anthem's Customer Service Department:

- 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 was authorized by Anthem or a delegated provider (HMO medical group) prior to the termination date and scheduled to occur within 180 days after the termination date.

Eligibility for continuity of care depends on factors outlined in the member's EOC. Continuity of care/completion of covered-services will be considered by Anthem's Transition Assistance Department on a case by case basis. When a case is approved, the claim(s) is/are processed at in-network benefit levels.

Please note: HMO members and physicians wishing to request continuity of care/completion of covered services would not contact Anthem because all medical management is delegated to the provider group. HMO members and physicians should contact their participating medical group.

Important: Anthem communications to PPO members enrolled in a DMHC-regulated health plan who reside within a 15-mile radius of a Tenet hospital will contain the following message regarding completion of covered services/continuity of care: "If you have been receiving care from a health care provider, you may have a right to keep your provider for a designated time period. Please contact the Anthem Blue Cross

customer service department, and if you have further questions, you are encouraged to contact the Department of Managed Health Care, which protects HMO/PPO consumers, by telephone at its toll-free number, 1-888-HMO-2219, or at a TDD number for the hearing impaired at 1-877-688-9891, or online at www.hmohelp.ca.gov.”

11. What if the member does not qualify for completion of covered services / continuity of care? Can the member choose to go to a Tenet hospital anyway?

PPO and Traditional (Indemnity) Members:

Large Group: Members electing to receive care at a non-contracting hospital 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 EOC. Note: There may be different arrangements for ASO groups or other self-insured clients.

Individual and Small Group: Members electing to receive care at a non-contracting hospital will in most cases be responsible for higher out of pocket expenses depending on benefit plan design as stated in the member's EOC.

HMO Members:

All hospital services must be approved by the member's current participating medical group/IPA. If approved, Anthem will cover the claim at the member's in-network coverage schedule of benefits. If not approved by the member's participating medical group/IPA, and services are received at a Tenet hospital, the claim will be denied as stated in the member's EOC. HMO physicians and participating medical group/IPAs will be informed of the termination so they can admit patients to participating network hospitals following the contract termination.

12. If a member does not have access to an alternate participating facility or a particular service is not available elsewhere, can he/she go to a Tenet hospital?

Anthem assures its members that they will have timely access to care. If a service is not available at an alternate participating hospital, PPO members may request an out-of-network referral by contacting Customer Service. Requests will be reviewed on a case by case basis pursuant to Anthem's out-of-network referral policy.

When an out-of-network referral is approved by Anthem, the member's in-network benefit levels will apply. However, because Tenet will no longer be in Anthem's provider network, members may be responsible for higher out of pocket expenses, depending on their benefit plan.

Every effort will be made to assist the member in understanding the potential financial consequences of their choice to go to a Tenet hospital.

13. What about members who need emergency medical care from a Tenet hospital following the termination?

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

Anthem encourages members to make informed decisions about when to use urgent care as opposed to emergency room care. Urgent care is appropriate when a member needs a physician's attention for a condition that is non-life threatening. A member who needs urgent care, but whose physician or network provider is unavailable, should go to the nearest immediate or urgent care facility.

Contract Negotiations

14. What is the status of the negotiations between Anthem and Tenet?

Good faith negotiations with Tenet continue, however, Anthem 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 agree to a contract that puts further pressure on the rising cost of health care paid by our customers.

15. Don't hospital negotiations usually work themselves out as a contract termination date draws closer?

Negotiations often do work themselves out as the termination date gets closer, but that is not always the case. Anthem is doing everything it can to work collaboratively with Tenet, as well as the PPO physicians and medical groups that maintain admitting privileges to the hospitals, to ensure a smooth transition for our members.

****Cost of Care in California**** Our customers frequently tell us that they cannot support continued increases in their health benefit costs. It's important for everyone to understand why costs for health care are going up so steadily. You can learn about the causes behind rising costs and the work Anthem is doing to protect our members from even higher costs at www.anthem.com/ca/costofcare