

April 29, 2011

Robert W. Seligson  
Executive Vice President and Chief Executive Officer  
North Carolina Medical Society  
P.O. Box 27167  
Raleigh, NC 27611

Dear Mr. Seligson:

As you know, the Effective Period for compliance with business practice initiatives, pursuant to Section 7 of the Thomas/Love Settlement Agreement, is coming to an end on May 31, 2011. This letter is to inform you of our position as to continuance of those initiatives beyond the Effective Period of the Agreement.

Blue Cross and Blue Shield of North Carolina (BCBSNC) has taken a collaborative, constructive approach to meeting the Agreement obligations and improving interactions with physicians and physician practices. While BCBSNC's obligations to comply with Section 7 of the Agreement are coming to an end on May 31, 2011, we intend to **keep a majority of our business practice initiatives in place**. In addition, we remain committed to continuing productive dialogue with physicians, physician practices and the North Carolina Medical Society (NCMS).

Below is a summary of our position for key sections of the Agreement.

- **§7.3 Complete Fee Information** – Majority of the fee schedule information is available to physicians on a confidential basis via secure logon in **Blue e<sup>SM</sup>**. Fees that are not currently in **Blue e** can be obtained by contacting a BCBSNC Network Management representative.
- **§7.5 Reduced Prior Review/Precertification Requirements** – The list of services requiring prior review will continue to be posted on the Provider website. In addition, BCBSNC will continue to make recommendations to Self-Insured Plans to limit customization of the prior review list.
- **§7.6 Notice Period** – The notice period will be changed to be consistent with state law where applicable. However, longer notice periods will be followed when feasible to do so.
- **§7.9 Physician Advisory Committee** (aka “Joint Advisory Group” or “JAG”) – The JAG was combined with the Physician Advisory Group (PAG) that was in existence prior to Thomas. This recommendation was approved by the JAG members and reviewed with NCMS on January 24, 2011.
- **§7.10 and 7.11 Provider Appeals** – Provider appeals and billing dispute processes, including the independent external reviewer will remain in place.

- **§7.13 Credentialing of Physicians** – The credentialing process will continue to adhere to guidelines outlined in the Agreement.
- **§7.18 Late Payment Interest on Complete Claims** – Late payment interest rules will be modified to conform to state law.
- **§7.20 Bundling and Other Computerized Claim Editing** – Claims editing rules will continue to adhere to guidelines outlined in the Agreement. In addition, Clear Claims Connection will continue to be made available to physicians via secure logon in **Blue e**.
- **§7.22 Overpayment Recovery Procedures** – Procedures to initiate overpayments will be modified to conform to state law.
- **Transparency / Disclosure** (various provisions) – Majority of the information currently on the provider website will continue to be made available to physicians after the Effective Period ends. However, references to Thomas/Love will be removed, and the location of the information may change to improve usability, and as a result of the elimination of the “Thomas/Love Disclosures” page in **Blue e**.
  - **§7.8(d)** Information on **Significant Edit disclosures** and **limited code combinations** relative to modifiers 25 and 59 will be moved from **Blue e** to the provider website at <http://www.bcbsnc.com> to better align with the medical policies.
  - **§7.16(a)** The **Adverse Determination Denial Rate (ADDR)** report currently found in **Blue e** will be archived since it has not been widely accessed.

We plan to share this information with our provider community shortly, and we welcome suggestions over the next two weeks on how to get the word out. If you have any questions, please feel free to contact Don Bradley at (919)765-4003, or Lisa Cade at (919)765-4596.

Sincerely,



Don W. Bradley, MD  
Chief Medical Officer and Senior Vice President  
BCBSNC



Lisa L. Cade  
Vice President, Network Management  
BCBSNC

cc: N. King Prather, SVP, General Counsel and Corporate Secretary, BCBSNC  
J. Bradley Wilson, President and CEO, BCBSNC