

August 5, 2014

BRENDA MONROE
CTR FOR DIGESTIVE DISEASE & CARY
EN
1120 SE CARY PARKWAY
SUITE 204
CARY, NC 27518

Dear BRENDA MONROE:

Blue Cross and Blue Shield of North Carolina (BCBSNC) responded to our customers' increasing demand for high-quality, cost-efficient healthcare by creating Blue SelectSM a Tiered Network Product in 2013. The accessibility of quality and cost information was expanded to our entire provider network in 2014 with the implementation of the BCBSNC Cost & Quality Designations, enabling all members regardless of BCBSNC health plan to make more informed decisions when choosing health care providers.

BCBSNC will use Blue Select tier status and Cost & Quality Designations for 2015 to achieve this level of transparency for the following seven physician practice specialties:

- Cardiovascular Disease
- Gastroenterology
- General Surgery
- Neurology
- Obstetrics/Gynecology
- Orthopedic Surgery
- Endocrinology (*new in 2015*)

All practices were aligned and segmented by their area of specialty. They were first measured against quality criteria, and those that passed quality were then measured against cost criteria.

BCBSNC's Blue SelectSM product offers consumers the opportunity to maximize benefits at preferred PPO facilities and providers that meet the quality and cost criteria set forth in the product design. Members in the PPO-based product can visit any facility or provider to receive care, however, the overall richness of the benefit diminishes when they visit a lower-tier, non-designated option.

BCBSNC's largest customer, the NC State Health Plan (SHP), will continue in a incentive-based benefit plan in 2015 that correlates with these designations. Some SHP members will receive copayment reductions or HRA fund contributions when they use a specialist practice designated for "Low Cost & High Quality." In order to help SHP members quickly identify how they can earn value-based benefits, we will also display a 'State Health Plan' category in our provider search tools.

Practices will receive designations for Blue Select, Cost & Quality, and NC State Health Plan as follows:

Evaluation Criteria	Blue Select SM	BCBSNC Cost & Quality Designations	NC State Health Plan
Meets or exceeds criteria for both cost and quality.	Tier 1	Low Cost & High Quality	Designated for COST and Quality. ----J
Meets or exceeds criteria for quality only	Tier 2	High Quality	Not Designate
Does not meet criteria for either cost or quality	Tier 2	(no designation listed)	Not Designated

Reimbursement rates to providers remain unchanged based on this benefit-driven approach.

For 2015, CTR FOR DIGESTIVE DISEASE & CARY EN will be designated for Gastroenterology in the following manner:

- **For BCBSNC Blue Select Tier Status your practice will show as Tier 1**
- **For BCBSNC Cost & Quality Designation your practice will show as Low Cost & High Quality**
- **For State Health Plan Designation your practice will show as Designated for Cost and Quality**

This information will be available to individuals who use our online provider search tools beginning on *October 1, 2014*.

If you would like general information related to the overall methodology used to determine your practice's designation, or if you have questions or want to request your practices' quality and cost data see the following contact information.

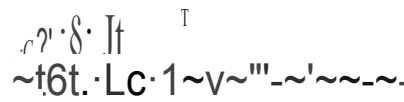
Product	Needs	Source
Blue Select SM (Tiered Network Product)	General information related to methodology	http://www.bcbsnc.com/tierednetwork
Blue Select SM (Tiered Network Product)	Questions regarding tiering or to request your practices' quality and cost data	TieredNetwork@bcbsnc.com
BCBSNC Cost & Quality Designations <u>OR</u> NC State Health Plan	General information related to methodology	http://www.bcbsnc.com/cqdesignations
BCBSNC Cost & Quality Designations <u>OR</u> NC State Health Plan	Questions regarding Cost & Quality designation or to request your practices' quality and cost data	designations@bcbsnc.com
Blue Select SM (Tiered Network Product), BCBSNC Cost & Quality Designations, <u>OR</u> NC State Health Plan	Questions regarding Cost & Quality designation or to request your practices' quality and cost data	919-765-7040

Please note, if you have questions related to your patient's specific benefit plan, please use Blue eSM or call the Provider Blue LineSM at 1-800-214-4844 to verify member eligibility and coverage.

We sincerely appreciate your participation in the BCBSNC PPO network, and we look forward to working and collaborating with you in the future.

Sincerely,


John Smith, MD, CPC
 Lead Medical Director
 Network Quality and Performance



Mark Werner
 Vice President, Network Management