PRIMARY CARE PHYSICIAN OVERVIEW

The main responsibility of the Primary Care Physician is to be health manager and advocate for his or her members from the moment the member selects that physician as Primary Care Physician. Primary Care Physicians must look after their members acute, chronic, and preventative health needs, regardless of whether the PCP has previously seen the member.

Primary Care Physicians should be able to personally meet most of their patients' medical needs. The Primary Care Physician has an obligation to refer the patient to another physician or medical provider when that PCP cannot personally meet the needs of the patient. Only Primary Care Physicians have the right and responsibility to refer their patients.

SANTÉ PHYSICIANS IPA IS RESPONSIBLE FOR DELIVERING TOTAL HEALTHCARE FOR ALL MEMBERS WHO HAVE CHOSEN A PRIMARY CARE PHYSICIAN FROM THE SANTÉ ROSTER.

GENERAL CONTRACT INFORMATION

** Overview*

Santé Physicians contracts with new PCPs under modified fee-for-service rates. Once an individual PCP or a PCP Group's HMO membership reaches 100, a capitation schedule is used for reimbursement. (PCPs or PCP Groups that participate in Medicare Addendum Contracts, such as Secure Horizons, will be paid capitation on that contract once the Medicare assigned membership reaches 100.)

All contractual terms related to payment are contained in exhibits and addenda following the main body of the physician contract. Specific contract provisions of interest include:

- Contracting physicians with open practices must accept patients from any plan with which Santé Physicians is contracted.
- Physicians must admit patients to participating facilities except when emergency situations make admission to contracting facilities impossible.
- Physicians must comply with utilization management and quality policies of Santé.
- Physicians must maintain privileges at a participating hospital
- Contracts are for 12 months and renew automatically unless otherwise terminated.
- Contracts may be terminated by either party without stated cause with 90 days written notice.
- Contract addenda are available for physicians who wish to participate in Medicare, Managed Medi-Cal, and Workers' Compensation.
- Physicians must have coverage at all times. It is the responsibility of contracted physicians to ensure that the covering physician does not balance-bill the patient.
  - Fee For Service (FFS) will be paid to the covering physician if the service to the contracted PCP is normally reimbursed by FFS.
  - For service rendered to a patient assigned to a capitated PCP, the covering physician will look to the capitated PCP for reimbursement.
  - Encounter information for all services performed by the primary or by any covering physician must be submitted to SP.
- If the Primary Care Physician is affiliated with an Urgent Care, Urgent Care claims for his/her own assigned members will be paid under his/her capitated contract terms.
- If a Primary Care Physician belongs to another IPA that has contracts with the same health plans as Santé Physicians, the physician must elect to designate Santé Physicians as the IPA from which they will access the members.

Open Practice Policy

It is in the best interest of Santé Physicians that its contracted physicians keep their practices open. If a physician finds it necessary to close his or her practice to new members, a written request within five (5) business days must be made to the Santé Physician Roster Management Department at providerdemographicupdates@santehealth.net.

Guidelines for making this request are listed below:

- Primary Care Physicians must keep their practice open to new members until 500 members have been assigned to their practice.
- If a physician, after reaching 500 members, wishes to close his/her practice to HMO, Medicare and/or Workers' Compensation product lines, closure will be effective 90 days after the written request is received. Product line closure may apply to any or all product lines at the physician's discretion, e.g., HMO, Medi-Cal, etc.

GENERAL CONTRACT INFORMATION

** Overview (Continued)*

Physicians may request closure for their practices once in any calendar year.

Santé strongly encourages physicians to leave their practices open. When a physician is able to re-open practice to new members, a written request should be sent to the Santé Physician Roster Management Department at providerdemographicupdates@santehealth.net.

Open Practice Bonus Program

Primary care providers who are open to accept new HMO patients and who provide their HMO patients with access equal to that of their non-HMO patients are the backbone of Santé Physicians. The IPA's contract with the respective health plans, require Santé Physicians to provide their members with a panel of physicians with open practices. In addition, Santé Physicians' receive incentive payments from the health plans if a high percentage of physicians are open to HMO patients.

Capitated primary care providers meeting program requirements will receive an open practice capitation bonus of 10% for their commercial HMO patients.

Example: The contracted PMPM capitation fee for a female, age 45-64, is $19.22. Qualifying physicians will receive $21.14.

To qualify for the Open Practice Bonus Program:

1. A PCP must be listed as open to new HMO patients on the PCP rosters published to the Health Plans and patients.
2. HMO patient appointments cannot be restricted compared to other insured patients in a PCP's office. For example, if an HMO patient has to wait three months for an appointment but a Medicare or PPO patient with the same condition can be seen sooner, the PCP will not be considered open.
3. HMO and PPO patients are made to feel equally welcome in a practice by staff and physician.
4. Formerly established PPO patients who switch to HMO health plans must not be turned away from the practice because of a change of insurance coverage.
5. If an "open" provider is found to be "closed" that provider will not be eligible for "open practice" bonus for a minimum of 6 months.
6. Open practices are subject to verification.

Practices not qualifying

1. Providers who have contacted Santé and request to be listed as closed.
2. HMO patients are not given appointments as soon as PPO patients.
3. An existing patient is turned away when the patient changes to a HMO plan.
4. Patient is made to feel less wanted if they have HMO insurance.

GENERAL CONTRACT INFORMATION

** Reimbursement Information*

Santé Physicians contracts with PCPs using fee-for-service or capitation reimbursement.

Fee-for-Service

Until a PCP or PCP Group has reached 100 members, all services are reimbursed on a modified fee-for-service basis. Many services previously capitated are now compensated on a fee-for-service basis. Primary Care Physicians are then paid on a modified fee-for-service basis for all services not specifically enumerated as being paid under capitation in the primary care contract. This change in payment methodology was made to encourage Primary Care Physicians to provide a greater range of services to their members. Physicians must submit encounters for all patient visits. Services not covered under primary capitation will be compensated based on contracted rates or actual charges, whichever is lower. Allowed payments are subject to a with-hold determined by the Board of Directors of Santé Physicians.

Capitation

Capitation is a system of payment in which a physician or a group of physicians receives set payment in advance to cover the cost of caring for a defined patient population. Under this system of payment a physician or group of physicians accepts the risk that care may be more costly to the provider than was anticipated. When this occurs the physician must provide care even if the care is provided at a net loss. The opposite situation may also occur. The physician may keep any excess payment not utilized in delivering patient services when less care is required then was anticipated.

Santé Primary Care Physicians or PCP Groups are capitated when they are assigned over 100 HMO members. The capitation paid is age and sex adjusted for each individual member assigned to each PCP. This means that no two PCPs will receive exactly the same capitation payments. Because members are allowed to frequently change physicians, health plans, and employers, members may not appear on eligibility rosters for up to four months after the true date of their eligibility. This lag in eligibility means that a member may not appear on the roster of their selected physician. In such situations, care of the member is the responsibility of the selected PCP. Santé will retroactively pay physicians for up to six months once this eligibility delay is discovered and corrected. Physicians are not at risk for non-payment of capitation due to such eligibility delays. In the event a capitated Primary Care Physician terminates his/her contract with SP, a withhold equivalent to 10% of three months capitation will be reserved to account for potential retroactive eligibility changes. After all eligibility data has been received by the health plans (approximately six months after the effective termination date), final adjustment, if any, will be made to ensure that the PCP receives all amounts due.

GENERAL CONTRACT INFORMATION

** Reimbursement Information (Continued)*

Not all primary care services are paid for under capitation, as outlined in the capitation addendum of the PCP contract. All services not identified as capitated are paid for on a fee-for-service basis. In general, services, which 80% of PCPs could be expected to provide, are capitated. These services include all evaluation and management services (except inpatient services), routine office testing, and a few minor procedures which all PCPs should be able to provide. Fee-for-service procedures include immunizations;more involved surgical procedures, and selected diagnostic procedures (such as flexible sigmoidoscopy)which have been kept off capitation in order to encourage PCPs to provide these services.

Capitated services performed on-call are considered already compensated unless the member who was seen on-call is assigned to a non-capitated PCP. All Santé physicians are eligible for fee-for-service compensation for qualifying after hours and weekend services.

GENERAL CONTRACT INFORMATION

** Age/Gender Adjusted Primary Care Capitation (Commercial)*

SEX	AGE	CAP RATE PMPM
All	0-2 months	Fee-for-Service
All	2 months-2 years	$38.33
All	3-5	$15.67
All	6-17	$8.24
Female	18-44	$13.50
Male	18-44	$8.97
Female	45-64	$19.22
Male	45-64	$17.35
All	Over 65*	$22.97

*For Medicare plans such as Health Net and United Healthcare, see *Medicare HMO Addendum Compensation, at the end of this section.*

NOTES:

1. Generally, newborns are automatically covered for the first 30 days of life. (Some plans do not cover newborns of dependent children.) Coverage beyond the first 30 days of life must be specifically added.

2. The effective date for a PCP to be reimbursed by capitation for a newborn is the first day of the month following completion of the first 60 days.

GENERAL CONTRACT INFORMATION

** Capitated Primary Care Services*

		Commercial HMO	Medicare HMO
Office MedicalServices			
99201-99205	New patient	√	√
99211-99215	Established patient	√	√
Consultations			
99241-99245	Office consultation	√	√
Case Management Services			
99363-99368	Conference, team and/or telephone services	√	√
Preventative Medicine Services			
99381-99387	New patient	√	√
99391-99397	Established Patient	√	√
99401-99429	Individual, group, other counseling	√	√
Cardiography			
93000	Electrocardiogram, routine ECG with at least 12 leads, with interpretation and report	√	√
93005	Tracing only, without interpretation	√	√
Pulmonary			
94010	Spirometry, including graphic record, total and timed vital capacity, expiratory flow rate measurement(s), and/or maximal voluntary ventilation	√	√
94060	Bronchospasm evaluation; before and after bronchodilator (aerosol or parenteral) or exercise	√	√
94150	Vital capacity, total	√	√
94200	Maximum breathing capacity, maximal voluntary ventilation	√	√

GENERAL CONTRACT INFORMATION

** Capitated Primary Care Services (Continued)*

		Commercial HMO	Medicare HMO
SPECIAL SERVICES AND REPORTS			
99000-99090	Miscellaneous services	√	√
MINOR SURGICAL AND OTHER MISCELLANEOUS PROCEDURES			
Burn Treatment			
16000	Initial treatment, first degree burn, when no more than local treatment is required	√	√
16020	Without anesthesia, office or hospital, small	√	√
Digestive System			
45300	Rigid proctosigmoidoscopy, diagnostic (separate procedure)	√	√
46600	Anoscopy, diagnostic (separate procedure)	√	√
Auditory System			
69200	Removal of foreign body from external auditory canal, without general anesthesia	√	√
LABORATORY PROCEDURES			
80050-80090	Automated, multichannel testing	√	√
80150-8029	Therapeutic Drug Monitoring	√	√
80400-80439	Organ or disease oriented panels	√	√
80500-80502	Consultations (clinical pathology)	√	√
82009-84702, 84704-84999	Chemistry and toxicology	√	√
85002-85017 85019-85999	Hematology	√	√
86000-86316, 86318-86579 86581-86999	Immunology	√	√
87003-87429 87431-87649 87651-87801 87803 87805, 87806 87808-87850 87899-87999	Microbiology	√	√

Covered Services and CPT codes may be added or deleted at the IPA's discretion by the IPA providing the physician with thirty (30) days prior written notice of any such modification.

GENERAL CONTRACT INFORMATION

** Fee-for-Service Rates*

Fee-for-Service rates are paid in accordance to the Santé fee schedule, which is National Resource Based Relative Value Scale (RBRVS) – based.

NOTES:

1. Physician Surgical Assistants shall be paid 16% of the IPA-determined surgical fee with the applicable withhold. Non-physician surgical assistants shall be paid 8% of the IPA-determined fee with the applicable withhold.

2. Laboratory Services are capitated with Quest Diagnostic Laboratories.

PCP Medicare HMO Addendum Compensation

Santé Physicians offers a Medicare addendum to the standard IPA contract for those Primary Care Physicians choosing to render healthcare services to Medicare HMO enrollees.

Fee-For-Service

Primary Care Physicians will be paid a modified fee-for-service (FFS) rate within sixty calendar days from the date on which properly completed claims are received. The claim will be paid the lesser of the provider's usual and customary fee, or 100% of current Medicare adjusted by average Medicare Risk Adjustment Factor (RAF) score.

Services that are billed with a HCPC code will be reimbursed at 100% of current Medicare.

For contracts that are based on current year Medicare including Average Sales Price (ASP) rates, please know the Centers for Medicare/Medicaid Services (CMS) may change the rates annually/periodically. Santé makes its best effort to load the new rates into the claims system as soon as they are available. Retroactive payment will not be applied.

Capitation

Capitated services, as listed in this section, will be reimbursed on a PMPM (per member per month) basis for each PCP's assigned Medicare Advantage (HMO) enrollees. Actual compensation paid is calculated based on the capitation rate for each PCP's assigned enrollees, then adjusted by the PCP's average Medicare Risk Adjustment Factor (RAF) score for those attributed Medicare Plan enrollees.

Primary Care Capitation Rate

$35.00 PMPM

Inpatient Compensation: FFS