Anthem Blue Cross and Blue Shield – Bon Secours
Potential Contract Termination

Recently, Bon Secours Health System notified Anthem of its intent to terminate its hospital and physician agreements in the Hampton Roads and Richmond markets, effective Nov. 7, 2014. Despite the decision to terminate the relationship, we continue working in good faith with Bon Secours to come to an agreement that is in the best interest of our customers.

One of Anthem's primary goals is to ensure that members have access to quality, cost-effective health care.

Historically, discussions around a new contract are restricted to the two sides who are working to get a deal done. However in this case, Bon Secours has chosen to play this out in a public forum by issuing letters to some of our brokers, customers and network physicians. This election by Bon Secours provides Anthem with the opportunity to address with you a number of issues that we have been and are continuing to try to work through with Bon Secours in order to reach an agreement. Unfortunately, to date Bon Secours has not been willing to adequately address our concerns.

To summarize our position:

- Bon Secours claims they are receiving below market reimbursement, but the fact is they are being paid at, and in many cases above, other providers in their service areas.

- Data analysis indicates that their quality isn’t better than their competitors to justify higher reimbursement.

- Bon Secours cites contracting terms as an area of disagreement. We agree, and feel Bon Secours has systematically submitted claims that are inconsistent with the agreed upon billing methodologies for the specific services rendered.

- Bon Secours claims in their letters that they provide a high level of charity care. However, publically available data shows that in Richmond, with the exception of one of their hospitals, they actually provide less charity care than many competing hospitals.
Here more specifics on each of the above issues:

**Below Market Reimbursement**

Bon Secours has taken the public position that Anthem has paid Bon Secours hospitals at below market rates, and this precludes their ability to make a “reasonable profit.” Our data directly contradicts that assertion. We reviewed the treatment costs of Anthem members for hospital services, and then compared Bon Secours to its competitors across Virginia, adjusting for complexity and acuity of the patient. Based on that analysis, Bon Secours is far from below market when it comes to its Anthem reimbursement. Rather, that comparison demonstrates that in each of its regions, Bon Secours is more than competitively paid by Anthem.

You may be thinking, doesn’t Bon Secours offer superior quality care? That doesn’t appear to be true. According to the latest available data, of the top 20 performing hospitals in Anthem’s Quality-In-Sights Hospital Incentive Program, two were Bon Secours facilities. Two other large systems that compete directly with the Bon Secours Virginia system had three and five hospitals, respectively, in the top 20 hospitals participating in that program.

You would also assume that if they are being paid rates that are below market, their profit margins would be less than the average of the market. However, according to Virginia Health Information (VHI) for 2013, Bon Secours’ average profit margin for the Richmond area is 7.3%, with St. Mary’s Hospital leading at 11.9%. The median margin for all hospitals in the area is 7.1%.

**Charity Care**

Also in the letters, Bon Secours outlines how much charity care and community support it provides. According to VHI’s 2013 Industry Report, with the exception of Richmond Community Hospital, Bon Secours’ percentage of charity care is one of the lowest in the Richmond area, including both for profit and nonprofit hospitals. Specifically, Henrico Doctors’ and CJW Medical Centers, which are not Bon Secours facilities, provide more charity care than does St. Mary’s Hospital.

Also according to VHI data, Bon Secours’ percentage of charity care in the Hampton Roads market is less than that provided by certain Sentara and Riverside hospitals.
Billing Methodology

Bon Secours has also mentioned contracting terms as an area of disagreement, and we concur. Anthem has significant concerns over Bon Secours compliance with contractual requirements around billing for certain services. Based upon our review of Bon Secours’ claims histories, Anthem believes that Bon Secours has systematically submitted claims that are inconsistent with the agreed upon billing methodologies for the specific services rendered. Patients, their families, and employers are all directly impacted by these billing practices that we are actively working to address and correct. This topic will remain front and center in our ongoing discussions.
Frequently Asked Questions:

Why has Bon Secours Virginia Health System chosen to leave the Anthem and HealthKeepers provider networks?
Bon Secours Virginia Health System has terminated its commercial contracts with Anthem and our affiliate HealthKeepers, Inc., effective November 7, 2014. Bon Secours Virginia Health System is demanding a reimbursement increase for services it performs for our members. We cannot accept this proposal because it would push health care costs to an unacceptable level.

What Bon Secours facilities are affected?
The following facilities are impacted by the termination of Bon Secours Virginia Health System from the Anthem and HealthKeepers, Inc. provider networks:

Richmond Area
- St. Mary’s Hospital
- Memorial Regional Medical Center
- Richmond Community Hospital
- St. Francis Medical Center

Hampton Roads Area
- DePaul Medical Center
- Maryview Medical Center
- Mary Immaculate Hospital

What Anthem health plans would be affected?
All Anthem and HealthKeepers, Inc. COMMERCIAL products and Medicare Advantage. Anthem HealthKeepers Plus (Medicaid) is not impacted by the potential termination.

How will changes and updates be communicated regarding the pending change in network status for Bon Secours Virginia Health System?
We have established a microsite to specifically include information such as letters, external talking points, updates, alternative provider list and other pertinent details for those who may need this information. We will continually post updates to the site as they become available. The URL is:

http://group.anthem.com/BonSecours
If Bon Secours Virginia Health System does go out of our PAR/PPO and HMO networks, are there other in-network facilities in the area?
Yes. Many services provided at Bon Secours Virginia Health System are available through other facilities in the Richmond and Hampton Roads areas. Please visit the microsite we’ve created to provide a list of alternative facilities:

http://group.anthem.com/BonSecours

Does this termination affect Bon Secours Virginia Health System’s employed physicians and ancillary groups?
Yes. Bon Secours Virginia Health System’s employed physicians and ancillary providers ARE impacted and, without a successful resolution, will no longer be participating in our Anthem and HealthKeepers networks on or after November 8, 2014. However, any services that these physicians and ancillary providers render in their office practices and at Bon Secours Virginia Health System’s facilities may result in higher out-of-pocket costs for Anthem or HealthKeepers members. Members should verify the network status of their physicians and the facilities prior to health care services being rendered.

For a list of alternative physicians and ancillary providers, please visit the provider directory at www.anthem.com.

Why wasn’t Bon Secours selected for the Exchange network?
Bon Secours did not choose to partner with Anthem in a fashion similar to that of other hospitals throughout the Commonwealth. Much of the anticipated enrollment in the Exchange network is expected to be previously uninsured members. Affordable premiums are an essential element of engaging this population. Bon Secours would not agree to provide more favorable pricing.

What happens if a member goes to a Bon Secours Virginia Health System facility after they leave the networks?
We recommend that Anthem and HealthKeepers members consider other in-network options in the area for health care needs. In emergency situations, members should go to the nearest facility.

What about emergency care?
Barring a new contract beginning November 7, 2014, HealthKeepers 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 balanced 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 a Bon Secours Virginia Health System facility at the time of the termination?**
If a member is an inpatient on the date of the termination, Bon Secours Virginia Health System 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 Bon Secours Virginia Health System facility prior to the termination, which will 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, members should always go to the nearest facility.

**Why can’t Anthem and HealthKeepers, Inc. reach an agreement with Bon Secours Virginia Health System when other health insurance companies have been able to?**
We do not know the details of the confidential contracts between Bon Secours Virginia Health System 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.

**How will authorizations for patients who qualify for the second or third trimester clause work?**
The member’s obstetrician will need to contact Anthem to set up an authorization for each patient who is in her second or third trimester. These authorizations will act as standing authorizations for services related to the pregnancy.

**Does the second or third trimester pregnancy clause in the current agreement cover the baby?**
Yes, if the baby is a well baby. If the baby needs neonatal intensive care unit (NICU) care or stays longer than the mom, a separate authorization will be required. If the baby is considered a sick baby, the admission will be treated as an urgent admission, and we will authorize as in-network at the non-PAR rate. The member will receive payment.
If an authorization is already in place for re-occurring services, such as therapy, chemotherapy, infusions, etc., will a separate authorization need to be obtained to cover services as in-network?  
Anthem recommends that Bon Secours Virginia Health System staff call our Medical Management area to confirm the validity of each certification that continues in 2014 and beyond. Each policy is different and may have limitations on authorizations provided at an out of network facility.

If a member has been diagnosed with a terminal disease, can the member receive services at a Bon Secours Virginia Health System facility?  
A member who is defined as terminally ill per §1861 (dd) (3) (A) of the Social Security Act as of November 7, 2014, will be able to continue receiving services at Bon Secours Virginia Health System under the current 2014 contract conditions. Terminally ill is defined as a person who is expected to die within six months, with that status documented by a physician.

What are the alternative in-network providers available to Anthem and HealthKeepers members?  
Anthem and HealthKeepers, Inc. have 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 Richmond and Hampton Roads areas. For a complete list of providers, members should visit www.anthem.com or call the customer service number on the back of their Anthem or HealthKeepers ID cards. [Note: A list is available of alternative facilities in the Richmond and Hampton Roads areas; please see the end of this document. Regarding professional providers and ancillary providers, a list will be provided once available.]

We understand this is an inconvenience to our members. If they have questions or concerns, members should contact customer service at the number listed on the back of their ID cards.

Is this about increasing profits for Anthem?  
No. Health insurance premiums are going up due to the increase in medical costs. The increase in hospital costs per service is the largest contributor to the overall increase in medical costs. Anthem Blue Cross and Blue Shield in Virginia is a 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. In addition, our clients have told us they cannot 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 6,500 employees throughout Virginia, and have long contributed to the local economy and charitable organizations that positively affect the lives of Virginians.

Anthem appreciates our members’ and other customers’ continued patience and support during these tough negotiations, and we sincerely apologize for any inconvenience.