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CONTACT: Kathy DeWittie
Pennsylvania Orthopaedic Society
717-909-8901
pos@paorthosociety.org

CONTACT: Butch Ward
Independence Blue Cross
215-241-2220
butch.ward@ibx.com

Independence Blue Cross, Pennsylvania Orthopaedic Society and Providers Reach Settlement In Class Action Suits

PHILADELPHIA, June 19, 2003 — Independence Blue Cross (IBC), The Pennsylvania Orthopaedic Society and three local physicians today announced a settlement in the class action litigation brought by the providers in connection with their payment and reimbursement for services, procedures and products.

The settlement with The Pennsylvania Orthopaedic Society, Drs. Robert P. Good, John R. Gregg and Vincent J. DiStefano on behalf of a settlement class, will address providers' concerns, simplify and streamline the reimbursement process for providers, and result in additional reimbursement to providers.

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.
- Establish a formal resolution process for provider payment disputes.

The estimated financial impact of the processing changes will be approximately \$40 million in additional claims payments to providers over the next two years.

The settlement will apply to all providers who:

- Submitted claims for payment or reimbursement to IBC and/or any Released Party for medical services, procedures and/or products,
- 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 on such claims.

The Settlement class includes, but is not limited to, all claims by providers for downcoding and/or bundling, however described or characterized.

Both IBC and the physicians called the terms of the settlement fair, reasonable, adequate and in the best interests of the settlement class and its representatives.

While IBC denies the allegations of the class action litigation, it has agreed to the settlement in order to avoid lengthy, complex and time-consuming litigation, and is pleased that the resulting settlement will address providers' concerns, simplify and streamline the reimbursement process for providers, and result in additional reimbursement to providers.

While the settling doctors believed they had meritorious claims, they too entered the Settlement Agreement to avoid lengthy, complex and time-consuming litigation. They believe that the settlement is in the best interests of providers.

The Notice of Proposed Class Action Settlement can be accessed at www.ibx.com/provider_settlement or www.paorthosociety.org/notice.html .

Independence Blue Cross is represented by Akin, Gump, Strauss, Hauer & Feld, L.L.P. The Pennsylvania Orthopaedic Society and provider representatives are represented by the law firms of Billet & Connor, P.C. and Berger & Montague, P.C.