

Maximum Non-Network Reimbursement Program

We are committed to ensuring that your clients and their employees have access to a broad provider network and affordable health care, and we recognize the challenges employers face balancing health care costs with delivering high-quality benefits to their employees.

The best way for your clients' employees to minimize their out-of-pocket costs is to use a network provider. To this end, we have built a broad network of more than 76,000 providers and 230 facilities in the New York, New Jersey, Connecticut tri-state area, with more than 20,000 providers and 70 facilities in New Jersey alone. We recognize, however, that there are occasions when your clients' employees will elect to receive services from a non-network provider. As a result, we want to take this opportunity to update you on a new program called **Maximum Non-Network Reimbursement Program (MNRP)**, related to reimbursement in certain out-of-network situations for members with certain New Jersey products.

Traditional reimbursement for out-of-network services is generally calculated as a percentage of the charges allowed under the terms in the plan, as determined by "Our Fee Schedule." Our Fee Schedule may be based on several factors, including data of competitive charges in a geographic area. In this case, if the member has out-of-network benefits, once their deductible has been met, we reimburse the provider for the appropriate Fee Schedule amount minus the member's coinsurance. The member is then responsible for paying the remaining coinsurance amount plus any difference between the Fee Schedule amount and the provider's charges (see the enclosed sheet for use with your clients).

The challenge with this model is that charges by out-of-network providers continue to inflate over time, significantly impacting our ability to control costs and, subsequently, the cost to your clients in terms of renewal rates and premium. To address the rising costs of using an out-of-network provider, beginning with January 1, 2009 and continuing throughout 2009 on renewal dates, we will be implementing MNRP. This changes the Fee Schedule for certain services and, therefore, the way we will pay for out-of-network claims when your clients' employees seek care from one of the following provider types:

- Hospitals (inpatient and outpatient)
- Free-standing ambulatory surgery centers
- Free-standing radiology centers
- Free-standing laboratories

MNRP will apply to New Jersey Oxford products with out-of-network benefits for fully-insured groups of 51 or more eligible employees. Some of our competitors in New Jersey already have a similar program in place. MNRP and other such programs are standard practice in many markets throughout the country.

What is MNRP?

Under our MNRP program, reimbursement for services delivered by certain out-of-network providers (as listed above) will now be based on a percentage of published rates allowed by Medicare. Out-of-network

reimbursement for these provider types will range from 150% to 225% of the standard Medicare rates, depending on the particular claim¹.

What does this mean for my clients' employees?

Your clients' employees can continue to see out-of-network providers at any point. However, because expenses above the MGRP rate are the member's responsibility, this new program will carry a more significant financial responsibility for out-of-network services delivered by the provider types listed above. We will communicate directly with members to ensure they are aware of this change and to encourage them to seek care in-network. We also believe that this program will encourage out-of-network providers to join the network. This reimbursement approach does not apply to emergency care.

What does this mean for my client?

Our objectives are to offer choice and quality, while helping to control rising health care costs so premiums and renewal rates are manageable. We expect that this program will result in lower renewal rates.

What are the benefits of MGRP?

- Helps keep health benefits affordable for your clients and their employees
- Encourages your clients' employees to receive care in-network and minimize out-of-pocket costs
- Encourages providers to contract with us

As health care costs rise, we are committed to working to moderate the trend as much as possible. If you have questions regarding this program, please contact your sales representative. Thank you for your partnership.

Sample Employer Letter

Sample Member Letter

¹ Claims for services rendered from all other provider types will continue to be adjudicated per the Member's current benefit plan and will not be impacted by this new program, MGRP.



<Date>

<Employer Contact Name>

<Group Name >

<Address 1>

<Address 2>

<City, State, Zipcode>

Re: **Maximum Non-Network Reimbursement Program**

Dear <Employer>,

We are committed to ensuring that your employees have access to a broad provider network and affordable health care, and we recognize the challenges of balancing health care costs with delivering high-quality benefits to your employees.

The best way for your employees to minimize their out-of-pocket costs is to use a network provider. To this end, we have built an extensive network of more than 76,000 providers and 230 facilities in the New York, New Jersey, Connecticut tri-state area, with more than 20,000 providers and 70 facilities in New Jersey alone. We recognize, however, that there are occasions when your employees will elect to receive services from a non-network provider. As a result, we want to take this opportunity to update you on a new program called **Maximum Non-Network Reimbursement Program (MNRP)**, related to reimbursement in certain out-of-network situations for members with certain New Jersey products.

Traditional reimbursement for out-of-network services is generally calculated as a percentage of the charges allowed under the terms in the plan, as determined by “Our Fee Schedule.” Our Fee Schedule may be based on several factors, including data of competitive provider charges in a geographic area. In this case, if the member has out-of-network benefits, once their deductible has been met, we reimburse the provider for the appropriate Fee Schedule amount minus the member’s coinsurance. The member is then responsible for paying the remaining coinsurance amount plus any difference between the Fee Schedule amount and the provider’s charges (see the example in the attached sheet).

The challenge with this model is that charges by out-of-network providers continue to inflate over time, significantly impacting our ability to control costs and, subsequently, the cost to you in terms of renewal rates and premium. To address the rising costs of using an out-of-network provider, effective <<Renewal Date>>, we will be implementing MNRP. This changes the Fee Schedule for certain services and, therefore, the way we will pay for out-of-network claims when your employees seek care from one of the following provider types:

- Hospitals (inpatient and outpatient)
- Free-standing ambulatory surgery centers
- Free-standing radiology centers
- Free-standing laboratories



MNRP will apply to New Jersey Oxford products with out-of-network benefits for fully-insured groups of 51 or more eligible employees. Some of our competitors in New Jersey already have a similar program in place. MNRP and other such programs are standard practice in many markets throughout the country.

What is MNRP?

Under our MNRP program, reimbursement for services delivered by certain out-of-network providers (as listed above) will now be based on a percentage of published rates allowed by Medicare. Out-of-network reimbursement for these provider types will range from 150% to 225% of the standard Medicare rates, depending on the particular claim¹.

What does this mean for my employees?

Your employees can continue to see out-of-network providers at any point. However, because expenses above the MNRP rate are the member's responsibility, this new program will carry a more significant financial responsibility for out-of-network services delivered by the provider types listed above. We will communicate directly with members to ensure they are aware of this change and to encourage them to seek care in-network. We also believe that this program will encourage out-of-network providers to join the network. This reimbursement approach does not apply to emergency care.

What does this mean for me as the employer?

Our objectives are to offer you choice and quality, while helping to control rising health care costs so premiums and renewal rates are manageable. We expect that this program will result in lower renewal rates.

What are the benefits of MNRP?

- Helps keep health benefits affordable for you and your employees
- Encourages your employees to receive care in-network and minimize out-of-pocket costs
- Encourages providers to contract with us

As health care costs rise, we are committed to working to moderate the trend as much as possible. If you have questions about this program, please contact your sales representative. We value your business and thank you for your partnership.

Sincerely,

Michael McGuire
CEO, UnitedHealthcare NJ

¹ Claims for services rendered from all other provider types will continue to be adjudicated per the member's current benefit plan and will not be impacted by this new program, MNRP.



<Date>

<Member First Name> <Member Last Name>

<Address 1>

<Address 2>

<City, State, Zipcode>

Dear <Member First Name> <Member Last Name>,

We are committed to ensuring that you have access to a broad provider network and affordable, quality health care, and we recognize the importance of keeping your out-of-pocket costs manageable. We are sending this letter to you to make you aware of a new program that may affect these out-of-pocket costs.

The best way for you to minimize your out-of-pocket costs is to use an in-network provider. We have built an extensive network of more than 76,000 providers and 230 facilities in the New York, New Jersey, Connecticut tri-state area, with more than 20,000 providers and 70 facilities in New Jersey alone. We recognize, however, that there are occasions when you will elect to receive services from an out-of-network provider. As a result, we want to take this opportunity to update you on a new program called **Maximum Non-Network Reimbursement Program (MNRP)**, related to reimbursement in certain out-of-network situations.

Your benefit plan documents contain language about how we calculate the reimbursement to out-of-network physicians and health care facilities (referred to as 'Our Fee Schedule'). Traditional reimbursement for out-of-network services is generally calculated as a percentage of the charges allowed under the terms in the plan, as determined by our Fee Schedule. Our Fee Schedule may be based on several factors, including data of competitive provider charges in a geographic area. Under your benefit plan, if you have out-of-network benefits, once your deductible has been met, we reimburse the provider for the applicable amount (per the Fee Schedule) minus your coinsurance. Therefore, we only pay a portion of the amount that an out-of-network physician or facility bills for their services. It is your responsibility to pay the difference between the amounts the physician or facility charges and what your benefit plan covers. Note that your financial responsibility is much greater when you receive an out-of-network service than it is when you receive an in-network service.

To address the rising costs of using an out-of-network provider, effective <Renewal Date>, we will be implementing MNRP. This changes the Fee Schedule for certain services and, therefore, the way we will pay for out-of-network claims when you seek care from one of the following provider types:

- Hospitals (inpatient and outpatient)
- Free-standing ambulatory surgery centers
- Free-standing radiology centers
- Free-standing laboratories

As a result of this program, your financial responsibility may increase if you use out-of-network providers. (Please see the examples in the attached sheet.) Some of our competitors in New Jersey already have a similar program in place. MNRP and similar programs are standard practice in many markets throughout the country.



What is MNRP?

Under our new program, reimbursement for services delivered by certain out-of-network providers (as listed above) will now be based on a percentage of published rates allowed by Medicare. Out-of-network reimbursement for these provider types will range from 150% to 225% of the standard Medicare rates, depending on the particular claim.¹ To see specific examples of how this will change the amount we pay and how your financial responsibility differs, please see the enclosed sheet.

What does this mean for me?

You can continue to see out-of-network providers at any point. However, because expenses above the MNRP rate are your responsibility, this new program will carry a more significant financial responsibility for out-of-network services delivered by the provider types identified in this letter.

You will be receiving a postcard that will explain how to access your certificate of coverage and the new Out-of-Network Reimbursement Rider online at www.oxfordhealth.com. It will also explain how you may call or e-mail us to request that a hard copy of these documents be mailed to your home.

What are the benefits of MNRP?

- Helps keep health benefits affordable for you
- Encourages you to receive care in-network and minimize out-of-pocket costs
- Encourages providers to contract with us so that you have a greater choice of in-network access

We encourage you to think about receiving services from one of our high-quality, in-network providers so your out-of-pocket costs will be less. To find an in-network provider, please visit www.oxfordhealth.com and click on "search for an Oxford doctor, hospital or lab."

If you have questions about this program, please call Customer Service at the number on your ID card.

Wishing you the best of health.

Sincerely,
Oxford

¹ Claims for services rendered from all other provider types will continue to be adjudicated per your current benefit plan and will not be impacted by this new program, MNRP.