

SUMMARY OF TESTIMONY OF SAMUEL R. NUSSBAUM, M.D.

I will describe how Anthem Blue Cross and Blue Shield develops and administers its medical policies, and will address Anthem's physician and hospital arrangements.

Medical Policy

Medical policy is used to determine whether new medical treatments are more effective in certain conditions than existing treatments; whether a new mode of treatment is experimental and/or investigational, or conversely, is appropriate for widespread application; and whether it is appropriate to provide benefits for a certain procedure, knowing that a more effective procedure is available.

Several principles drive medical policy development at Anthem Blue Cross and Blue Shield. First, we are committed to evidence-based decision making. Our medical policies place a heavy emphasis on incorporating the very best of what clinical researchers and the current state of medicine prove to be the most effective way to provide care to our customers. Second, consistent with our operating model, medical policy development seeks input from the most knowledgeable network physicians from the states we serve. Physicians in our Kansas network with the required clinical expertise will, in conjunction with their colleagues across other Anthem states, provide input into and collaborate with the development of Anthem's medical policy.

While medical policy creates guidance, our locally based medical directors are involved in complex clinical decisions. Anthem's policy is that individual medical care decisions are made locally. In addition, Anthem anticipates that a Kansas physician will act as the medical director for our Blue Cross and Blue Shield operations in Kansas. Matters such as medical management and medical decision-making will occur at the local level, with the Kansas medical director working in conjunction with Kansas participating physicians.

Provider Arrangements

Anthem's relationship's with health care providers—physicians, hospitals and other health care professionals—are guided by the principle that health care is a local activity. Anthem provides fair, market-based hospital reimbursement along industry standards. Anthem also seeks to ensure that physicians in our networks are paid in a timely manner at appropriate rates. We seek to maintain broad provider networks in all states in which we operate to ensure customer choice. Anthem contracts with more than 75,000 physicians in the states we serve, and 99.7% of all hospitals in those states are in Anthem's networks.

In Colorado and Nevada, two other states that along with Kansas would comprise the Anthem West region, there has been an expansion of primary and specialty physicians in the network following their affiliation with Anthem. In Colorado, our HMO network grew from 1,664 to 1,829 primary care physicians, and from 4,882 to

5,482 specialty care physicians. Our Colorado PPO physician network grew from 6,950 to 7,314 physicians. In Nevada, our HMO network grew from 441 to 657 primary care physicians, and from 1,890 to 2,102 specialty care physicians. Our Nevada PPO physician network grew from 2,524 to 3,165 physicians.