



Amy Cheslock
Vice President
Health Services

January 30, 2009

Mr. Joel Duhl
Executive Director
Primary Care Physicians Independent Practice Association, Inc.
555 W. Granada Boulevard, Suite B-3
Ormond Beach, FL 32174

Re: PCPIPA Response to Termination Notice

Dear Mr. Duhl:

Thank you for your letter dated January 16, 2009. I regret that the IPA is disappointed with the decision to terminate the current Blue Cross Blue Shield of Georgia (BCBSGa) HMO and PPO Agreements. Please understand that it was after much consideration that we have made the difficult decision not to continue in a contract through the PCPIPA.

I do want to take this opportunity to respond to the concern you raise regarding BCBSGa's effort to negotiate a new mutually acceptable agreement. We feel strongly that BCBSGa extended considerable time and effort in this regard. A comprehensive proposal for all product lines was provided to the IPA in October 2007, at which time we requested a response by December 15, 2007. It was not until May of 2008 that BCBSGa received a partial response to its proposal from the IPA. The draft response did not include any feedback from SouthCoast Medical Group. Unfortunately, this made it impossible for BCBSGa to analyze the IPA's financial or language responses in a comprehensive manner. In June, BCBSGa received SouthCoast Medical Group's response. It was not until late August, approximately ten months from the original proposal date, that we received a financial response from the IPA that was consistent with our original proposal. Ultimately in mid September, after analyzing the financial component of the IPA response, BCBSGa shared with PCPIPA our conclusion that we were just too far apart.

The current environment in which we operate requires BCBSGa to be nimble and responsive to the changing demands of employer groups and to the marketplace. Unfortunately we have found the existing messenger arrangement to be incongruous with this need.

It continues to be BCBSGa's desire to enter into direct relationships with providers whenever possible. While it is true that we have had a long relationship with the IPA, we believe that this relationship has not grown with the complexity of the ever-changing marketplace. We very much appreciate the services the physicians of PCPIPA have provided to our members and believe that BCBSGa has been an equally good business partner. But, in light of the challenges noted above and after much consideration, we made the final and difficult decision not to move forward in this messenger model IPA arrangement.

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Please feel free to contact me directly, or you may reach Tanya Hope at (404) 842-8958 or Gene Rinehart at (404) 842-8505 to discuss in greater detail.

Sincerely,



Amy Cheslock

c: Dr. Monica Manocha (President, PCPIPA)
Tanya Hope (Director, Network Management - BCBSGa)
Gene D. Rinehart (Provider Network Management, Director - BCBSGa)