

Union Hospital in Terre Haute, Indiana has announced its intention to leave the Anthem provider network effective July 31, 2009. Unfortunately, after several months of negotiations, we have been unable to reach agreement on a new contract. As a result, Union Hospital and its affiliates will be considered out of Anthem's network beginning August 1, 2009, which could have various ramifications for Anthem members as explained below. If you have any questions that are not addressed here, please contact the number on the back of your Anthem ID card.

Why is this happening?

While progress was made in the course of several months' of negotiating, we've been unable to reach an agreement with the negotiator who has represented Union Hospital in these talks. As a result, Anthem's contract with Union Hospital will expire at midnight on July 31, 2009. They will be considered out of network beginning August 1, 2009, which has various ramifications for Anthem members.

Is Anthem's reimbursement fair?

Yes, in many cases, Anthem's current payments to Union are already higher than what we reimburse to hospitals of comparable size. Yet, in their most recent proposal, Union is requesting a significant rate increase above their current Anthem reimbursement over the next two years. If we were to agree to that, it would mean higher costs for our customers in the Terre Haute area when they receive medical services at Union Hospital or any of their facilities.

What are the sticking points in the negotiations?

While we've made progress on the issue of reimbursement for the services Union performs, our biggest concern throughout the contract talks is Union's insistence that it be able to bill Anthem for services performed outside the hospital setting (such as at one of their free-standing surgery centers) at higher, hospital-contracted rates. Billing at this higher rate of reimbursement will cost additional millions of dollars for our customers.

But the hospital says Anthem is trying to reduce their reimbursement by millions of dollars.

In reality, we are simply offering to reimburse them at rates that are comparable for services performed in free-standing surgery centers. These rates are typically lower, given that the overhead costs to operate such a facility are lower versus the costs of operating an inpatient hospital. This cost difference has been recognized in the way such outpatient facilities have properly been billed in the past. Holding the line on this point is not a reduction in reimbursement, but rather a reinforcement of a longstanding policy recognizing the cost savings that outpatient facilities are well positioned to offer.

What facilities are affected by this?

Union Hospital in Terre Haute and Union Hospital, Clinton and **all** of their affiliated entities, such as the hospital's surgery centers, radiology centers, physical therapy locations and cardiac care, including Thomas Plaza Outpatient Therapy, Thomas Plaza Outpatient Radiology, Hux Cancer Center, Union Hospital Mobile Lithotripsy, Wabash Valley Surgery Center, Union Cardiac Cath Lab and Union Hospital Outpatient Chemotherapy Centers. We encourage you to ask if the facility is affiliated with Union

Hospital. If you are uncertain, please contact the number on the back of your Anthem ID card.

What Anthem health plans would be affected?

Anthem PPO, Traditional, Healthy Indiana Plan, Hoosier Healthwise, Medicare Advantage/Medicare Select, Medicare Supplement plans and FEP.

Does this termination affect Union-affiliated physicians?

No.

If the Union Hospital facilities were to go out of Anthem's network, are there other in-network facilities in my area?

Yes. Anthem has worked hard to create one of the largest and most comprehensive network of hospitals throughout Indiana to provide our members access to quality health care providers. Nearby in-network hospitals and outpatient facilities can be found at www.anthem.com.

What happens if I go to any of the above facilities after the contract termination?

Anthem strongly recommends that you begin to consider the many other in-network options in the area for your health care needs. We understand that this termination may cause some inconvenience. You may choose to receive medical services from the above facilities, however, after the contract termination Anthem will pay for the services at the out-of-network benefit level, which would mean higher out of pocket costs for you. In addition, the hospital may send you a bill to collect any difference between the reimbursement allowed by Anthem and what they charge for the service performed. You would be responsible for paying the difference.

What about emergency care?

After the contract termination, generally, if you choose one of the above hospitals for emergency care and the hospital charges more than Anthem's benefits allow, you may have to pay the difference. This could be substantial. There are, however, exceptions for life threatening emergencies and other circumstances.

What happens if I am an inpatient at one of the above facilities at the time of the termination?

The above hospitals must continue to honor our in-network reimbursement rate and provide care for 90 days or until you are discharged from the hospital.

I want to avoid out of network charges. But what if my doctor typically admits his/her patients to Union Hospital and doesn't have admitting privileges to other Anthem-network hospitals?

Talk to your doctor about other options. Many doctors have admitting privileges at more than one hospital.