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News Release

Excellus BlueCross BlueShield Reaches Agreement with Physicians and Medical Society of State of New York to Improve Partnership Approach to Care

The Medical Society of the State of New York, a class of physicians and Excellus BlueCross BlueShield announced today that they have reached a settlement agreement that will lead to a better partnership for care in upstate New York and improve the working relationship between physicians and the health plan.

The settlement includes a number of operational improvements to be made by the health plan that will increase the predictability and speed of claims payments. The improvements, which are valued in excess of \$50 million, are expected to reduce time-consuming and costly administrative burdens on physician offices so that more time can be devoted to patient care. The health plan has agreed to pay \$500,000 towards a per capita payment to retired or deceased physicians and also has set up a \$5 million fund for active, practicing physicians to obtain certain in-kind benefits. In addition, the health plan has agreed to pay \$1.25 million towards Community Health Initiatives mutually decided upon by the insurer and MSSNY and to pay \$250,000 to MSSNY for medical liability advocacy.

Dr. William Dolan, an orthopedic surgeon from Rochester, New York and a lead plaintiff in the litigation, said the settlement signaled a new era in the relationship between physicians and Excellus BCBS in upstate New York. "This has been a hard fought battle but I think that it is a settlement that will give the physician community a strong basis for better serving our patients." The other lead plaintiff is Dr. Sylvia Norton, an ophthalmologist practicing in Syracuse, New York.

Medical Society of the State of New York President Robert A. Scher, MD expressed his approval with the settlement: "A number of issues critical to physicians have been addressed and rectified. We are hopeful that the settlement will show other managed care organizations that a collaborative partnership of physicians and health insurers is essential to providing quality health care to patients."

"We have a proud record for delivering high quality service for our members at an administrative expense that is among the lowest in the industry," said Excellus BlueCross BlueShield Chief Executive Officer David Klein. "We never could have reached the level of quality and efficiency without the thousands of physicians who take such good care of our members every day. This settlement signifies a further commitment to be the best partner possible."

"This settlement represents a new standard in the industry that is truly in the best interest of physicians and their patients. The collaborative approach here should serve as a model for other insurers," said Edith Kallas, Partner with Milberg Weiss Bershad & Schulman, who represents the plaintiffs.

Highlights of the Settlement

What this settlement means to physicians:

The settlement is designed to enhance the current relationship between physicians and the health plan while improving day-to-day business operations, and it resolves outstanding disputes about fee schedules, timetables for claims payments and inadequate guidelines for payment denials.

Some of the provisions that have been agreed upon include:

- Payment of complete electronically submitted claims within 15 days and 30 days for complete paper claims.
- Ensuring that payment rules will be consistent with AMA CPT codes, guidelines and conventions.
- Medical necessity provisions that take into account generally accepted standards of medical practice and the treating physicians' judgment.

Generally, the agreed upon provisions fall into three categories:

1. Standardizing the way things are done

- A consistent timeframe will be established for how much time doctors will have to submit claims after their services are rendered.
- Physicians will be given 90 days advance notice of significant changes that may adversely affect their businesses, such as fee changes or increased utilization review.
- Initiatives are being funded to increase the number of claims resolved at the initial review to reduce the hassle of resubmitting claims.

2. More disclosure

- Fee schedules and clinical editing rules will be published for participating physicians on a secure, confidential Web site.
- Lists of procedures requiring prior authorization, medical necessity denial rates, medical record requirements and other reimbursement guidelines will be posted as well.

3. Fast and accurate claims review and dispute resolution

- Investments in technology will be made to speed the time for automated claims payment review that should result in faster payments for services rendered.
- An independent external review board will be hired to resolve billing disputes that physicians may have that cannot be resolved with the health plan.

What this settlement means to members and patients:

The agreement will:

- Reduce administrative burdens on physicians to create more time for patient care.
- Speed and increase the accuracy of claims payments.
- Reduce uncertainties regarding whether a service or procedure will be covered.

What the settlement means to the health care system:

The agreement will help reduce some of the natural tension that is always present in a health care delivery system where a variety of legitimate interests simultaneously compete and co-exist.

It also ushers in a new era of cooperation between the health plan and physicians. In addition to its current committees on medical policy and protocols, the health plan is inviting doctors to participate in an advisory committee that will support physician communications on issues such as billing practices.

"We think this is going to make things more doctor-friendly, and more important, more patient-friendly, the new rules for transparent claims processing, billing, and coding will lead to a greater level of integrity," in the relationship between doctors and health insurers, Dr. Scher said.

"We hope that our work together will serve as the basis for a long term partnership and serve as an example for the industry of both best practices and working relationships," Klein said.

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