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DELAWARE INSURANCE COMMISSIONER KAREN WELDIN
STEWART FINES BLUE CROSS BLUE SHIELD OF
DELAWARE \$325,000

*Orders BCBSD To Implement A Pilot Program With American College Of
Cardiology Or Face Additional \$300,000 Fine*

Dover, DE - Delaware Insurance Commissioner Karen Weldin Stewart announced today that she has fined Blue Cross Blue Shield of Delaware \$325,000.00 in connection with deficiencies in Blue Cross Blue Shield's nuclear cardiac imaging testing pre-authorization process. The deficiencies were first set out in a Market Conduct Examination Report issued April 15, 2011 following an examination ordered by Commissioner Stewart as a result of concerns that insurers were not approving or paying for nuclear cardiac stress testing requested by Delaware physicians. The tests are used by physicians to diagnose heart blockages.

Commissioner Stewart also ordered Blue Cross Blue Shield of Delaware to enter into a new pilot program with the American College of Cardiology ("ACC") that will guaranty that tests for patients of physicians who utilize the new program will be automatically approved. If BCBSD does not commit to the new program for a period of at least three years, they could be compelled to promptly pay an additional \$300,000.00 to address the concerns uncovered in the examination.

Commissioner Stewart added: "I believe this Consent Order and Settlement Agreement is another step in solving the complex problems of delivering the highest quality health care to Delaware citizens. I will continue to monitor the pre-authorization process used by health insurers to ensure that Delaware consumers get the best possible care."

The fines, which will be paid to the General Fund, were set forth in a Settlement Agreement and Consent Order entered into between Commissioner Stewart and BCBSD. Due to the Consent Order, the \$325,000 fine will be paid immediately and the Company will implement the new collaborative program without further delay.

From the outset, Commissioner Stewart's chief concern has been for cardiac patients. In the spring of 2010 she convened a multi-stakeholder meeting to address these concerns, and has consistently encouraged cooperation between health plans, utilization management vendors and cardiologists. Last year, after her Examination

began, BCBSD voluntarily ended its program of pre-authorizations for nuclear stress testing. Now, under the Consent Order, BCBSD has agreed to pay an administrative penalty of \$325,000 in connection with deficiencies, including in the claims handling process that were identified by the Examination, and has further agreed to implement the unique agreement with the American College of Cardiology ("ACC"). Pursuant to its agreement, BCBSD will underwrite the cost for Delaware cardiologists to access the ACC's Imaging in FOCUS PIM Improvement Tool ("FOCUS"). FOCUS (Formation of Optimal Cardiovascular Utilization Strategies) and PIM (Performance Improvement Module) is a decision support tool that will assist physicians in evaluating candidates for nuclear stress testing and provide education on nuclear stress testing guidelines. Additionally, under this program Delaware cardiologists will be able to access peer-to-peer counseling and online education concerning the proper application of these guidelines.

Commissioner Stewart said, "In addition to addressing past mistakes in the preauthorization program, this settlement ensures that BCBSD's Delaware members will have immediate access to nuclear cardiac screening as prescribed by their cardiologists, and further helps cardiologists better understand the conditions that call for this type of screening. I've spoken to the senior executives of the American College of Cardiology, and they are excited about working with Blue Cross Blue Shield of Delaware to begin this first in the nation collaboration."

In addition to addressing findings in her own Examination report, the program mandated in the Consent Order addresses similar findings later highlighted in a United States Senate Commerce Committee Examination report issued by its Chairman, Senator John D. (Jay) Rockefeller. The Commerce Committee Report noted "that evidence from this investigation and other studies makes it clear that cardiologists and other doctors order nuclear stress tests in situations that their own professional guidelines deem inappropriate." Another confusing part of the pre-authorization process was that insurers and their vendors were using different clinical criteria for approving the test than the ones the ordering physicians were using. Commissioner Stewart emphasized that Delaware patients are the beneficiaries of the new Agreement: "In order to solve this problem, we first needed to get everyone on the same page as to when the studies are appropriate. With this new program, BCBSD is using the best criteria developed by the expert physicians, the American College of Cardiology, and will pay to have Delaware physicians using the best medical criteria." The tests will be automatically approved when requested, even if the request does not meet the established criteria, and the physicians will get access to a tool that will train and educate them over time as to when the test is necessary and beneficial.

Upon release of the Examination Report, Senator Rockefeller had said: "I congratulate Commissioner Stewart and her staff for standing up for the consumers of Delaware," "The Commissioner's strong oversight efforts on this issue mean that Delaware patients are going to get the health care they pay for and deserve."

Commissioner Stewart stated: "I believe this Consent Order and Settlement Agreement is another step in solving the complex problems of balancing health care quality and cost. I intend to continue to monitor the pre-authorization process