A message from Kevin O’Neill

Blue Cross and Blue Shield of Illinois (BCBSIL) welcomes Kevin O’Neill to our management team as the new Senior Vice-President of our Health Care Management Division. Kevin comes to us from the CareFirst Blue Cross and Blue Shield plan in Maryland, and has over 20 years experience in the health care industry, with particular expertise in Medical Affairs, Network Management and Finance.

BCBSIL is proud of the strong working relationship we have built with our contracting provider network and we want to make sure that relationship continues to grow. We believe health care management is headed for a major paradigm shift in the coming years. Increasingly, patients are being asked to assume more responsibility for their health care. Our challenge as their insurer is to provide avenues that keep our members engaged and help them make the right decisions as they accept that personal accountability. However, we cannot do that effectively without the input and involvement of our provider network.

Health Care Management Programs

We have started down that road to engagement by continuing to enhance some of our existing programs that have proven successful. One of our most comprehensive tools is BlueCare Connection, which helps members optimize their benefits by providing easily accessible online tools. Members are introduced to their Personal Health Manager and other resources such as utilization and case management programs, care advisors and personal health resources designed to help them make positive choices while managing their health care.

We have embarked on an aggressive Wellness program initiative, sponsoring the Be Smart. Be Well™ Web site (www.besmartbewell.com), to increase member awareness of largely preventable health and safety issues. We are also evaluating lifestyle management, smoking cessation and weight management programs that will help you do a better job taking care of our members.

Continued on page 2
However, we must find ways to increase utilization of these resources, since they afford members a better advantage with you, their physician, and serve to reinforce a favorable doctor/patient relationship.

On the provider side, we continue to develop programs that we believe will improve clinical outcomes. Using clinical measures to report performance ultimately enhances the quality and efficiency of care delivered to our members. This year we completed a successful Diabetes Collaborative Program with physicians in the Bloomington-Normal area, where physicians were rewarded for presenting documentation that necessary preventive care services were provided to their diabetic patients. We will continue to initiate these types of programs, and need your cooperation and support to guarantee their success.

Our provider connectivity strategy is evolving, as we strive to disseminate information to you faster and more efficiently. We are closely aligned with several software development companies that are in the forefront of the latest technological advances. Our commitment is to increase your electronic capabilities, making the availability of clinical information more accessible to you in a seamless environment.

Lastly, as the largest health insurer in the State of Illinois, we realize the need to provide the best possible service to our customers. The key to this is a strong collaborative effort, both within our internal operations as well as externally.

We understand what our members want from their health insurer – affordable and accessible health care and quality physicians. We believe, from a physician’s perspective, your key motivators include fair and equitable programs. You are looking for simplicity, and ease of administrative operations on behalf of the member and your interactions with us, the insurer. So we continue to look for ways to meet and exceed those expectations.

In summary
Our ultimate goal is to do what’s best for our members. Administering health care benefits and offering the best service to our customers is a joint collaborative effort for our organization. We can effectively do this through technology, strategic contracting, and by adding new innovative programs, such as those described here.

Exceptional service will give us the advantage over other payers. We pledge to keep the lines of communication open and proactively seek your participation in many of our initiatives.

BCBSIL will continue to provide leadership and direction to enhance our relationship in the coming year. By working together we can find solutions that improve the health and wellness of our members.

Save the Date... 2007 Workshop Schedule

New PPO Provider Workshop
(Providers that have been in the PPO network less than two years)
September 18, 2007
Provena St. Joseph’s Hospital, Elgin, IL

Institutional Workshop (hospital)
October 3, 2007
In-House - BCBSIL, Chicago, IL

BCBSIL Refresher Workshop
October 10, 2007
Advocate Trinity Medical Center, Chicago, IL

Managed Care Roundtable
October 17, 2007
In-house – BCBSIL, Chicago, IL

BCBSIL Refresher Workshop
October 18, 2007
St. James Hospital & Medical Center, Chicago Heights, IL

BCBSIL Refresher Workshop
October 23, 2007
BroMenn, Normal, IL

Make sure to go online at www.bcbsil.com/provider/training.htm to view the schedule and register for our workshops offered at a site near you.
This summer BCBSIL, in conjunction with Magellan Behavioral Health Services, hosted a workshop for mental health providers. BCBSIL contracts with Magellan for behavioral health management services for PPO, POS and HMO members with mental health benefits.

Levels of Care Managed
Depending on the member’s health care product, Magellan provides the following services:

- **PPO**
  - Inpatient, Residential Treatment Care, and Partial Hospitalization only

- **POS (FEP)**
  - All Levels of Care

- **HMO**
  - Chemical Dependency only
  - Inpatient, Residential Treatment Care, Partial Hospitalization, and Intensive Outpatient Programs

All levels of care require pre-certification for HMO members, who have specific benefit days for Mental Health and another benefit for Chemical Dependency.

Benefits and Pre-Certification
If you have a member who requires mental health services,
1. Call BCBSIL to verify benefits.
2. Call Magellan Health Services to request authorization, as required.

Clinical Reviews
If you need a clinical review, Magellan is staffed with Care Managers who are Licensed Mental Health Clinicians. The information needed to conduct a clinical review includes:
- Diagnosis
- Current medications
- Why Now? (urgency or priority of review)
- Treatment plan composed of measurable goals
- Discharge Plan to include a scheduled follow-up appointment

Why coordinate services with Magellan?
As a BCBSIL participating provider, you can access Magellan’s secure Provider Web site at www.MagellanHealth.com/provider and take advantage of the following features:
- Provider orientation
- Claims inquiry
- Check eligibility
- Initial Outpatient Authorization (IOA) – not available for all health plans
- Authorization tracking
- Treatment Request Form (TRF) submission
- Electronic claims submission/information
- Provider Focus newsletter
- HIPAA billing code set guides
- Clinical Practice Guidelines
- Medical Necessity Criteria
- Behavioral health information to share with members
- Provider Data Change Form
- Magellan National Provider Handbook and supplements
- Electronic Funds Transfer (EFT)
- View and print explanation of benefits (EOB)
- View member outcomes/reports
- Look up contact information

Participants also received a thorough explanation of the recent Serious Mental Illness (SMI) legislation: Public Act (PA) 094-0906 and PA 094-0921. The new law now impacts HMO members as well as PPO, and was effective January 1, 2007, for new groups, or upon renewal for existing employer groups.

The Provider Affairs Education Team is excited to announce we are offering customized on-site workshops for Billing Services. We will accommodate your needs with a workshop that will maximize office efficiencies and increase your satisfaction with BCBSIL.

Do you have staff members in your office who are overwhelmed and trying to stay ahead of the curve? Do you want to know more about the topics listed below?

- **CMS-1500 (08/05) Revisions**
- **BCBSIL Products**
- **Clear Claim Connection**
- **National Provider Identifier (NPI)**
- **BlueCard (Out-of-Area)**
- **Interactive Voice Response (IVR)**
- **eSolutions: NDAS Online, Electronic Claim Submission, Electronic Claim Reports**

Please send an email to pact@bcbsil.com with a contact name and your topics of interest.

If there are other topics you would like to learn more about, please include those in your email. We look forward to hearing from you.

Remember, our goal at BCBSIL is to do our best to serve you better.

New Account Groups

<table>
<thead>
<tr>
<th>Group Name:</th>
<th>Flex N Gate Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Number:</td>
<td>013558</td>
</tr>
<tr>
<td>Alpha Prefix:</td>
<td>FNG</td>
</tr>
<tr>
<td>Product Type:</td>
<td>PPO(Portable)</td>
</tr>
<tr>
<td>Effective Date:</td>
<td>September 1, 2007</td>
</tr>
</tbody>
</table>
New Generics Available
Two new medications have recently had generic equivalents approved by the FDA. Lotrel (benazepril/amlodipine) for the treatment of hypertension and Lamisil tablets (terbinafine) for the treatment of fungal infections now have generic equivalents available.

New Name for the Prescription Drug Omaco
The manufacturer of the drug Omacor (omega-3-acid ethyl esters) is changing the drug’s name to Lovaza. Omacor/Lovaza is a drug used to treat high triglycerides.

The size, strength, and ingredients of the Omacor gel capsule will remain unchanged—only the name is changing.

Formulary Status of Lipitor to Change
The Pharmacy and Therapeutics committee has made the decision to change the formulary status of Lipitor to tier 3 (non-formulary brand) effective October 1, 2007. Lipitor is a highly utilized medication for the treatment of high cholesterol. There are now three generic alternatives in the cholesterol drug class: lovastatin, pravastatin, and simvastatin. In an effort to help control medication costs in the cholesterol class, while promoting safe and effective therapy, the decision was made to remove Lipitor from the formulary.

Vytorin and Crestor will remain on the formulary as formulary brand (Tier 2) alternatives.

Formulary Status of Lipitor to Change
At Blue Cross and Blue Shield of Illinois (BCBSIL), we strive to process claims quickly and accurately. Did you know that you can make a difference in how quickly claims are processed? You can!

Following these helpful tips will improve your claim experience:

- Ask members for their current member ID card and regularly obtain new photocopies of it (front and back). Having the current card enables you to submit claims with the appropriate member information (including alpha prefix) and avoid unnecessary claims payment delays.
- Check eligibility and benefits electronically or call 1-800-676-BLUE (2583). Be sure to provide the member’s alpha prefix.
- Verify the member’s co-payment amount before processing payment. Please do not process full payment upfront.
- Indicate on the claim any co-payment you collected from the patient.
- Submit all Blue claims to BCBSIL. Be sure to include the member’s complete identification number when you submit the claim. This includes the three-character alpha prefix. Submit claims with only valid alpha prefixes. Claims with incorrect or missing alpha prefixes and member identification numbers cannot be filed correctly.
- Submit claims using your BCBSIL provider number and National Provider Identifier (NPI) number in the appropriate boxes on the claim.
- In cases where there is more than one payer and a Blue Cross and/or Blue Shield Plan is a primary payer, submit Other Party Liability (OPL) information with the Blue Cross and/or Blue Shield claim. Upon receipt, BCBSIL will electronically route the claim to the member’s Blue Plan. The member’s Plan then processes the claim and approves payment; BCBSIL will reimburse you for services.
- Do not send duplicate claims. Sending another claim, or having your billing agency resubmit claims automatically, actually slows down the claims payment process.
- Check claim status by contacting BCBSIL at 1-800-972-8088, or by submitting an electronic HIPAA 276 transaction (claim status request) to BCBSIL.

If you have any questions about claims filing for Blue members, please:

- Speak with your Provider Network Consultant
- Visit us online at: www.bcbsil.com/provider and refer to the BlueCard Provider Manual on our Web site.
- Contact one of our Customer Advocates at 1-800-972-8088.

Managed Care Web Updates

HMO and BlueChoice Updated Policies and Procedures on Web
On a monthly basis, we post updated policies and procedures on our Web site under “Updates.” Go to www.bcbsil.com/provider to view the updated policies.

HMO and BlueChoice Appointment/Reappointment Report on Web
On a monthly basis, we post a report of the Appointed and Reappointed providers on our Web site. To access this report, go to www.bcbsil.com/provider. Select “Appointed/Reappointed PCPs/PSPs” under the Credentialing/Contracting section. The data provided is cumulative and is updated by the third Wednesday of each month.

BlueChoice Updated Depart List
A listing of all specialists no longer participating in the network for the BlueChoice product can be found at www.bcbsil.com/provider/securedpage.htm. Note: You can find participating specialists for the BlueChoice product on our Provider Finder® at www.bcbsil.com.
Objective
The 2007 HMO Member Satisfaction Survey by Medical Group/IPA was conducted in March and April. The primary purpose of this survey was to assess member satisfaction with various attributes at the MG/IPA level, including access, medical care and services rendered by PCPs, specialists and overall medical group service. 119 MG/IPAs were analyzed to achieve the overall network results.

Member Selection
The member sample was determined by a stratified random sample by MG/IPA. The overall response rate for this year was 22.0%. The member had to meet the following qualifications in order to be eligible:

• 18 years of age or older
• Member of MG/IPA for at least 12 months based on BCBSIL membership

Survey Results
Highlights of 2007 results are presented in the table below.

<table>
<thead>
<tr>
<th>PCP managing/Coordinating member’s care:</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the past 12 months, did your PCP’s office remind you about getting preventive care that you were due to receive? (%Yes)</td>
<td>66.8%</td>
</tr>
<tr>
<td>How often did your PCP give clear instructions on health problems or symptoms bothering you? (% Always &amp; Usually)</td>
<td>83.2%</td>
</tr>
<tr>
<td>How often did your PCP give you as much info about your condition and treatment as you wanted? (% Always &amp; Usually)</td>
<td>84.1%</td>
</tr>
<tr>
<td>Did your PCP talk with you about different medicines you are using, including any medicines prescribed by specialists? (% Always &amp; Usually)</td>
<td>75.7%</td>
</tr>
<tr>
<td>How often did your PCP seem informed and up-to-date about care you received from specialist doctors? (% Always &amp; Usually)</td>
<td>79.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Referral Process:</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied with referral process for specialists (% Yes)</td>
<td>87.7%</td>
</tr>
<tr>
<td>Average time to obtain approval for a routine referral from your PCP: &lt;5 Calendar days</td>
<td>83.2%</td>
</tr>
</tbody>
</table>

Accolades
Many satisfaction questions on the 2007 survey scored more than 90%. Highlights include:

| Overall Satisfaction with MG/IPA | 92.2% |
| Overall Satisfaction with PCP | 92.2% |
| Overall Satisfaction with Specialist | 91.0% |

Next Steps
The next survey will be mailed in March 2008 to randomly selected members. Please feel free to encourage members to complete the survey.

2007 Provider Communications Survey
Along with your Physician Satisfaction Survey, you will also receive a Provider Communications Survey. BCBSIL is committed to providing you with prompt, reliable and relevant health care information. By completing this survey, you help us determine the effectiveness of our methods for disseminating information through our Blue Review provider newsletter and on our Provider Web site at www.bcbsil.com/provider.

Please return all completed surveys in the postage paid envelope within five business days of receipt.

C3: The Transparency Tool for Code Editing Disclosure

View BCBSIL’s Code Auditing Rationale Online
Recently, BCBSIL implemented Clear Claim Connection (C3)*. Clear Claim Connection is a Web-based code auditing reference tool that mirrors BCBSIL’s edits (i.e., unbundling, mutually exclusive, and incidental). This application is available to all contracted providers through the RealMed Web site, free of charge.

C3 is designed to make BCBSIL’s payment policies, rules and edit rationale easily accessible and available for viewing via the Web site. C3 allows contracting physicians and their office staff to review claim payment methodology and reimbursement policies behind BCBSIL’s coding edits. C3 can increase your administrative efficiency, and also reduce manual inquiries, claims appeals, and misunderstandings regarding BCBSIL’s edits.

How to Access C3
1. Go to www.bcbsil.com
2. Choose “Providers”
3. Select “Clear Claim Connection” under Provider Tools

If you have not previously registered for C3 through RealMed, you can now set up an account by registering online. Select “Register” from the C3 log-in screen and complete the application process. REGISTER TODAY!!

How to use C3
1. Choose the gender of your patient
2. Enter the patient’s date of birth
3. Enter at least two (2) procedure codes (with or without modifiers)
4. Click “Review Claim Audit Results”

*C Clear Claim Connection, ClaimCheck and CodeReview are trademarks of McKesson Information Solutions, Inc., an independent contractor.
Your NPI is currently being returned in the 835 transaction when it is received in the ANSI 837 format for both Institutional and Professional claims, or when it is received on paper claim forms.

**Note:** During our transition to an NPI-only environment, providers will receive payments and supporting information based on the way you submit claims. If you submit claims using only your BCBS provider number, your payment information will only contain your BCBS provider number; if you submit claims using dual identifiers, your payment information will contain a combination of the NPI and the BCBS provider number that was submitted. If you have been approved for and submit NPI-only claims, your payment information will contain only your NPI.

Please understand that, during the dual-identifier phase, the combination of NPI and BCBS provider number that you submit could result in multiple payments for one NPI if that NPI is submitted with multiple BCBS provider numbers. As we move toward the completion of the transition period, providers submitting NPI-only claims and using multiple NPIs where they formerly had a single BCBS provider number will receive payments for each of the NPIs submitted.

Please be aware of the variations that your 835 ERA and/or supporting payment documents (PCS/EPS) may take during and after the NPI transition period at BCBS. This situation is being pointed out to assist in planning and avoiding any reconciliation issues that might arise.

The following section represents the formats that would be returned to you based on the claims you submit:

**Institutional/Professional Segment Identifiers**
GS02 usually identifies if the data contained in the 835 transaction is for an Institutional or Professional Provider. If the file contains both professional and institutional remits between one ISA and IEA, there will only be one GS segment and it will be as follows based on the first provider identified in the file:

GS*HP*HCSCBD or GS*HP*HCSCBS
HCSCBD = Blue Cross File
HCSCBS = Blue Shield File

**Payee Identification Loop – dual usage of the NPI and BCBS Provider number**

N1*PE*ANY HOSPITAL/PROFESSIONAL PROVIDER*XX*10 digit NPI =~
N3*ANY STREET ADDRESS~
N4*CITY*ST*ZIP~
REF*1A*BLUE CROSS =~

N1*PE*ANY HOSPITAL/PROFESSIONAL PROVIDER*FI*TAX ID =~
N3*ANY STREET ADDRESS~
N4*CITY*ST*ZIP~
REF*1B*BLUE SHIELD =~

**Payee Identification Loop – 1000B (page 72 of IG) – BCBS Provider # only**

N1*PE*ANY HOSPITAL*FI*TAX ID =~
N3*ANY STREET ADDRESS~
N4*CITY*ST*ZIP~
REF*1A*BLUE CROSS =~

N1*PE*ANY HOSPITAL*FI*TAX ID =~
N3*ANY STREET ADDRESS~
N4*CITY*ST*ZIP~
REF*1B*BLUE SHIELD =~

**Payee Identification Loop with NPI Number only**

N1*PE*ANY HOSPITAL or PROFESSIONAL PROVIDER*XX*10 digit NPI =~
N3*ANY STREET ADDRESS~
N4*CITY*ST*ZIP~
REF*TJ*TAX ID =~

**Note:**
- If a claim was received with only a BCBS provider number, only a BCBS provider number will be returned on the 835.

Visit our Web site at www.bcbsil.com/provider
We appreciate your patience as we work through delays encountered during our IVR implementation effort. BCBSIL is currently conducting extensive testing to ensure that the IVR can recognize your NPI as an identifier that may be spoken to gain access to the system. You will be prompted to enter your NPI when testing has been completed.

Please continue to have your BCBSIL provider number ready, along with your NPI, when calling the IVR for member eligibility, benefits, or claim status information. Note: Providers who do not have a BCBSIL provider number or an NPI can speak their Tax Identification Number (TIN) in order to gain access to the IVR.

Responding to your voice commands and allowing you to complete multiple inquiries for various products and groups within one call are just two of the ways that our IVR system can provide you with a user-friendly, timely, and efficient caller experience.

Quick Tips:
• Please be sure to have your member’s group and identification number and date of birth ready.
• When calling about a specific claim which has completed processing, please have the claim number ready from your Provider Claim Summary in order to expedite your call.
• Should you ever need assistance with where to go next, just say “Help.”

You may access the IVR by calling 1-800-972-8088. Hours of availability are: Monday through Friday, 6 a.m. – 11:30 p.m., and Saturday, 6 a.m. – 3 p.m. Please visit our Provider Web site for a quick reference guide about IVR if you need additional information.

Coming in November…NPI Webinar!

BCBSIL will be hosting a NPI Webinar in November to make sure that you are familiar with provider requirements during all phases of the transition to an NPI-only environment. Particular emphasis will be placed on the use of dual identifiers on claims, and the required use of NPI in conjunction with your BCBSIL provider number beginning in December 2007.

You will be able to attend the NPI Webinar from the convenience of your own desk by calling in and logging on at your PC using the special line and URL provided on your invitation. Highlights of this online event will include:

• Transition phase updates
• Review of key dates
• Live tour of online resources
• Q&A session with panel of experts

Note: Please be advised that, as of December 1, 2007, claims that are received without an NPI will be rejected. Beginning December 1, 2007, you are required to submit claims to BCBSIL using dual identifiers (NPI and BCBSIL provider number) unless you have been approved by BCBSIL to submit only your NPI.

Correction: Healthcare and Family Services Billers

If you are submitting your Medicaid claims electronically, via the Provider Terminal System (PTS) and/or THIN/Availity, please continue sending your BCBSIL provider number or both NPI and BCBSIL provider numbers (dual mode) until further notice.

In an effort to comply with Fairness In Contracting Legislation and keep our contracting providers informed, BCBSIL has designated a column in the Blue Review to notify you of any changes to the physician fee schedules. Be sure to review this area each month.

Effective September 1, 2007, the following code ranges, J0128 - J9600, Q0163 - Q9964, P9041 - P9048, S0012 - S0183 and 90378 will be updated. Please note that not all codes in these ranges will be updated.

Providers can request fees by downloading the Fee Schedule Request Form at www.bcbsil.com/provider/forms.htm.

BCBSIL will be hosting a NPI Webinar in November to make sure that you are familiar with provider requirements during all phases of the transition to an NPI-only environment. Particular emphasis will be placed on the use of dual identifiers on claims, and the required use of NPI in conjunction with your BCBSIL provider number beginning in December 2007.

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Go to www.bcbsil.com/provider/training.htm to register online.
Your views are important to us, and we would like to know if our newly redesigned Blue Review meets your needs.

- How useful is the information?
- Is this publication easier to read?
- Are there topics you want us to include in future issues?

If you have suggestions on how we can further improve the Blue Review, or just want to share your feedback, please email us at bluereview@bcbsil.com.

Remember, the Blue Review is your newsletter, designed to serve you as a contracting provider. You are an integral part of BCBSIL’s success as a leader in the health care industry, and we highly value your opinion.