

April 22, 2004

Re: Pennsylvania Orthopaedic Society, *et. al.* v. IBC, *et. al.*
December Term, 2002, No. 0002

Robert P. Good, M.D., *et. al.* v. IBC, *et. al.*
December Term, 2002, No. 0005

John R. Gregg, M.D., *et. al.* v. IBC, *et. al.*
December Term, 2000, No. 03482

Dear Class Member,

This Court is presently handling the class actions and settlements in the above-captioned matters. On June 19, 2003, this Court ordered that notice concerning this class action and settlement be given to class members. Any class member who wished to be excluded from the class had to file an exclusion request with the law firms of Berger & Montague or Billet & Connor by August 1, 2003. According to the records reviewed by this Court, you filed such an exclusion request.

This Court has now determined that during the first notice and opt-out period -- from June 19, 2003 through August 1, 2003 -- while there may have been some communications about the settlement that were fair and accurate, there were a significant number of misleading and inaccurate communications with class members by various plaintiffs' attorneys and law firms opposing the settlement. These plaintiffs' attorneys and law firms were not appointed by the Court to represent class members in these class actions and settlements. State, county and other medical associations also made misleading and inaccurate statements. The misleading and inaccurate communications, which included both direct mailings, faxes, websites, and website links, urged class members to file forms excluding themselves from the class. These communications were not authorized by the Court and the Court has found that they are likely to have influenced many decisions to file exclusion requests.

Because of these faulty communications to class members, this Court has ordered that original exclusion requests (including yours) are void, and has ordered a second notice and opt-out period for class members who filed those exclusion requests. **Accordingly, you must file a second exclusion request if you still want to be excluded from this class action and settlement.**

You should also note that, based on testimony of witnesses and submissions and objections in a lengthy fairness hearing conducted on August 21-22, 2003, this Court approved the settlement as fair and reasonable to the class as a whole. A copy of the Court's April 22, 2004 Findings of Fact, Discussion and Conclusions of Law, and Order

are available on the court's website, <http://courts.phila.gov/opinions.html> (select Commerce Program from dropdown menu). This decision will be subject to appeal, and is not final until all appeals, if any, are resolved. You should also note that there were a number of objections to the settlement during the course of the hearing. The Court considered the objections but did not find them meritorious. However, you may find some of the objections apply to your individual circumstances. You are free to consider these objections as well as the Court's approval of the settlement in making your decision of whether or not to request exclusion from the class.

Also enclosed are the new Court-approved notice materials explaining this class action and the settlement. You should read all of these materials carefully before deciding how to proceed. If, after reading the enclosed materials, you decide that you wish to remain in the class, you need do nothing more at this time. If you decide that you wish to exclude yourself from the class, you must once again sign and return to class counsel a letter requesting your exclusion from the class in accordance with the opt-out procedures mailed with the notice and that are also enclosed herewith. To be effective, the exclusion request must be sent by U.S. first class mail and postmarked by the U.S. postal service (and not by any privately owned and/or operated postage meters) no later than June 9, 2004 and signed by you. Individuals must sign the exclusion requests personally.

You should also be aware that the Court has temporarily restrained communications with class members concerning the Pennsylvania Class Action Settlement unless a proposed communication is approved by the Court. The Court has done so to provide class members with the opportunity to decide whether to participate in the settlement free of any further improper communications. If you receive any communications concerning the Class Action Settlement, you are asked to report it to class counsel, who are identified in the attached notice materials. Please note the Court has not restrained communications from or with your class counsel.

If you have any questions about this letter, the enclosed notice materials, or this class action and settlement, you should contact your own attorney, or the Court-appointed attorney for the class. Class counsel's names and addresses are included in the enclosed notice materials.

/AWS

Albert W. Sheppard, Jr.
Judge, Commerce Program
Court of Common Pleas
Philadelphia County

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA

CIVIL TRIAL DIVISION

JOHN R. GREGG, M.D. and VINCENT J. : December Term, 2000
DiSTEFANO, M.D., on behalf of themselves : No. 03482
and all others similarly situated, :

Plaintiffs, :

v. :

INDEPENDENCE BLUE CROSS, *et. al.* :

Defendants. :

ROBERT P. GOOD, M.D., on behalf of : December Term, 2002
himself and all others similarly situated, : No. 00005

Plaintiffs, : **(Lead Case)**

v. :

INDEPENDENCE BLUE CROSS, *et. al.* :

Defendants. :

PENNSYLVANIA ORTHOPAEDIC SOCIETY, : December Term, 2002
on behalf of its members and all other : No. 00002
similarly situated individuals, :

Plaintiffs, :

v. :

INDEPENDENCE BLUE CROSS, *et. al.*, :

Defendants. :

SECOND NOTICE OF CLASS ACTION SETTLEMENT

TO: ALL PROVIDERS WHO SUBMITTED CLAIMS FOR REIMBURSEMENT TO INDEPENDENCE BLUE CROSS, QCC INSURANCE COMPANY, KEYSTONE HEALTH PLAN EAST, INC., AMERIHEALTH HMO, INC., AMERIHEALTH, INC., AMERIHEALTH HMO, INC. NEW JERSEY OR AMERIHEALTH INSURANCE COMPANY OF NEW JERSEY (collectively "INDEPENDENCE BLUE CROSS") BETWEEN JANUARY 1, 1993 AND THE DATE OF FINAL JUDICIAL APPROVAL OF THE CLASS ACTION SETTLEMENT.

PLEASE READ THIS ENTIRE NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY THE PROPOSED SETTLEMENT OF THIS CLASS ACTION.

This Second Notice of a class action settlement is given pursuant to Pennsylvania Rules of Civil Procedure 1712(c) and 1713(a). The purposes of this Notice are to (1) inform you that the Court has approved a settlement between the Pennsylvania Orthopaedic Society, Provider Class Representatives, and Independence Blue Cross, its subsidiaries, affiliates and related entities ("Independence Blue Cross"), and determined that is fair and reasonable to the class as a whole; and (2) advise you that the Court, as a result of unauthorized, misleading and inaccurate communications that urged you to opt-out of the settlement, has required that you receive this court-approved Second Notice and once again decide whether you wish to participate in the settlement. **IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU ARE NOT REQUIRED TO DO ANYTHING.**

FAIRNESS HEARING APPROVING SETTLEMENT

The Court, based on the testimony of witnesses, submissions and objections in a lengthy fairness hearing conducted on August 21-22, 2003, approved a settlement of these actions as fair and reasonable to the class as a whole. A copy of the Court's April 22, 2004 Findings of Fact, Discussion and Conclusions of Law, and Order approving the

settlement are available on the court's website, <http://courts.phila.gov/opinions.html> (select Commerce Program from dropdown menu).

The approved Settlement is between Independence Blue Cross and a class of all Providers (e.g., all physicians, health care providers, group practices and/or any individual or group) who submitted claims for payment or reimbursement for medical services, procedures and/or products to Independence Blue Cross at any time during the period January 1, 1993 to the date of Final Judicial Approval, and who have been, claim to have been, and/or may have been denied payment or reimbursement or have, claim to have, and/or may have received reduced payment or reimbursement, including but not limited to, all claims for downcoding and/or bundling. The term "Providers" does not include hospitals. This litigation challenged certain Independence Blue Cross policies and procedures in the areas of payment, reimbursement, fee disclosure, claims processing and dispute resolution.

As part of the approved Settlement, Independence Blue Cross has agreed to address providers' concerns, simplify and streamline the reimbursement process for providers, and will result in additional reimbursement to providers, with an estimated financial impact in excess of \$40 million in additional claims payments to providers over the next two years following Final Judicial Approval. Under the agreement, IBC will:

- Disclose to providers the standard fee schedules, and changes in fee schedules, that are applicable to the provider's specialty,
- Disclose policies or procedures that may impact the payment or reimbursement that a provider receives for services rendered,
- Process claims in accordance with established standards in various areas, including multiple surgery, radiologic guidance during a procedure, and certain claim specific modifiers used in billing,

- Replace the Independent Procedure designation with the separate procedure designation of the Current Procedural Terminology, and
- Establish a formal resolution process for provider payment disputes.

The changes in payment processing and dispute resolution will be continued for a period of two years from the date of Final Judicial Approval, with a phase in over that time period. IBC shall not be required to continue to provide disclosure after two years to the extent the Court finds that doing so would be inconsistent with IBC's business requirements or any controlling authority or requirement, including administrative, governmental or judicial authorities or requirements.

You may access further information about the settlement at www.ibx.com or www.paorthosociety.org or use the resources described below.

There were a number of objections to the settlement during the course of the fairness hearing. As set forth in the Findings of Fact, Discussion and Conclusions of Law, found at <http://courts.phila.gov/opinions.html> (select Commerce Program from dropdown menu) the Court considered these objections but did not find them meritorious. However, you may find some of the objections apply to your individual circumstances. You may consider these objections as well as the Court's approval of the settlement in making your decision of whether or not to participate in the settlement.

CORRECTIVE ACTIONS TAKEN BY THE COURT

If you received this Second Notice, then the Court has determined that your decision to opt-out of the settlement may have been improperly affected by misleading and inaccurate communications concerning the settlement from certain plaintiffs' lawyers (who were not class counsel in these lawsuits), their law firms and state medical societies. Because of these faulty communications to class members, this

Court has ordered that original exclusion requests (including yours) are void, and has ordered a second notice and opt-out period for class members who filed those exclusion requests. **Accordingly, you must file a second exclusion request if you still want to be excluded from this class action and settlement.**

You should also be aware that the Court has temporarily restrained communications with class members concerning the settlement and/or communications that urge them to opt-out. The Court has done so to provide class members with the opportunity to decide whether to participate in the settlement free from any further improper communications. If you receive any communications about the settlement other than this Notice packet, you are asked to report it to your class counsel in these Pennsylvania actions, who are identified below:

Jerome M. Marcus
Jonathan Auerbach
Berger & Montague, PC
1622 Locust Street
Philadelphia, PA 19103-6365
Fax: (215) 875-4604
Fax: (215) 875-5707
Class Counsel

and

David S. Senoff, Esquire
Billet & Connor, P.C.
2000 Market Street, Suite 2803
Philadelphia, PA 19103
Fax: (215) 496-7505
Class Counsel

**RELEASE, OPT-OUT PROCEDURE AND
EFFECT OF FAILURE TO OPT-OUT**

As set forth above, class members who receive this Notice will have the opportunity to opt-out of the settlement. Absent taking such actions, **ALL CLASS MEMBERS SHALL BE BOUND BY THE SETTLEMENT AND ALL ORDERS OF THE COURT RELATING TO THE SETTLEMENT. YOU SHALL BE DEEMED CONCLUSIVELY TO HAVE SETTLED, RESOLVED AND RELEASED ANY AND ALL CLAIMS YOU MAY HAVE AGAINST INDEPENDENCE BLUE CROSS AND ALL OTHER RELEASED PARTIES ARISING FROM OR RELATED TO PAYMENT OR REIMBURSEMENT TO PROVIDERS OR COVERAGE FOR ANY AND ALL SERVICES, PROCEDURES, AND/OR PRODUCTS RENDERED OR PROVIDED BY SUCH PROVIDERS ON OR BEFORE JUNE 11, 2003, INCLUDING BUT NOT LIMITED TO ANY AND ALL CLAIMS THAT WERE BROUGHT OR COULD HAVE BEEN BROUGHT IN THE LITIGATION.**

Should anyone wish to opt-out, the class member must sign and return to Class Counsel identified above a letter requesting your exclusion from the class in accordance with the Opt-out Procedures mailed with this notice. This request to opt-out must be sent U.S. first class mail and **POSTMARKED BY THE U.S. POSTAL SERVICE (AND NOT BY ANY PRIVATELY OWNED AND/OR OPERATED POSTAGE METER) NO LATER THAN JUNE 9, 2004** (the expiration of the Opt-out Period). The opt-out request must be signed by you and include: your name, current office address, provider number, telephone number, and a statement that you wish to be excluded from the settlement. You may not opt-out on behalf of others. All persons wishing to opt-out must sign their own opt-out form and comply with the opt-out procedures.

This Notice is not the Class Action Settlement Agreement and merely provides information regarding the settlement. The Class Action Settlement Agreement controls the rights, interests and obligations of the parties. If you have any questions regarding this Notice, the Opt-out Procedure or the Class Action Settlement Agreement, you may contact Class Counsel, as described above. If you do not follow the procedures and deadlines that are described in this notice, you may lose legal rights significant to you, including, but not limited to, the right to opt-out of the settlement.

EXAMINATION OF PAPERS

This notice is a summary and does not describe all details of the proposed settlement with Independence Blue Cross, the Settlement Agreement or the proceedings in the action generally.

For complete information or if you wish to discuss this action or have any questions concerning this Notice or rights or interests with respect to these matters, please contact Class Counsel:

By Telephone: 1-866-462-4120

Or, Write to: Jerome M. Marcus, Esq.
Jonathan Auerbach, Esq.
Berger & Montague, PC
1622 Locust Street
Philadelphia, PA 19103-6365

or

David S. Senoff, Esq.
Billet & Connor, P.C.
2000 Market Street, Suite 2803
Philadelphia, PA 19103

Or, Visit: www.ibx.com

www.paorthosociety.org

In addition, you may review complete files of papers submitted in this case at the Office of the Prothonotary, Philadelphia County Court of Common Pleas, Room 278 City Hall, Philadelphia, PA 19107.

Dated: April 22, 2004

CLASS MEMBER OPT-OUT PROCEDURE

If you are a member of the Class and wish to remain in the Class, YOU NEED NOT DO ANYTHING. You are not being sued and you do not need to appear in court. If you do nothing, you will be included in the proposed settlement and be entitled to pursue its benefits, but will be giving up your individual right to pursue any and all claims against Independence Blue Cross, its subsidiaries, affiliates and related entities.

If you do not wish to remain in the Class, or accept the proposed settlement, you can opt-out by mailing a letter, postage prepaid, to Class Counsel at the addresses listed below:

	Jerome M. Marcus, Esquire Jonathan Auerbach, Esquire Berger & Montague, PC 1622 Locust Street Philadelphia, PA 19103-6365 Class Counsel
	and
	David S. Senoff, Esquire Billet & Connor, P.C. 2000 Market Street, Suite 2803 Philadelphia, PA 19103 Class Counsel

Your letter must include the following information:

- Full name
- Current Office Address
- Provider Number
- Telephone Number
- Statement that you wish to be excluded from the class action lawsuits
- Your signature

You must save a copy of the completed letter for your records. **YOUR REQUEST MUST BE SENT U.S. FIRST CLASS MAIL AND POSTMARKED BY THE U.S. POSTAL SERVICE (AND NOT BY ANY PRIVATELY OWNED AND/OR OPERATED POSTAGE METER) NO LATER THAN JUNE 9, 2004** (the expiration of the Opt-out Period).

You may not opt-out on behalf of others. All persons wishing to opt-out must sign their own opt-out form and comply with the opt-out procedures.

If you have any questions or concerns regarding this procedure and how it affects your rights you should contact Class Counsel.