



March 7, 2009

Dear Patient,

On December 17, 2008 SouthCoast Medical Group ("SCMG") received notification from BlueCross BlueShield of Georgia ("BCBSGA") that it is terminating our existing participation agreement effective May 1, 2009 for our primary care physicians and effective July 1, 2009 for our specialist physicians. Since 1996 the physicians of SCMG have participated with BCBSGA, by way of a contract through our local Independent Physician Association ("IPA"), on its HMO, PPO and POS health insurance programs. According to BCBSGA representatives, the decision to cancel our contract was made for financial reasons and BCBSGA now refuses to work with our IPA. Obviously, we are disappointed that BCBSGA has chosen this course of action.

SCMG prides itself on providing patients with high quality medical care and has made it our main mission. We are now the largest independent physician group in Georgia recognized by the National Committee for Quality Assurance for providing high quality diabetic care and we are the only physician group in the area with a fully accredited, full service imaging center. Of course, delivering high quality care requires an organization to invest time and resources towards that goal. Studies have repeatedly shown that providing high quality care to patients actually lowers healthcare costs over the long term and in many instances in the short term, too. Unfortunately, most insurance companies pay the same fixed fee per service to all physicians regardless of the quality of care they provide to patients. As a result, when insurance companies cut reimbursements to improve their bottom line, those physicians that have invested in quality (such as those in SCMG) via state of the art equipment, electronic medical records and disease management programs, now find themselves at a competitive and financial disadvantage to those physicians who haven't made the same investment.

You are probably asking yourself how all of this affects you. Well, the new participation agreement proposed to SCMG by BCBSGA has such dramatic decreases in reimbursement that we question our ability to deliver the quality of care you deserve. However, as SCMG approaches the renewal deadline it is hopeful that BCBSGA will reconsider its proposed reimbursement cuts in recognition of the value our commitment to quality bring its members. If not, SCMG will likely make the decision to end its participation with BCBSGA; thereby causing over ten thousand SCMG patients the unfortunate task of finding a new physician or seeing their SCMG physician out of network.

We appreciate you choosing SCMG as your healthcare provider. If you have any questions, please feel free to discuss them with your physician and his/her office staff. We will update you on the status of our relationship with BCBSGA as we move forward. If you are no longer with BCBSGA and received this letter in error, we apologize.

Sincerely,

John Marrero
Administrator