



Children's Hospital of the King's Daughters (CHKD) – Contract Termination Frequently Asked Questions

Anthem's PAR/PPO and HealthKeeper's commercial network contracts with CHKD, its clinic physicians (CHKD General Academic Physicians), and participating physician groups— Children's Medical Group (CMG) and Children's Surgical Specialty Group (CSSG), which includes physicians with the specialty of Orthopedic Surgery, Plastic Surgery, Neurological Surgery/Neurosurgery, Thoracic Surgery, Pediatric Surgery, and Pediatric Urology/Urology, ended Dec. 31, 2010 and are currently operating under continuation language.

CHKD, its clinic physicians and participating physician groups (CMG and CSSG), have notified Anthem and HealthKeepers of their intention to leave our commercial and consumer provider networks effective June 1, 2011. This does not affect Anthem's Medicaid network (HealthKeepers Plus) as CHKD, its clinic physicians and participating physician groups, will continue to participate in HealthKeepers Plus networks.

Background

Our network contracts with CHKD and its physicians provides for a fair rate of reimbursement for the medical services they provide to Anthem customers. However, CHKD has chosen not to continue that contract and have demanded unreasonable increases. We are very serious about our members' access to high quality doctors and hospitals, but we also have an obligation to hold the line on the increasing cost of health care. Their increased reimbursement would be directly reflected in member premiums, medical expenses and patient cost share amounts. This is many times the rate of inflation, and we believe is more than businesses and consumers can afford.

Why has CHKD and its physicians chosen to leave the PPO and HMO networks?

CHKD has notified us of their intention to terminate their contracts with Anthem and HealthKeepers. In addition, CHKD is demanding a substantial increase for services they perform for our members. We cannot accept this proposal because it would push health care costs to a level that is unacceptable.

What hospital and physician groups are affected by this?

- Children's Hospital of the King's Daughters
- CHKD/General Academic Physicians
- Children's Medical Group
- Children's Surgical Specialty Group

What Anthem health plans would be affected?

All Anthem and HealthKeepers commercial products. It is important to note that this specific network situation does not affect CHKD's provider agreements with respect to Anthem's HealthKeepers Plus Medicaid network.

Does this termination affect CHKD/Health Systems employed physicians?

Yes. More than 130 physicians employed by CHKD will also be out of network on June 1, 2011. On June 1, 2011, Anthem members may face higher out of pocket costs when

receiving services from Children's Medical Group or Children's Surgical Specialty Group. A list of the terminating CHKD providers is attached. To check the network status of a physician or to find a new physician, members should contact the customer service number on the back of their ID card, or click on "Find a Doctor" at www.anthem.com.

If CHKD facilities were to go out of our PAR/PPO and HMO networks, are there other in-network facilities in the area?

Yes. Most services available at CHKD are available elsewhere in Hampton Roads at in-network hospitals such as:

- Bon Secours DePaul Medical Center
- Bon Secours Maryview Medical Center
- Chesapeake Regional Medical Center
- Mary Immaculate Hospital
- Riverside Regional Medical Center
- Riverside Walter Reed Hospital
- Sentara Bayside Hospital
- Sentara Careplex Hospital
- Sentara Heart Hospital
- Sentara Leigh Hospital
- Sentara Norfolk General Hospital
- Sentara Obici Hospital
- Sentara Virginia Beach General Hospital
- Sentara Williamsburg Regional Medical Center

However, some pediatric hospital services may not be available elsewhere, so Anthem and HealthKeepers will continue to pay at in-network benefit levels beginning June 1, 2011 for services at CHKD that cannot be provided at an in-network facility and are approved at CHKD.

However, since the hospital will no longer participate in our PAR/PPO and HMO networks on June 1, members may be billed the balance between the allowance and CHKD's hospital charge.

What happens if a member goes to a CHKD on June 1, 2011?

It is recommended that Anthem and HealthKeepers members begin to consider other in-network options in the area for health care needs. In emergency situations, please go to the nearest facility.

Can members keep their primary care physician if they are in CMG?

All PCPs that are a part of CHKD, or its participating physicians groups, may no longer be in Anthem's network effective June 1, 2011. Members with HMO coverage will need to select a new PCP by June 1, 2011.

Letters to HMO members will be sent 30 days prior to June 1, 2011 with the PCP re-assignment designation information. If a member does not select a PCP within this time frame, a PCP will be selected for them.

How will this affect specialists with CSSG?

Any specialist that is part of CSSG may no longer be in the PAR/PPO and HMO networks beginning June 1, 2011. It is recommended that members find specialists that are in Anthem's or HealthKeepers' provider network. To check the network status of a physician or to find a new physician, members can click on "Find a Doctor" at www.anthem.com or contact our dedicated customer service hot line at 1-866-263-0361.

What about emergency care?

Barring a new contract beginning June 1, 2011, HMO members may have their benefits processed at in-network levels of deductible, copayments or coinsurance. Except in situations where the member receives a service that is required to be provided by the hospital under the Federal Emergency Medical Treatment and Active Labor Act, the member may be balance billed for amounts that are above the reimbursement level for non-participating hospitals. PAR/PPO members may have benefits processed at in-network levels for deductible, copayments or coinsurance, but may also be balance billed for amounts that are above the reimbursement level for non-participating hospitals.

What happens if a member is an inpatient at CHKD at the time of the termination?

If a member is an inpatient on the date of the termination, the CHKD must continue to honor our in-network reimbursement rate until the member is discharged from the hospital.

What if a member scheduled a procedure at CHKD prior to the termination to occur after the termination? It is recommended that members consider other in-network options in the area for their health care needs. In emergency situations, please go to the nearest facility.

Why can't Anthem and HealthKeepers reach an agreement with CHKD, its clinic physicians and participating physician groups, when other health insurance companies have been able to?

We do not know the details of the contracts between CHKD, its clinic physicians and participating physician groups, and other health insurance companies. Our primary concern is to negotiate a fair agreement that will not force health care costs to increase substantially for our employer groups and our members.

What are the alternative in-network providers available to Anthem members?

Anthem has worked hard to create the largest, most comprehensive network of hospitals and physicians throughout Virginia to provide our members access to quality health care providers. Many in-network providers remain in the Hampton Roads area. For a complete list of providers, please visit www.anthem.com or call the customer service number on the back of your Anthem ID card.

We understand this is an inconvenience to our member. To help ensure a smooth transition, we've established a special hot line at 1-866-263-0361 that has a dedicated team of customer service representatives ready to work with members, and can address any questions or concerns they may have.

Is this about increasing profits for Anthem?

No. While we operate as a for-profit company, health care costs have increased at a rate much greater than our profit margins. Anthem Blue Cross and Blue Shield is Virginia's leading health insurer, providing access to quality, affordable health care for more than 75 years. Our mission is to improve the lives of the people we serve and the health of our communities. Our members remain our top priority. Our clients have told us they can not afford such drastic increases and have entrusted Anthem to help secure quality care at affordable prices.

We pride ourselves on our local presence. We have nearly 4,000 employees throughout Virginia, and have long contributed to the local economy and charitable organizations that positively affect the lives of Virginians.

Anthem appreciates your continued patience and support during these tough negotiations, and we sincerely apologize for any inconvenience.