

**BROWN & TOLAND**  
**MEDICAL GROUP'S**  
**SECOND FOLLOW-UP**  
**PPO SUBMISSION**

*Submitted by:*

**Boies, Schiller & Flexner L.L.P.**  
5301 Wisconsin Ave., N.W.  
Suite 800  
Washington, DC 20015

December 2, 2004

Responses to FTC Staff's Second Round of Follow Up Questions

DOCUMENT PROCESSING

1. *Explain how the integration being proposed now is different than Brown & Toland's level of integration prior to the litigation.*

As to Brown & Toland's PPO product, the level of integration is different now than prior to the litigation in three primary respects: the implementation of Brown & Toland's (1) utilization review program (described on pp. 7-13 of the PPO Submission<sup>1</sup>), (2) case management program (described on pp. 13-15 of the June Submission), and (3) the electronic medical records system (described on pp. 2-4 of the Follow-Up Submission).<sup>2</sup>

2. *Explain how the integration creates interdependence among the PPO network physicians.*

The integration creates interdependence among Brown & Toland's PPO network physicians by facilitating information sharing (i.e., through the EMR system), allowing physicians to compare performance against protocols and guidelines to peer groups (i.e., through utilization review), and ensuring that a patient's care is coordinated across a continuum – from primary care to specialists (i.e., through the case and disease management program). The integration also ensures the delivery of high quality, predictable care: because primary care physicians and specialists within the network must adhere to Brown & Toland's standards, each physician within the network can anticipate (and trust) the care a patient will receive when referring the patient to another network physician.

3. *Explain why Brown & Toland cannot price separately to physicians (as opposed to jointly negotiating) the value-added components of the integration.*

Separate pricing of the value added components of the integration increases the risk that physicians would decline to participate in the PPO network or, at least, in important integration features of the network. To the extent such separate pricing reduces physician participation in the network (or aspects of the network), it will be difficult to facilitate the coordination of care. If physicians do not participate in Brown & Toland's clinical integration programs, the full benefits of those programs cannot be realized. Brown & Toland's utilization review and EMR programs, for instance, rely on Brown &

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<sup>1</sup> The "PPO Submission" refers to the description given to the FTC Staff of Brown & Toland's PPO program, submitted on June 17, 2004.

<sup>2</sup> The "Follow-Up Submission" refers to the responses to FTC Staff's follow-up questions, submitted on October 7, 2004.

Toland's ability to access and share data with network physicians. The fewer physicians that participate in these programs, the less ability Brown & Toland has to access and meaningfully share data.

4. *Describe the medical market in which Brown & Toland competes, including how Brown & Toland envisions competing against Kaiser.*

The medical market in which Brown & Toland competes is characterized by a shift from HMO products to PPO products as well as a trend in which employers pass on a greater share of health care expenses to employees. As employees increasingly enroll in PPO products and become more conscious of low-cost providers, it is important for Brown & Toland to offer a PPO product that is regarded as low cost, high quality. This "branding" will likely factor into employee decisions to enroll in insurance products that include Brown & Toland within the network.

Brown & Toland's care management will ensure that it is known throughout the market as a dependable source of consistently high quality, low cost care. It is through this care management that Brown & Toland envisions competing against Kaiser. Because it employs physicians, Kaiser is known as being able to coordinate and manage care in a way that physician groups typically cannot: physician care data is readily available to Kaiser, physician incentives are aligned, and programs are easily managed. These are precisely the same management tools that Brown & Toland is employing, and will employ, with regard to its PPO product. Brown & Toland believes that its PPO care management will rival (and exceed) that of Kaiser's, and will encourage employers and employees to choose insurance products in which Brown & Toland participates, as opposed to contracting with Kaiser.

5. *Provide copies of correspondence to network physicians concerning what has been communicated about the PPO developments.*

See Attachment 1.

6. *Will all of Brown & Toland's physicians have to subscribe to the EMR? Over what period of time?*

Physicians will not be required to subscribe to the EMR, but Brown & Toland anticipates that all of its PPO network physicians will participate in the EMR program. Over 260 PPO physicians have signed contracts to participate in the clinical lab results reporting feature of the EMR program, and Brown & Toland is starting to train these physicians. Brown & Toland anticipates that 50 to 75 percent of its PPO physicians will sign contracts to participate in this program by the end of the year.

7. *Through the EMR, will all PPO physicians have immediate access to clinical lab results?*

Yes.

8. *Does the EMR include electronic prescriptions?*

Yes.

9. *Are all of the medical practices within Brown & Toland's PPO network necessary for the integration to exist?*

Yes, for the same reasons as those discussed in response to question 5 of the Follow-Up Submission.

10. *Can Brown & Toland identify the number of physicians within each specialty in its PPO network?*

See Attachment 2.

11. *Can Brown & Toland identify the complete and non-complete practices within its PPO network? (Are there physician practices where only some of the physicians within the practice participate in the PPO network?)*

See Attachment 3.

12. *Section 3.5 of the PPO Handbook states that physicians must comply with Brown & Toland's guidelines. What specifically are the physicians agreeing to comply with – i.e., protocols or anything else that affects how a physician delivers care?*

“Guidelines” includes anything approved by Brown & Toland's Board of Directors, so Brown & Toland physicians are agreeing to comply with any program or policy approved by the Board. This includes, for example, participating in Brown & Toland's Utilization Management program and case management program as well as adhering to protocols developed or adopted by Brown & Toland.

13. *Provide a sample of guidelines/protocols that have the greatest impact on patients.*

See Attachment 4.

14. *For each disease/case management program, is it possible to estimate (maybe relying on HMO data) the percentage of PPO patients that will be enrolled in the program and the percentage of health care costs these patients will comprise?*

With regard to the HMO product, 400 members typically participate in Brown & Toland's basic case management program at any one time. Additionally, 6,400 diabetic members have been identified for the disease management program, 3,500 asthmatic members have been identified for the disease management program, and 2,200 HIV

members have been identified for the disease management program. It is difficult to estimate, on a percentage basis, the case/disease management program participants for Brown & Toland's PPO product because, unlike enrollment in its HMO product, Brown & Toland will not know which members will be eligible for the programs until a Brown & Toland physician has contact with a member. As the claims data base is refined, the identification process for unique members who would qualify for case/disease management will enable Brown & Toland to develop demographics specific to the PPO population.

15. *Do high users of health care services select PPOs more than HMOs?*

To the extent there is any difference, high users of health care services will likely select HMO products more than PPO products because out of pocket costs tend to be less with HMO products.

16. *What physician education programs and materials apply to PPO physicians?*

A variety of education materials apply to PPO physicians, such as case management program information, utilization management information, protocols and guidelines sent to physicians with relevant articles attached, pamphlets to OB/GYN physicians to help with bone density testing, etc.

17. *Do the same treatment guidelines/protocols used with the HMO network apply to the PPO network?*

Yes.

18. *What financial incentives exist with regard to the PPO network? Is there a financial penalty PPO physicians face if their care is inappropriate?*

Brown & Toland is implementing a quality incentive bonus, which will be linked to quality of care measures that will be known to physicians.

19. *Does Brown & Toland tell physicians before bonuses are paid what they expect the potential bonuses to be and how the bonuses will be rewarded?*

With regard to Brown & Toland's HMO product, physicians are informed by letters that bonuses will be rewarded based on results of utilization review reports. The same process will apply to Brown & Toland's PPO product.

20. *Has Brown & Toland ever considered withholds with its HMO product?*

Brown & Toland used withholds with its HMO product until 2001. Under the withhold program, each specialty was given a budget and the physicians within each specialties collectively had to meet the budget in order to receive the full withhold. In 2001, Brown & Toland eliminated withholds and instituted its bonus program, in which

the individual physician's delivery of care is assessed using a retrospective outlier review process.

21. *What is the percentage of quality incentive bonus with Brown & Toland's HMO product? What is the magnitude of the bonus payments contemplated on the PPO product?*

The quality incentive bonus with Brown & Toland's HMO product is about 10 percent of physician payments. A similar magnitude of bonus payment is contemplated on the PPO product.

22. *Are Brown & Toland's PPO physicians amenable to having PPO revenues flow through Brown & Toland?*

Brown & Toland presumes that, because network physicians allow HMO revenues to flow through Brown & Toland, they will accept the same arrangement with respect to PPO revenues. And if payers agree to have PPO revenues flow through Brown & Toland, network physicians will be obligated to accept this arrangement to participate in the PPO network.

23. *If PPO revenues flow through Brown & Toland, will Brown & Toland have a bonus component? Will payers also have a pay-for-performance element?*

Brown & Toland will have a bonus component and will encourage payers to have a pay-for-performance element.

24. *Hypothetically, if the FTC were to find that Brown & Toland could not jointly negotiate on PPO business unless physician revenues flowed through Brown & Toland, would this threaten delivery of the product?*

Yes. Brown & Toland must ensure that enough physicians participate in its PPO network to offer a viable product to the market. If Brown & Toland is not allowed to jointly negotiate with regard to its current PPO product, physician participation in the product will almost certainly diminish, and the product's delivery (especially the integrated aspects of the product) will be threatened.

Moreover, while Brown & Toland will seek to have PPO revenues flow through the organization, it is unclear when payers will generally be willing to accept that arrangement. Until then, Brown & Toland needs to be in a position to compete for PPO business. The health care market in which Brown & Toland competes is evolving rapidly, with PPO enrollment growing and individual consumers increasingly shouldering the cost of care. Brown & Toland needs to offer a product during this evolutionary phase to ensure that consumers recognize and accept the value attendant to its PPO product: Brown & Toland's care management.

25. *Provide examples of protocols that differ from national protocols – i.e., protocols that reflect regional practice patterns – and explain how they differ from national protocols?*

The colorectal screening guidelines (included in Attachment 4) differ from national protocols in that Brown & Toland physicians can choose any of the recommended tests that have been proven to be effective screens. Most medical groups do not allow colonoscopies unless the patient is at high risk for developing colon cancer.

As to Brown & Toland's HIV guidelines (also included in Attachment 4), Brown & Toland is a leader in developing guidelines for new treatments. For instance, the guidelines developed for T-20 ensure appropriate use of this high cost drug. Following Brown & Toland's lead, these guidelines have been subsequently adopted across California by multiple health plans for the treatment and coverage of this drug.

# ATTACHMENT 1



## Section 4.6

### PPO Claims Data Submission

PPO participating physicians are required to submit copies of BTMG contracted PPO claims to BTMG, as required in the PPO Physician Agreement Amendment. **BTMG does not pay these PPO claims. BTMG contracted PPOs pay claims directly to physicians. Original claims need to be sent to PPOs for payment.**

Although BTMG does not pay these claims, the data from PPO claims will allow BTMG to report clinical and utilization data and provide PPO physicians with consolidated information to coordinate and improve quality of care to patients. The reports will identify patients that may be in need of case management, disease management programs or preventive screenings. The claims data will also be used to identify quality indicators and peer comparisons that will be reported back to physicians.

PPO participating physicians may submit electronic or paper copies of their PPO claims to BTMG. Please follow the directions for PPO claims submission that are applicable to your office. Please contact PPO staff listed in Section I.1 with any questions regarding your submission type. The types of claims submission are the following:

Direct Electronic Submission: If your office or billing service submits electronic HMO claims directly to BTMG, please instruct your billing staff or billing service to also submit copies of BTMG contracted PPO claims electronically to BTMG.

ProxyMed Clearinghouse Electronic Submission: If you submit claims through ProxyMed or use a billing service that uses ProxyMed for payment, ProxyMed

will submit copies of your BTMG contracted PPO claims to BTMG on your behalf.

Web-Based Electronic Submission: Web-based electronic submission of PPO claims is available for most offices that use Medical Manager or Mysis as their practice management system. If you have a web-based submission in place, you should have a complete set of technical instructions from BTMG. Please forward copies of BTMG contracted PPO claims to BTMG when you send originals to contracted PPOs for payment.

Paper Copy Submission: If you are unable to submit copies electronically, you may submit paper copies of all BTMG contracted PPO claims on original CMS 1500 form (the red forms). Most software systems allow individuals to print multiple copies of their CMS 1500 forms. Please follow the process for doing so on your practice management system. If you are unable to reproduce paper claims on original CMS 1500 forms, please contact your practice management system office for instructions. If your system is unable to produce copies, you may send photocopies of the claims. Please note that the PPO claims submission address is different than the HMO address. Please send copies of PPO claims, as frequently as you do in your normal business practice, to:

**BTMG PPO  
P.O. Box 649006  
San Francisco, CA 94164**

Please do not fax claims to BTMG.



**BROWN & TOLAND**  
MEDICAL GROUP

**Action Required!**  
**PPO Physician Agreement Amendment**  
**PLEASE SIGN TODAY!**

September 10, 2003

Dear BTMG PPO Participating Physician:

The deadline for submitting the **BTMG PPO Physician Agreement Amendment** was **August 22, 2003**. You have been sent this fax because we have not received signed copies of the PPO Physician Agreement Amendment that were mailed to your office last month. If you need us to send two blank copies of the amendment for your signature, please contact the PPO staff below.

Please note that the amendment allows BTMG to offer an enhanced PPO product, effective **October 1, 2003**. The amendment also includes an important HIPAA Addendum, which satisfies HIPAA privacy requirements for BTMG PPO physicians who are covered entities.

The expanded BTMG PPO program was reviewed at the PPO meetings held last month. If you were unable to attend one of the meetings, please call the PPO staff listed below if you are interested in scheduling a meeting in your office.

Hallie Holtzman, Director PPO	(415) 972-4290
Dewey Chi	(415) 972-4291
Ann Trimbach	(415) 972-4292

Please sign both copies of the enclosed amendment and send both originals back to BTMG before October 1, 2003. We will countersign the amendments and return one original to you.

Sincerely,

Hallie Holtzman  
Director, PPO Network Management

cc: Kelly Robison, Vice President Medical Group Services  
BTMG PPO Advisory Group



**BROWN & TOLAND**  
MEDICAL GROUP

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*Via Broadcast Fax*

November 21, 2003

Dear BTMG PPO Participating Physician:

As you may be aware, Brown & Toland Medical Group sent to you an Amendment to the Brown & Toland Medical Group PPO Physician Agreement in August, and asked that you sign and return it by October 1, 2003. Unfortunately, our records indicate that we have not received your signed amendment regarding BTMG's PPO program enhancements. As we announced on October 15th, the deadline for submission to us was extended. However, at this point we cannot extend the deadline any further. Therefore, we must receive signed copies of your PPO amendment by November 25th. If we do not receive the amendment by that date, you will no longer be able to participate in BTMG's PPO physician network and BTMG will forward a termination letter to your attention to confirm this action.

We would prefer not to have to take such action and therefore hope to receive your signed amendment by November 25, 2003. If you have any questions regarding the amendment or need additional copies sent to your office, please contact the PPO department at BTMG, as follows:

Dewey Chi	(415) 972-4291
Ann Trimbach	(415) 972-4292

Thank you very much for your support and we hope that you will continue participating in the Brown & Toland PPO program.

Sincerely,

Lin Ho, MD  
President and Chairman of the Board



**PLEASE READ!**  
**PPO Claims Submission**

November 26, 2003

Dear BTMG PPO Participating Physician:

Thank you for signing and returning your BTMG PPO amendment. Many BTMG PPO participating physicians have begun submitting copies of their BTMG contracted PPO claims to BTMG. BTMG has implemented this program in order to enhance our PPO clinical program. The data from these PPO claims will allow BTMG to report clinical and utilization data and provide PPO physicians with consolidated information to coordinate and improve the quality of care for our PPO patients. The reports will identify patients that may be in need of case management, disease management programs or preventive screenings. The claims data will also be used to identify possible quality indicators and peer comparisons. Clinical reports will be distributed to PPO participating physicians in early 2004.

You are reminded of the requirement to submit copies of contracted PPO claims to BTMG, effective October 1, 2003. Physicians may submit electronic or paper copies of their PPO claims to BTMG. If your office uses ProxyMed as a clearinghouse, ProxyMed will submit electronic copies of PPO claims directly to Brown & Toland on your behalf. If you are sending paper copies of PPO claims, please send copies of the original HCFA paper to:

**BTMG PPO**  
**P.O. Box 649006**  
**San Francisco, CA 94164**

BTMG will not be paying these PPO claims. Contracted PPOs will continue to pay claims directly to BTMG physicians and therefore original claims should be sent to PPOs for payment as usual. BTMG PPO physicians are now participating in seven BTMG PPO group contracts: Aetna, BCE Emergis, CIGNA, Health Net, PacifiCare, One Health Plan/Great West Healthcare and Multiplan. Copies of claims sent to these PPOs or their payors should be sent to BTMG:

- ✓ Aetna PPO
- ✓ BCE Emergis including the following networks:
  - Emergis
  - ADMAR
  - Benefit Panel Services (BPS)
  - ProAmerica Managed Care
  - United Payors and United Providers
  - Health Network ProAmerica Midwest (HNI)
  - Medical Network Incorporated (MNI)
  - Florida Health (Sun Health)
  - ForMost
- ✓ CIGNA PPO
- ✓ Health Net PPO
- ✓ Multiplan PPO
- ✓ One Health Plan/Great West Healthcare PPO
- ✓ PacifiCare PPO

If you have any questions about PPO claims submission, please call Dewey Chi at 415 972-4291 or Ann Trimbach at 415 972-4292.

Sincerely,

Kelly Robison  
Vice President, Medical Services

July 1, 2004

Dear:

The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

Our records indicate that we have provided you with several reminders but we have not received any claims data from you to date. BTMG's PPO staff has tried to contact you regarding this issue over the past three weeks, but has been unsuccessful.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.) Please note that you will continue to submit claims directly to the PPOs for payment, but you must also submit copies of the claims to BTMG.

Obtaining PPO claims data from BTMG PPO participating physicians, including you, is a key aspect of BTMG's ability to offer its physicians a PPO product. The data is used for Utilization Management and Quality Improvement reporting focused on improving patient care and office administration. Again, BTMG must limit participation in its PPO network to those physicians who comply with the terms of their agreement and submit claims data for BTMG contracted PPOs. BTMG must enforce this requirement by terminating any physician who does not comply by August 31, 2004.

Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to confirm your claims data submission methodology and timeline. If you are interested in learning more about ProxyMed, with whom we have a direct arrangement and can access copies of your PPO claims electronically without involving your office, please sign and fax back the attached form. BTMG is available to assist your office in implementing the process. Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure



**BROWN & TOLAND**  
MEDICAL GROUP

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Please review and sign off on the attached form and return via facsimile to BTMG's PPO Department at 415-972-4289 by August 31, 2004.

- I would like more information regarding ProxyMed and its services. Please contact:

Contact person: Physician/Office Manager/Biller

Physician name:

Phone number:

- I would like to convert to ProxyMed. Please contact:

Contact person: Physician/Office Manager/Biller

Physician name:

Phone number:

- I am not interested in ProxyMed and will begin submitting paper claims no later than 8/31/2004.

\_\_\_\_\_  
Physician Signature

\_\_\_\_\_  
Date

July 1, 2004

Dear:

The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

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**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.) Please note that you will continue to submit claims directly to the PPOs for payment, but you must also submit copies of the claims to BTMG.

Obtaining PPO claims data from BTMG PPO participating physicians, including you, is a key aspect of BTMG's ability to offer its physicians a PPO product. The data is used for Utilization Management and Quality Improvement reporting focused on improving patient care and office administration. Again, BTMG must limit participation in its PPO network to those physicians who comply with the terms of their agreement and submit claims data for BTMG contracted PPOs. BTMG must enforce this requirement by terminating any physician who does not comply by August 31, 2004.

Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to confirm your claims data submission methodology and timeline. If you are interested in learning more about ProxyMed, with whom we have a direct arrangement and can access copies of your PPO claims electronically without involving your office, please sign and fax back the attached form. BTMG is available to assist your office in implementing the process. Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure





**BROWN & TOLAND**  
MEDICAL GROUP

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- I would like more information regarding ProxyMed and its services. Please contact:

Contact person: Physician/Office Manager/Biller

Physician name:

Phone number:

- I would like to convert to ProxyMed. Please contact:

Contact person: Physician/Office Manager/Biller

Physician name:

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- I am not interested in ProxyMed and will begin submitting paper claims no later than 8/31/2004.

\_\_\_\_\_  
Physician Signature

\_\_\_\_\_  
Date

July 1, 2004

Dear:

The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

Our records indicate that we have provided you with several reminders but we have not received any claims data from you to date. We understand from a conversation involving BTMG's PPO staff and your office that you that your office does not intend to provide us with this required information.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.)

Obtaining PPO claims data from BTMG PPO participating physicians, including you, is a key aspect of BTMG's ability to offer its physicians a PPO product. The data is used for Utilization Management and Quality Improvement reporting focused on improving patient care and office administration. Again, BTMG must limit participation in its PPO network to those physicians who comply with the terms of their agreement and submit claims data for BTMG contracted PPOs. BTMG must enforce this requirement by terminating any physician who does not comply by August 31, 2004.

Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to discuss your claims data submission methodology and timeline. If you are interested in learning more about ProxyMed, with whom we have a direct arrangement and can access copies of your PPO claims electronically without involving your office, please sign and fax back the attached form. BTMG is available to assist your office in implementing the process. We must reiterate, however, that if your office declines to submit its PPO claims data by the date specified above, we will be compelled to discontinue your participation in BTMG's PPO program.

Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure

July 1, 2004

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The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

Our records indicate that we have provided you with several reminders but we have not received any claims data from you to date. We understand from a conversation involving BTMG's PPO staff and your office that you are interested in learning more about ProxyMed. BTMG has a direct arrangement with ProxyMed and can access copies of your PPO claims electronically without involving your office. Please sign and fax back the attached form so that we may contact you to discuss in further detail. BTMG is available to assist your office in implementing the process. If you are not interested in converting to ProxyMed, please note that you must submit copies of your PPO claims via paper.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.) Please note that you will continue to submit claims directly to the PPOs for payment, but you must also submit copies of the claims to BTMG.

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If you are no longer interested in ProxyMed, please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to confirm your claims data submission methodology and timeline. Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure

July 1, 2004

Dear:

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Our records indicate that we have provided you with several reminders but we have not received any claims data from you to date. We understand from a conversation involving BTMG's PPO staff and your office that you are interested in pursuing resolution through your current billing system, Misys. If however, a solution cannot be implemented, and if are not interested in converting to ProxyMed, please note that you must submit copies of your PPO claims via paper.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.) Please note that you will continue to submit claims directly to the PPOs for payment, but you must also submit copies of the claims to BTMG.

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Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to confirm your claims data submission methodology and timeline. Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure

Confidential: U.S. Certified Mail

August 5, 2004

Important Second Notice

Dear:

The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

We understand from a conversation involving BTMG's PPO staff and your office that you have agreed to submit copies of your PPO claims via paper. Our records indicate that we have provided you with several reminders, including a formal notice dated July 1, 2004, but we have not received any claims data from you to date.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.) Please note that you will continue to submit claims directly to the PPOs for payment, but you must also submit copies of the claims to BTMG.

Obtaining PPO claims data from BTMG PPO participating physicians, including you, is a key aspect of BTMG's ability to offer its physicians a PPO product. The data is used for Utilization Management and Quality Improvement reporting focused on improving patient care and office administration. Again, BTMG must limit participation in its PPO network to those physicians who comply with the terms of their agreement and submit claims data for BTMG contracted PPOs. BTMG must enforce this requirement by terminating any physician who does not comply by August 31, 2004.

Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to confirm your claims data submission methodology and timeline. If you are interested in converting to ProxyMed, with whom we have a direct arrangement and can access copies of your PPO claims electronically without involving your office, please sign and fax back the attached form. BTMG is available to assist your office in implementing the process. Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure



**BROWN & TOLAND**  
MEDICAL GROUP

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Please review and sign off on the attached form and return via facsimile to BTMG's PPO Department at 415-972-4289 by August 31, 2004.

- I would like to convert to ProxyMed. Please contact:

Contact person: Physician/Office Manager/Biller

Physician name:

Phone number:

- I am not interested in ProxyMed and will begin submitting paper claims no later than 8/31/2004.

\_\_\_\_\_  
Physician Signature

\_\_\_\_\_  
Date

Confidential: U.S. Certified Mail

August 5, 2004

Important Second Notice

Dear:

The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

Our records indicate that we have provided you with several reminders, including a formal notice dated July 1, 2004, but we have not received any claims data from you to date. We understand from a conversation involving BTMG's PPO staff and your office that you that your office does not intend to provide us with this required information.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.)

Obtaining PPO claims data from BTMG PPO participating physicians, including you, is a key aspect of BTMG's ability to offer its physicians a PPO product. The data is used for Utilization Management and Quality Improvement reporting focused on improving patient care and office administration. Again, BTMG must limit participation in its PPO network to those physicians who comply with the terms of their agreement and submit claims data for BTMG contracted PPOs. BTMG must enforce this requirement by terminating any physician who does not comply by August 31, 2004.

Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to discuss your claims data submission methodology and timeline. If you are interested in learning converting to ProxyMed, with whom we have a direct arrangement and can access copies of your PPO claims electronically without involving your office, please sign and fax back the attached form. BTMG is available to assist your office in implementing the process. We must reiterate, however, that if your office declines to submit its PPO claims data by the date specified above, we will be compelled to discontinue your participation in BTMG's PPO program.

Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure

**Confidential: U.S. Certified Mail**

August 5, 2004

**Important Second Notice**

Dear:

The purpose of this letter is to remind you of an important requirement that applies to all BTMG PPO participating physicians. Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment, requires all PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs, as of October 1, 2003.

Our records indicate that we have provided you with several reminders, including a formal notice dated July 1, 2004, but we have not received any claims data from you to date. BTMG's PPO staff has tried to contact you regarding this issue over the past two months, but has been unsuccessful.

**Your immediate compliance with this process is important to the success of BTMG's clinical integration program and is a requirement for your continued participation in BTMG's PPO contracts.** (For a list of BTMG contracted PPOs, please refer to Section VI of your PPO Physician Handbook. For information on the claims submission process, please refer to Section 4.6.) Please note that you will continue to submit claims directly to the PPOs for payment, but you must also submit copies of the claims to BTMG.

Obtaining PPO claims data from BTMG PPO participating physicians, including you, is a key aspect of BTMG's ability to offer its physicians a PPO product. The data is used for Utilization Management and Quality Improvement reporting focused on improving patient care and office administration. Again, BTMG must limit participation in its PPO network to those physicians who comply with the terms of their agreement and submit claims data for BTMG contracted PPOs. BTMG must enforce this requirement by terminating any physician who does not comply by August 31, 2004.

Please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291 to confirm your claims data submission methodology and timeline. If you are interested in converting to ProxyMed, with whom we have a direct arrangement and can access copies of your PPO claims electronically without involving your office, please sign and fax back the attached form. BTMG is available to assist your office in implementing the process. Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure



Confidential: Sent via U.S. Certified Mail

August 16, 2004

Re: Declaration Notice – No Volume of PPO claims

Dear Dr. [REDACTED]

Thank you for your continued interest and support of Brown & Toland's PPO Program. We are writing to follow up on a discussion that our PPO staff recently had with your office regarding your submission of PPO claims. As you may recall, Section 4.3 of the BTMG PPO Physician Agreement requires PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs (effective as of October 1, 2003). However, our records indicate that we have not received any such claims from you. Therefore, a member of Brown & Toland's PPO staff contacted you to determine if there was a problem or reason for the lack of claims from your office.

Based on that discussion, it is our understanding that you have not submitted any PPO claims because you have not provided services to any patients covered by a Brown & Toland contracted PPO plan during the relevant time period (that is, since October 1, 2003). So that you may be considered to be in compliance with Section 4.3 of your Brown & Toland PPO Physician Agreement, we ask that you sign the attached Declaration Notice. As you will see, this Declaration Notice documents (1) the reason why Brown & Toland has no PPO claims from you, and (2) acknowledgement of your ongoing duty to comply with the contractual PPO claims submission requirement.

Please sign the Declaration Notice, and return it to Brown & Toland by **Friday August 20, 2004** to ensure that you remain a part of Brown & Toland's PPO physician network. If you have any questions regarding the Declaration Notice or Brown & Toland's PPO Program, please contact Ann Trimbach, PPO Specialist at (415) 972-4292 or Dewey Chi, PPO Specialist at (415) 972-4291.

Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure

Confidential: Sent via U.S. Certified Mail

September 10, 2004

**Re: Declaration Notice – Physician Practice Solutions (“PPS”) Product**

Dear Dr. :

We are writing to follow up on a discussion that Brown & Toland PPO staff recently had with your office regarding your submission of claims for Brown & Toland contracted PPOs. As you may recall, Section 4.3 of the Brown & Toland PPO Physician Agreement requires PPO participating physicians to submit claims to Brown & Toland for Brown & Toland contracted PPOs (effective as of October 1, 2003). However, our records indicate that we have not received any such claims from you. Therefore, a member of Brown & Toland’s PPO staff contacted you to determine the reason for the lack of claims submitted from your office.

Based on that discussion, it is our understanding that you have been unable to submit such claims to Brown & Toland since October 1, 2003 either through hard copy or a third party billing service, and that you are committed to subscribing to and utilizing Brown & Toland’s new Physician Practice Solutions (“PPS”) product as a means of satisfying the PPO claims submission requirement. So that you may be considered to be in compliance with Section 4.3 of your Brown & Toland PPO Physician Agreement, we ask that you sign the attached Declaration Notice. As you will see, this Declaration Notice documents (1) the reason why Brown & Toland has no PPO claims from you, and (2) acknowledgement of your commitment to subscribe to and utilize Brown & Toland’s new PPS product which will include the electronic submission of claims for services you provide to patients through Brown & Toland contracted PPOs.

Please sign the Declaration Notice, and return it to Brown & Toland by **Friday September 17, 2004** to ensure that you remain a part of Brown & Toland’s PPO physician network. If you have any questions regarding the Declaration Notice or Brown & Toland’s PPO Program, please contact Ann Trimbach, PPO Specialist at (415) 972-4292 or Dewey Chi, PPO Specialist at (415) 972-4291.

Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure

DECLARATION OF [REDACTED] M.D.

1. I am a physician, licensed and practicing in the state of California, and I am credentialed with Brown & Toland Medical Group ("Brown & Toland").
2. As a Brown & Toland credentialed physician, I participate in both HMO and PPO products through Brown & Toland.
3. In order to participate in PPO products through Brown & Toland, I have entered into a PPO Physician Agreement with Brown & Toland.
4. I am aware that under Section 4.3 of my Brown & Toland PPO Physician Agreement, I am required to submit copies of my PPO claims to Brown & Toland, and that this requirement has been in effect since October 1, 2003.
5. From the period of October 2003 through August 2004, I acknowledge that I received four written reminders [October 15, 2003, November 26, 2003, July 1, 2004, and August 5, 2004] as well as other verbal discussions during that time period, of my contractual requirement to submit copies of my PPO claims.
6. I have not submitted any such claims to Brown & Toland because I have not treated any PPO patient covered by a Brown & Toland contracted PPO plan since October 1, 2003.
7. In the event that I treat any PPO patients covered by a Brown & Toland contracted plan in the future, I fully intend to meet my contractual requirement to submit a copy of such claims to Brown & Toland.

I, \_\_\_\_\_, declare under penalty of perjury that the above statements are true and correct.

Executed this \_\_\_\_ day of September, 2004 in San Francisco, California.

\_\_\_\_\_  
Signature

Confidential: Sent via U.S. Certified Mail

Important 2<sup>nd</sup> Notice

September 17, 2004

**Re: Declaration Notice – No Volume of PPO claims**

Dear Dr. [REDACTED]:

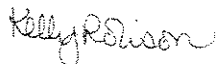
Thank you for your continued interest and support of Brown & Toland's PPO Program. We are writing to follow up on a discussion that our PPO staff recently had with your office regarding your submission of PPO claims. As you may recall, Section 4.3 of the BTMG PPO Physician Agreement requires PPO participating physicians to submit claims to BTMG for BTMG contracted PPOs (effective as of October 1, 2003). However, our records indicate that we have not received any such claims from you. Therefore, a member of Brown & Toland's PPO staff contacted you to determine if there was a problem or reason for the lack of claims from your office.

Based on that discussion, it was our understanding that you had not submitted any PPO claims because you had not provided services to any patients covered by a Brown & Toland contracted PPO plan during the relevant time period (that is, since October 1, 2003). So that you would be considered to be in compliance with Section 4.3 of your Brown & Toland PPO Physician Agreement, we sent a Declaration Notice to you on August 16, 2004 that documented (1) the reason why Brown & Toland had no PPO claims from you, and (2) acknowledgement of your ongoing duty to comply with the contractual PPO claims submission requirement.

To date, we have not received a signed copy of the Declaration Notice. Please sign the Declaration Notice, and return it to Brown & Toland by **Wednesday September 22, 2004** to ensure that you remain a part of Brown & Toland's PPO physician network. If you have any questions regarding the Declaration Notice or Brown & Toland's PPO Program, please contact Ann Trimbach, PPO Specialist at (415) 972-4292 or Dewey Chi, PPO Specialist at (415) 972-4291.

Thank you for your immediate attention to this matter.

Sincerely,



Kelly Robison  
Vice President, Medical Group Services

enclosure



**BROWN & TOLAND**  
MEDICAL GROUP

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Confidential: Sent via U.S. Certified Mail

September 22, 2004

Dear BTMG PPO Participating Provider:

Thank you for taking the time to speak with us last week regarding the PPO claims submission requirement. In our conversation, you expressed a willingness to submit copies of Brown & Toland Medical Group (BTMG) contracted PPO claims (see attached list) in order to remain in the BTMG PPO network. Based on your verbal commitment to submit claims, BTMG will extend you an additional two week time period in which to submit copies of PPO claims to BTMG.

As a reminder, you are required to submit copies of all BTMG PPO contracted claims, as described in Section 4.3 of the BTMG PPO Physician Agreement and/or PPO Physician Agreement Amendment. Please submit claims to the following address:

BTMG – PPO Claims  
P.O. Box 649006  
San Francisco, CA 94164

It is imperative that we receive claims from you by October 6, 2004. Otherwise, you will be considered out of compliance and regrettably receive a notice of termination on October 8, 2004. BTMG would like to remind you that this is not a one time submission, but an on-going process. Such on-going claims submission is important for retaining your PPO participating status.

BTMG appreciates your support of the PPO program, and in particular your efforts to cooperate with this claims submission process and therefore remain in the BTMG PPO network. Should you have any questions regarding this process, please contact either Ann Trimbach, PPO Specialist at 415-972-4292 or Dewey Chi, PPO Specialist at 415-972-4291. Thank you for your immediate attention to this matter.

Sincerely,

Kelly Robison  
Vice President, Medical Group Services

enclosure

**Confidential: U.S. Certified Mail**

October 8, 2004

[REDACTED] M.D.  
[REDACTED]

**Re: Termination Notice [Brown & Toland Medical Group PPO Physician Agreement]**

Dear Dr. [REDACTED]

Our records indicate that you entered into a PPO Physician Agreement ("Agreement") with Brown & Toland Medical Group ("BTMG"). This letter serves as formal notification that the Agreement will terminate January 8, 2005. Pursuant to Section 8.4 of the Agreement, BTMG is hereby providing you with one-hundred twenty (120) days prior notice of such termination. The reason for termination of your Agreement is set forth below.

Under Section 4.3 of the Agreement, you are required to submit copies of all BTMG PPO contracted claims. This requirement went into effect October 1, 2003. In addition to our initial communication to you on this matter approximately one year ago, BTMG has provided numerous reminder notices; most recently a final notice provided on September 22, 2004. To date, BTMG has not received any copies of PPO contracted claims from you.

Please note that termination from the PPO program does not affect your HMO status with Brown & Toland. Unless you have specified otherwise with the Brown & Toland Credentialing Department, Brown & Toland will continue to recognize you as a participating physician in its HMO network.

Therefore, as stated above, your Agreement will not be in effect after January 8, 2005. If you believe that you have received this notice in error, or if you wish to remain in the BTMG PPO program, please contact the Brown & Toland PPO Department immediately.

Dewey Chi (415) 972-4291  
Ann Trimbach (415) 972-4292

Please also note that you will need to promptly contract with the applicable PPOs to arrange an individual (direct) contract with them if you wish to see enrollees of these PPOs after your Agreement terminates. A list of these PPOs is attached.

As our PPO program continues to grow and enhance, we hope you will reconsider being a part of the PPO physician network. If you have any questions, please contact the Brown & Toland PPO Department.

Sincerely,



Lin Ho, MD  
President and Chairman of the Board

enclosure

**Confidential: U.S. Certified Mail**

October 15, 2004

[REDACTED]

**Re: Termination Notice [Brown & Toland Medical Group PPO Physician Agreement]**

Dear Dr. [REDACTED]

Our records indicate that you entered into a PPO Physician Agreement ("Agreement") with Brown & Toland Medical Group ("BTMG"). This letter serves as formal notification that the Agreement will terminate January 15, 2005. Pursuant to Section 8.4 of the Agreement, BTMG is hereby providing you with one-hundred twenty (120) days prior notice of such termination. The reason for termination of your Agreement is set forth below.

Under Section 4.3 of the Agreement, you are required to submit copies of all BTMG PPO contracted claims. This requirement went into effect October 1, 2003. In addition to our initial communication to you on this matter approximately one year ago, BTMG has provided numerous reminder notices; most recently a final declaration notice provided on September 21, 2004. To date, BTMG has not received any copies of PPO contracted claims from you.

Please note that termination from the PPO program does not affect your HMO status with Brown & Toland. Unless you have specified otherwise with the Brown & Toland Credentialing Department, Brown & Toland will continue to recognize you as a participating physician in its HMO network.

Therefore, as stated above, your Agreement will not be in effect after January 15, 2005. If you believe that you have received this notice in error, or if you wish to remain in the BTMG PPO program, please contact the Brown & Toland PPO Department immediately.

Dewey Chi (415) 972-4291  
Ann Trimbach (415) 972-4292

Please also note that you will need to promptly contract with the applicable PPOs to arrange an individual (direct) contract with them if you wish to see enrollees of these PPOs after your Agreement terminates. A list of these PPOs is attached.

As our PPO program continues to grow and enhance, we hope you will reconsider being a part of the PPO physician network. If you have any questions, please contact the Brown & Toland PPO Department.

Sincerely,



Lin Ho, MD  
President and Chairman of the Board

enclosure

# ATTACHMENT 2



**REDACTED**

# ATTACHMENT 3

**REDACTED**

# ATTACHMENT 4

**REDACTED**