



**of Tennessee**

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May 19, 2011

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*Re: Follow up to April 25, 2011 meeting with Tennessee Medical Association*

Dear Don:

This letter will follow up your letter of May 11, 2011. Thank you for the opportunity to address the issues that concern the Tennessee Medical Association, ("TMA"). As background, I met with several internal people at BlueCross BlueShield Tennessee ("BCBST") on the issues raised in your letter. BCBST thinks there are several requests that should not be an issue. Keep in mind that the new federal health care reform law and several new statutes passed by the State of Tennessee has created many new and different requirements and issues that BCBST must address that were not present at the time of the Thomas/Love Settlement. Remember, TennCare was carved out of the Thomas/Love Settlement. Therefore, while BCBST can generally work to continue the provisions discussed below, there may be changes.

BCBST will address the provisions as set out in your letter.

1. Reduced precertification requirements in Sections 7.05 and 7.16(c). BCBST can continue to publish the precertification requirements on its website. However, the federal health care reform law with the new financial requirements creates uncertainty for the future. In addition, BCBST's large self funded customers have become very proactive in attempts to control health care costs and are now demanding that BCBST implement new precertification requirements. As an example the State of Tennessee's plan has required several new precertification requirements for outpatient procedures. The new health care exchanges are also expected to impact this area. So, BCBST can publish on its website any precertification requirements. The Gold Card program has been reevaluated in light of changing requirements and will be discontinued.
2. Notice of policy and procedure change addressed in Section 7.06. BCBST is willing to now send out any contract amendments with 60 days advance notice by certified mail. This will not only give significant notice since it was sent certified mail, but will also give the doctor 60 days to review and respond to the Amendment.
3. Termination without cause, Section 7.13(c). BCBST did not have an issue with this provision before the Thomas case was filed. It should not be an issue going forward.

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4. Fee Schedule changes, Section 7.14. We are not entirely clear on the issue raised in the letter. BCBST has paid for the cost of vaccines separate from the injections and bases its reimbursement on the costs of the vaccine. BCBST will continue that practice and does not anticipate any changes. As a general matter the contractual fee schedules are typically only changed annually. There are certain fees that are tied to the CMS schedules or the AWP, which do change. This was contemplated in the Settlement Agreement.
5. No automatic downcoding of E&M, Section 7.19. BCBST did not engage in that practice prior to the Thomas case and does not anticipate doing so in the future.
6. Bundling and other computerized claim editing. This was a long and complex provision. In general, BCBST does not anticipate any changes at this time. However, with the new health reform laws, implementation of ICD 10, this could change. BCBST will continue to publish its bundling information on its website.
7. EOB and RA content, Section 7.21. With the new requirements in the health reform law that applies to communication regarding claim processing, the future is too murky right now. BCBST does not anticipate providing less information than is currently on the RA at this time.
8. BluePlan Confirmation of MN as addressed in Section 7.25. BCBST intends to maintain its currently practice, i.e. if a doctor obtains prior authorization regarding the medical necessity of a certain procedure, BCBST would not change that decision unless the doctor changed the procedure or services from that authorized, did not provide adequate information or correct information, there was fraud, or delayed the procedure for a substantial time and the circumstance changed. The general intent is that BCBST would not change confirmation that a service is medically necessary. However, keep in mind, this is not a guarantee that the claim will be paid. Other factors could impact that payment. The claim would not be denied based on medical necessity though.
9. Pharmacy provision, Section 7.29(i). BCBST basically intends to follow that provision.
10. Commitment to continue to invest in IT, Section 7.29(k). BCBST will continue to invest in improving IT as business dictates. For instance, BCBST has invested in physicians practice for the “patient centered home” to provide enhanced technology. BCBST would like to see similar commitments from the provider community. However, with the new medical loss ratio requirements in the health care reform law, BCBST cannot make any commitments in this area.

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11. Copies of contracts, section 7.29(l). This was not an issue prior to the Thomas case. BCBST does not anticipate that will change.
12. Most Favored Nation Clause, Section 7.29(r). BCBST does not see any reason it would not comply with this provision.

As you can see, BCBST has significant concerns regarding the anticipated changes in the health care field going forward due to the health care reform. BCBST is committed to meeting those concerns and complying with the new laws. BCBST looks forward to working with you on these issues.

Best regards,

A handwritten signature in cursive script that reads "Dave". The signature is written in black ink and is positioned above the printed name and title.

David Locke

Vice President

State and Government Relations