MICHIGAN STATE MEDICAL SOCIETY

BCBSM Southeast Michigan Local EPO Network
December 19, 2013

The following is a summary of BCBSM's publicly announced terms for participation by physicians in BCBSM's Southeast Michigan Local EPO Network (the "EPO Network"). This summary is qualified by reference to BCBSM's public pronouncements and the terms and conditions of BCBSM's Addendum A (Local Network Practitioner Agreement), which is a contractual addendum to BCBSM's TRUST Practitioner Affiliation Agreement. Physicians and/or their medical practices are reminded to make their own unilateral, independent decisions to participate, or not participate, in BCBSM's EPO Network and to seek the advice of their own legal counsel.

EPO Practitioner Network. BCBSM is seeking physicians and other practitioners interested in joining an exclusive provider organization local network for consumers who purchase certain BCBSM non-group health care products. These products will be available to individual (non-group) consumers directly through the on-line federal health insurance marketplace or through BCBSM or BCBSM contracted agents. The EPO Network will be a subset of the Blue PPO TRUST network.

Geographic Coverage. BCBSM's health insurance products served by the EPO Network will be marketed in Southeast Michigan (Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw and Wayne Counties).

Eligible Physicians. BCBSM has stated that all willing physicians in Michigan are invited to apply to join the EPO Network. However, a physician must meet BCBSM's selection standards, and agree to comply with BCBSM's contractual terms and conditions to be eligible to join the EPO Network. BCBSM determines whether a physician or other practitioner satisfies, or fails to satisfy, its selection standards. BCBSM has not announced whether there is a process for physicians and other practitioners to appeal decisions that they fail to satisfy the selection standards. BCBSM has stated that a physician may be excluded from the EPO Network for failure to meet all of its selection standards. BCBSM will inform physicians whether they have passed the selection standards before BCBSM's insurance products become available through the health insurance marketplace in October 2014.

BCBSM Physician Selection Standards. BCBSM has not publicly announced all of its selection standards. Attached is the list of selection standards which BCBSM has published to date. BCBSM has publicly stated that some aspects of its selection standards include geographic location and access to a facility participating in the EPO Network.

EPO Network Participating Facilities. BCBSM has not publicly announced which hospital systems or facilities are participants in the EPO Network.

Physician Reimbursement Generally. BCBSM has publicly stated that practitioners who contract with the EPO Network will be reimbursed at 90% of TRUST rates (i.e., 10% discount) for services they provide to members in the EPO. Services for PPO members will continue to be paid at TRUST rates.

Physician Reimbursement Subject to Annual Modification. Physician reimbursement is subject to modification annually. BCBSM's Addendum A does not guarantee annual fee increases, nor does it rule out fee decreases. BCBSM will publish the EPO Network fee schedule through web-DENIS. Portions of BCBSM-approved increases in the fee schedule may be used by BCBSM to fund incentive and quality improvement programs available to EPO participants. BCBSM may develop incentive and quality improvement programs that result in different free screens for EPO practitioners who participate in such incentive plans.

In Network vs. Out of Network. Physicians who do not participate in the EPO Network will be considered out of network, except for emergency and other services required by law. Patients will not be covered for services supplied by providers out of network, except for such emergency services and services required by law. Physicians not participating in the EPO Network will not be listed in the physician directories for the EPO Network, but their status in the Blue PPO TRUST network will not be affected.

Member Cost Sharing. Patients will be responsible to pay co-payments and deductibles for services obtained from EPO Network practitioners. BCBSM has not announced the co-payment and deductible amounts in its communications to physicians concerning the EPO Network.

Term of Agreement. The initial term of participation is four years, beginning January 1, 2015. BCBSM has not publicly explained why the initial term is four years, rather than a shorter period. Addendum A does not permit physicians to end their participation without cause before the end of the initial four-year term, although BCBSM has the right to do so. Upon conclusion of the four-year term, a physician's participation automatically renews from year to year, unless BCBSM or the physician gives the other sixty (60) days notice of non-renewal.

Application Deadline. Physicians are required to submit their EPO Network signature pages to BCBSM by December 31, 2013.

Issues for Physicians to Consider

1. Physicians should review EPO Network physician selection standards which BCBSM has published to date. See the attachment to this publication. To request BCBSM's complete list of selection standards, physicians need to email BCBSM at SERFP@BCBSM.com.

2. Physicians will need to ask their hospitals and health facilities whether they participate in the EPO Network. BCBSM has stated that some aspects of its selection standards include geographic location and access to a facility participating in the EPO Network. However, BCBSM has not announced which hospital systems or facilities participate in the EPO Network.

3. BCBSM decides whether or not a physician satisfies, or fails to satisfy, its selection standards. BCBSM has not announced whether physicians can appeal these decisions.

4. The language in Addendum A permits, but does not obligate, BCBSM to provide fee uplifts to physicians who, for example, participate in PGIP and have patient-centered medical homes. It is unclear whether BCBSM will in fact provide uplifts and whether any uplifts will be discounted by 10%.

5. BCBSM has not announced the range of patient co-payments and deductibles for the BCBSM insurance products that will be serviced by the EPO Network. It is unclear whether these may be high deductible plans for which physicians may bear significant financial risk to collect co-payments and deductibles from patients.

6. BCBSM's terms require physicians to participate in the EPO Network for an initial four-year term. BCBSM's terms do not permit physicians to terminate without cause on sixty (60) days notice before then, as they are permitted to do in the TRUST network. During the initial four-year term, BCBSM may make modifications to reimbursement and related incentive and quality improvement programs. However, BCBSM may terminate a physician's participation without cause on sixty (60) days notice before the end of the initial four-year term.

BLUE CROSS BLUE SHIELD OF MICHIGAN
EXCLUSIVE PROVIDER ORGANIZATION PROFESSIONAL PRACTITIONER PANEL STANDARDS

Blue Cross Blue Shield of Michigan (BCBSM) is seeking practitioners interested in joining an Exclusive Provider Organization (EPO) local network for consumers who purchase some of BCBSM's health insurance products. These products will be available to individual (non-group) consumers on the online Health Insurance Marketplace and from independent agents. The products will be sold in eight counties in Southeast Michigan for a January 1, 2015 effective date. The counties include Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.

The EPO practitioner panel will be a subset of BCBSM's The Responsible Use System of Treatment (TRUST) panel. BCBSM will select MDs, DOs, DPMs, DCs, oral surgeons and fully licensed psychologists for the EPO panel based on BCBSM's assessment of the provider's capabilities to best meet the needs of our members based on standards which include, but are not limited to, the following:

1. Be a fully licensed health care practitioner, as required by Michigan law. License limitations such as disciplinary limited, educational limited, non-clinical limited or temporary, or will render the practitioner ineligible for EPO affiliation.

2. Be in a class of professional practitioners determined by BCBSM to be eligible to affiliate with the EPO.

3. Have no current censure, reprimand, restriction, suspension, revocation or reduction to probationary status of practitioner's professional license to practice or of any hospital privileges, or by any BCBSM or BCN committee. Practitioners with a past history of such limitations will be considered for EPO affiliation at BCBSM's sole discretion.

4. Remain a member in good standing on the medical staff of at least one facility or tertiary care hospital – or maintain privileging rights at the facility – that participates in the BCBSM Exclusive Provider Organization (EPO) network if practitioner admits patients to the hospital.

5. Maintain a current and historical referral pattern with a significant portion of referrals or attributed spend within facilities and health systems that are participating in the EPO network.

6. Agree to comply with BCBSM's performance improvement initiatives including, but not limited to, utilization management, collaborative quality improvement, care management and incentive programs established by BCBSM or its delegate.

7. Comply with the requirements of BCBSM's utilization management programs and/or health care management programs, including the vendors that administer those programs, and adhere to BCBSM's use and quality related measurement and reporting requirements, policies and procedures whether the measurements and requirements are BCBSM's or those of its selected vendor.

8. Bill BCBSM for all covered services and seek payment of covered services only from BCBSM except for applicable deductibles, copayments coinsurance, and non-covered services for which member is responsible. Unless otherwise stated in the affiliation agreements, practitioner shall not seek payment from members for:

    a. Deposits;

    b. Services which have been denied by BCBSM as untimely billed;

    c. Services denied or recovered as a result or discovery of overpayment;

    d. Services denied as medically unnecessary or experimental unless the member agrees in writing, in advance of receiving services, to be responsible for payment.

    e. Services denied because practitioner was not eligible for payment as determined by BCBSM based upon BCBSM credentialing requirements, privileging limitations, payment rules or reimbursement policies for the particular service rendered.

9. Provide complete care whenever possible and only refer members to other EPO panel practitioners, or EPO facilities participating in the EPO network, which are designated by BCBSM to provide services to members in the EPO products. If services are not available from a provider in the EPO panel, practitioner must refer the member to a provider that participates in BCBSM's TRUST panel, if available. If services are not available from a TRUST provider, practitioner must refer the member to a provider that participates in BCBSM's Traditional panel, if available. The only exception to this requirement is in the case of an emergency.

10. Adhere to BCBSM referral policies and procedures when a member is referred to other than an EPO panel practitioner or EPO-participating facility.

11. Refer members covered under other current BCBSM PPO programs, including, but not limited to the PPO Laboratory, PLUS Laboratory, Capitated Laboratory, SUPPORT (DME/PPO), Preferred Rx, and Mental Health and Substance Abuse Managed Care to providers participating in such programs.

12. Except for applicable copayments, coinsurance and/or deductibles, accept the EPO panel reimbursement levels as payment in full for members covered under the EPO products when practitioner provides covered services to such members.

13. Agree not to request or accept payment from members for services for which BCBSM has denied or recovered payment due to provider's failure to comply with BCBSM guidelines, except as defined in the Local Network Practitioner Agreement.

14. Agree to reimbursement rates indicated in Local Network Practitioner Agreement.

15. Provide BCBSM and regulatory agencies with access to member medical records and to practitioner's financial and billing records, as required by law or for BCBSM audit purposes.

16. Assist BCBSM in maintaining reasonable levels of access for BCBSM members and customer groups by:

    a. accepting new EPO patients if the practitioner's practice is open to members in other health care plans and meets the criteria for the EPO network;

    b. notifying BCBSM if the practice is closed to all new patients.

17. Agree to the practitioner selection process for affiliation or reaffiliation with the EPO panel.

18. Agree that BCBSM has the right to exercise business judgment in the selection, performance improvement and contract termination processes.

19. Agree that customer preference is considered in the selection process.

20. Agree that BCBSM's PPO (or EPO) and Care Management Medical Director has the authority to remove practitioner from the panel if in his or her judgment the practitioner is unable to competently render services to members.

21. Have, or maintain, a significant portion of EPO members in practitioner's patient base that is serviced by provider within the counties in which the EPO products are offered and marketed.

22. Agree to comply with the terms of BCBSM's Practitioner Affiliation Agreement as updated or amended from time to time in BCBSM's Provider Manual, *The Record* and/or web-DENIS.

23. Comply with the requirements of the Local Network Practitioner Agreement.

During the 30-day notice period commencing August 26, 2013, practitioners may submit questions and comments to BCBSM by contacting their BCBSM provider consultants. The Local Network Practitioner Agreement will be available through BCBSM provider consultants and additional mailings from BCBSM once the notice period is complete. The application period begins on September 25, 2013, and ends at 5:00 PM Eastern Time, December 31, 2013.

For a complete list of selection standards, please email SERFP@BCBSM.com.

Blue Cross Blue Shield of Michigan

A nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association