



**Sutter Attestation Requirement
Fact Sheet
2/22/16**

Background

Sutter is a large and powerful health care system in the Northern CA market, largely viewed as a critical provider to have included in a carrier's health plan network. Sutter Health includes the following:

- 26 hospitals
- 21 Ambulatory surgical centers
- 13 medical groups
- 5,000+ physicians

Sutter's market share is over 35% in 8 counties and over 45% in 6 counties in northern California/Bay Area.

Sutter is able to secure significant and unique concessions in its carrier contracts due to its position in the marketplace.

As a result of a recent appellate court decision in a lawsuit filed against Sutter by a Blue Shield self-funded customer, it is our understanding that Sutter is including in all of its carrier contract renewal negotiations a requirement that carriers' self-funded customers and their delegated entities (as applicable) agree in writing to be bound to the applicable terms of the Sutter contract. Anthem's agreement with Sutter was successfully renewed 1/1/16 with this new requirement included.

Anthem must now obtain a signed attestation from (i) all California-based self-funded customers and (ii) all Anthem national accounts with 50+ members in Sutter's Northern California service area.

Who is impacted:

- California-based self-funded customers, including those with contracts for ASO, JAA/MCS and Anthem Balanced Funding
- National Accounts with 50+ members in Sutter's Northern California service area, which includes the following counties:

ALAMEDA	HUMBOLDT	NEVADA	SIERRA
ALPINE	LAKE	PLACER	SISKIYOU
AMADOR	LASSEN	PLUMAS	SOLANO
BUTTE	MARIN	SACRAMENTO	SONOMA
		SAN	
CALAVERAS	MARIPOSA	FRANCISCO	STANISLAUS
COLUSA	MENDOCINO	SAN JOAQUIN	SUTTER
CONTRA			
COSTA	MERCED	SAN MATEO	TEHAMA
DEL NORTE	MODOC	SANTA CLARA	TRINITY
EL DORADO	MONO	SANTA CRUZ	TUOLUMNE

GLENN

NAPA

SHASTA

YOLO
YUBA

What do customers need to do and by when?

1. **Sign a confidentiality agreement.** Anthem will make available a summary of the key Sutter agreement provisions as well as a copy of the agreement for our customers to review prior to signing the attestation. Self-funded customers must first sign a confidentiality agreement and return it to their account executive in order to receive a copy of either of these documents.
2. **Review the contract.** It is important that customers thoroughly understand the contract's implications.
3. **Sign the attestation.** Anthem's self-funded customers must sign an attestation to acknowledge that they will be bound to the applicable terms of the Sutter provider contract. The attestation requirement can also be satisfied by an amendment to the Anthem/customer contract with language similar to the attestation.

The deadline for existing customers (and their delegated entities) to sign the attestation depends on when the customer's plan year renews:

Renewal Month	Deadline
Jan 1, 2016	May 16, 2016
Feb 1, 2016	May 16, 2016
Mar 1, 2016	May 16, 2016
Apr 1, 2016	May 16, 2016
May 1, 2016	May 16, 2016
Jun 1, 2016	May 16, 2016
Jul 1, 2016	May 16, 2016
Jul 2, 2016	May 17, 2016
Aug 1, 2016	Jun 16, 2016
Sep 1, 2016	Jul 15, 2016
Oct 1, 2016	Aug 16, 2016
Nov 1, 2016	Sep 16, 2016
Dec 1, 2016	Oct 14, 2016
Jan 1, 2017 and beyond *	Nov 16, 2016

What is the Attestation Form?

The attestation form is a one-page document that confirms the signing self-funded group has reviewed and understands its obligations under the contract. The Sutter provider contract imposes distinctive obligations on self-funded customers that are not present in other provider relationships.

Why do customers need to do this?

Customers must sign the attestation to access the discounted rates secured in the Anthem/Sutter negotiations.

What happens if a customer does not sign the form?

Customers that do not sign this form will no longer have access to Sutter's contracted rates, and thus Sutter's claims will be handled in the same manner as claims submitted by any other non-participating provider (i.e., paid at the out-of-network benefit level in accordance with the associated benefit terms included in your plan). This may cause Sutter to bill the member for the difference between the out-of-network payment amount and Sutter's billed charges. Members are likely to remain liable up to this full billed charge amount.

Where should I go with questions?

Clients should contact their account executive with questions.

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement"), effective as of _____, 2016, is made by and between _____ ("Customer") and Blue Cross of California d/b/a Anthem Blue Cross ("Anthem").

RECITALS

WHEREAS, Anthem has entered into that certain Systemwide Agreement ("SWA") with Sutter Health ("Sutter"), wherein Anthem and Sutter agreed to arrange for the provision of certain health care services at negotiated payment rates;

WHEREAS, in order to access the negotiated rates set forth in the SWA, Anthem self-funded customers must acknowledge that they have reviewed and will abide by provisions of the SWA applicable to such customers; and

WHEREAS, Section 6.09.4 of the SWA provides that Anthem must obtain an agreement from self-funded customers to keep the SWA confidential before disclosing the SWA.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

1. Customer shall hold the SWA, and any materials, discussions, or other communications concerning the SWA, in strict confidence. Except as otherwise provided in this Agreement, Customer shall not copy, disseminate, or otherwise distribute the SWA, or any materials, discussions, or other communications related to the SWA, to any third party absent Anthem's prior written consent.
2. Notwithstanding the foregoing, should Customer reasonably determine that it must disclose the SWA pursuant to a court order or other legal proceeding, Customer shall notify Anthem prior to such disclosure and shall ensure that the receiving party keeps the SWA confidential.

Each party warrants that it has full power and authority to enter into this Agreement and the person signing this Agreement on behalf of either party warrants that he/she has been duly authorized and empowered to enter into this Agreement.

Customer

[_____]

Anthem

Blue Cross of California d/b/a Anthem Blue Cross

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**CERTIFICATION OF AGREEMENT TO BE BOUND BY TERMS OF
SYSTEMWIDE AGREEMENT**

This certifies that [ENTITY NAME] if [ENTITY NAME] participates in any network in which one or more Sutter health providers participates, [ENTITY NAME] has satisfied itself that it sufficiently understands the applicable terms of the Anthem Blue Cross of California – Sutter Health Systemwide Agreement (“SWA”) to [ENTITY] and agrees to:

- (1) Maintain the terms of the SWA in strict confidence in accordance with its confidentiality provisions; and
- (2) Be bound to the applicable terms of the SWA, including, without limitation, the Dispute Resolution provision (Section 6.06 of the SWA) and the Dispute Resolution and Binding Arbitration Process (Exhibit 13 of the SWA), and the obligation to pay interest on late payment of claims; and
- (3) Arbitrate all disputes with Sutter as provided in the Dispute Resolution provision of Section 6.06 and the Dispute Resolution and Binding Arbitration Process in Exhibit 13 in lieu of any litigation in any court; and
- (4) Appoint Company as its agent for the purpose of negotiating amendments to the SWA until [ENTITY] provides written notice to Sutter Health, Vice President and Chief Contracting Officer, that such agency is revoked.

The undersigned is authorized to execute this Certification on behalf of [ENTITY].

[NAME] [TITLE]

Date

Anthem recently announced the renewal of its provider contract with Sutter Health. As an ASO, JAA/MCS or Anthem Balanced Funding customer impacted by the Anthem-Sutter relationship, we are communicating with you about some important changes to the contract, including a requirement that your group sign a newly required attestation form.

Background

As a result of a recent appellate court decision in a lawsuit filed against Sutter by a Blue Shield self-funded customer, Sutter is requiring Anthem's self-funded customers and their delegated entities (as applicable) to agree in writing to comply with the applicable terms of the Sutter contract. It is our understanding that Sutter will be requiring the attestations from all of its contracted insurers and rental networks, not just Anthem.

Anthem is now required to obtain a signed attestation from (i) all California-based self-funded customers and (ii) all Anthem national accounts with 50+ members in Sutter's Northern California service area.

What Obligations does the Sutter Contract Impose on Self-Funded Groups?

Unlike most provider contracts that Anthem signs, the Sutter contract requires both Anthem and self-funded groups to comply with a number of unique provisions relating to dispute resolution, claims payments, utilization management, coordination of benefits, network development and channeling and other items. While the attestation requirement is new, most of the other requirements were present in prior Sutter contracts. Sutter will allow us to provide you with a copy of the Sutter contract, but only after you have agreed in writing to keep it confidential. Attached to this letter you will find a Confidentiality Agreement asking you to agree to hold the Sutter contract, along with any communications related to the Sutter contract, in strict confidence. Please be sure to return a signed Confidentiality Agreement to your Anthem Account Executive at your earliest convenience; failing to do so will limit the amount of time that you will have to review the Sutter contract.

Once we have a signed Confidentiality Agreement from you, we can provide you with a copy of the contract and a summary of some of the significant provisions in the contract. It is important that you thoroughly understand the contract's implications. Anthem is ready to answer any questions you have about the contract before you sign the attestation form. Please contact your Anthem account management executive for answers on this issue.

What is the Attestation Form?

The attestation form is a one-page document included as an attachment to this letter that confirms the signing self-funded group has reviewed and understands its obligations under the contract. The Sutter provider contract imposes distinctive obligations on self-funded customers that are not present in other provider relationships.

As a Self-Funded Anthem Customer, do I Have to Sign the Attestation Form?

Anthem's self-funded customers must sign to acknowledge that they will comply with the applicable terms of the Sutter provider contract. The attestation requirement can also be satisfied by an amendment to the Anthem/customer contract with language similar to the attestation.

What Happens if I Don't Sign the Attestation Form?

In order to access the discounted rates in the Sutter provider contract, all existing self-funded customers (and any delegated entities, if applicable) will be required to sign the attestation at some point in 2016. Customers that do not sign this form will no longer have access to Sutter's contracted rates, and thus Sutter's claims will be handled in the same manner as claims submitted by any other non-participating provider (i.e., paid at the out-of-network benefit level in accordance with the associated benefit terms included in your plan). This may cause Sutter to bill the member for the difference between the out-of-network payment amount and Sutter's billed charges. Members are likely to remain liable up to this full billed charge amount.

The deadline for existing customers (and their delegated entities) to sign the attestation depends on when the contract with Anthem renews:

- If the contract renewal date is between January 1, 2016 and June 30, 2016, then the attestation must be signed by May 16, 2016.
- If the contract renewal date is July 1, 2016 or later, then the attestation must be signed the earlier of 45 days prior to the date on which the contract renews or November 15, 2016.
-

Your Anthem account management executive is ready to help with any questions you have on the Sutter contract, its new provisions and the attestation form.

Thank you for your continued business.

Anthem National Accounts

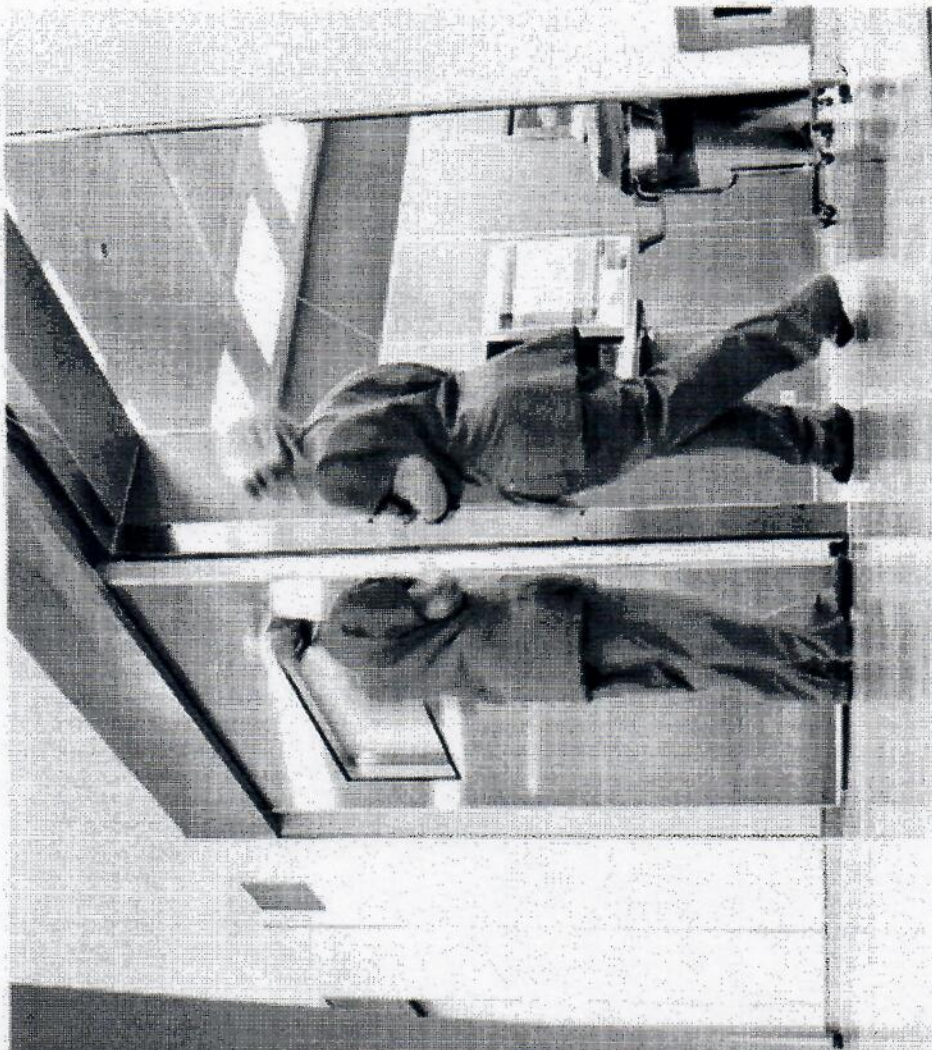
Attachments

CAG

Client
Advisory
Group

Sutter Attestation

Perry Pogany
VP, Account Management



Anthem.
National Accounts

Who is Sutter Health

Service Area includes 21 counties in Northern CA

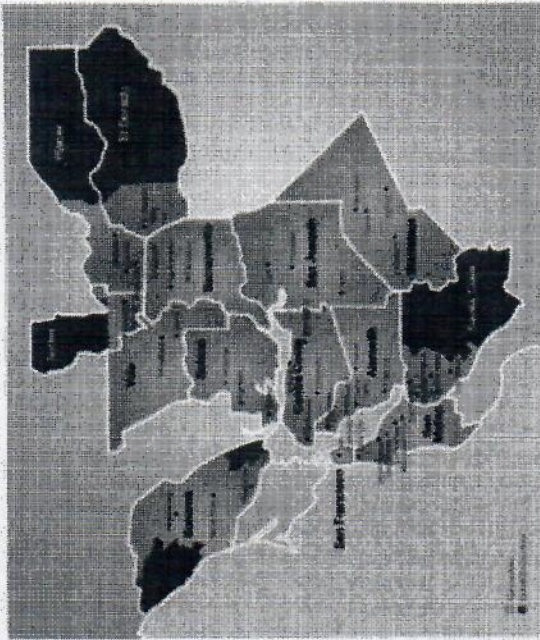
- 26 Hospitals
- 21 Ambulatory Surgical Centers
- 13 Medical Groups
- 5,000+ Physicians

Dominant System in Northern CA

- Sutter represents 28% of Anthem's total spend in Sutter's 21 county service area (proxy for market share)
- Sutter's market share is over 35% in 8 counties and over 45% in 6 counties

Resulting Dynamics

- Sutter is able to secure significant and unique concessions in its carrier contracts due to its position in Northern CA
- CA Attorney General, Federal Trade Commission and Department of Justice Investigations have resulted in no action – 1999 and 2014
- CA regulators (DMHC and DOI) unlikely to approve terminations due to access issues and member disruption



* Map does not show all impacted counties. Full list of counties is available by request.



Why and Who Impacted

Why:

- Lawsuit filed against Sutter by a self-funded customer, which Sutter believed it could force into arbitration because of a contract provision in its agreements with carriers.
- The courts ruled that self-funded customers who are not aware of the requirement to arbitrate with Sutter could not be compelled to arbitrate.
- As a result, Sutter will now require self-funded customers and their delegated entities (as applicable) to agree in writing that they will be bound with all applicable terms of the Sutter contract.

Who is impacted:

- California-based self-funded customers and National Accounts with 50+ members in Sutter's Northern California service area*

Next Steps

1. Sign Confidentiality Agreement in order to receive a prepared summary of key Sutter agreement provisions
2. Review agreement documents
3. Sign attestation or notify Anthem of intent not to sign
 - By May 16, 2016 if plan renewal dates are 1/1/16 – 7/1/16
 - By the earlier of 45 days before plan renewal date or 11/15/16 if that renewal date is 7/2/16 or later