



One Liberty Plaza
165 Broadway
New York, NY 10006
www.empireblue.com

April 1, 2010

IMPORTANT INFORMATION
Contract Termination of Stellaris Health Network

Dear Broker:

As a valued business partner, Empire BlueCross BlueShield ("Empire") would like to provide an update on our contract negotiations with Stellaris Health Network ("SHN"). SHN is a hospital system in Westchester comprised of Lawrence Hospital, Northern Westchester Hospital, Phelps Memorial Hospital Center and White Plains Hospital. Contract negotiations with participating providers are a standard part of what we do every day to make quality affordable healthcare available to you.

Empire and SHN have been negotiating for the past six months to renew a contract set to expire on March 31, 2010. Unfortunately, we have been unable to reach an agreement. Therefore, **as of April 1, 2010, SHN is no longer participating in Empire's hospital network.**

The issue at the center of the negotiation is SHN's demand for higher than market reimbursement rates. Though SHN hospitals earn a substantial profit on Empire's business, they continue to demand double digit rate increases for each year of the new agreement. With hospital costs being almost 50 percent of healthcare costs, the rate increase SHN is demanding would increase the amount your customers pay for healthcare, whether through higher premiums, contributions to employer sponsored healthcare coverage or member cost sharing amounts. We remain committed to reaching an agreement on a new multi-year contract that provides fair reimbursement with reasonable annual increases. Regrettably, SHN does not appear to share that goal at this time.

As of April 1, 2010, Empire members will only receive full in-network benefits for services rendered by SHN facilities on an emergency basis. For non-emergency services, members will receive no benefits or reduced benefits depending on their health benefits coverage. This letter includes a listing of alternative facilities which remain participating in our network. Empire continues to have an exceptionally broad network of participating hospitals, physicians, radiology centers, ambulatory centers and other providers capable of providing the same healthcare services your Empire members may have received from SHN hospitals at numerous convenient locations throughout Westchester County and the surrounding areas. They will receive full in network coverage at these providers for all covered services.

We are sending member letters this week to your groups whose members may be impacted, due to their address, primary care provider, or prior claims history. The letters inform them of this termination and include an alternate facility listing as well as a special number to call for more information. Additionally we are mailing letters to the Group Benefit Administrator of those impacted groups informing them of this situation.

We know you may have questions regarding this issue and we will maintain and update information, including Frequently Asked Questions and Continuation of Care Guidelines, on the home page of our website, www.empireblue.com. This impasse may indeed pose some inconvenience to our members and we will do whatever we can to support your customers in this time of transition.

We want to assure you that we continue to work hard to reach an agreement with SHN to promote accessible, affordable, quality healthcare for your customers. It is our job to be good stewards of their health care dollars. And, it is SHN's responsibility to help make healthcare in Westchester County more affordable by better managing their own costs and not just increasing your customers'.

SHN_BKTERM_0401

Should you have any questions or concerns, please contact us at **(800) 495-9323**. Please remember also to visit our website at www.empireblue.com for updates.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Wagar', with a long horizontal flourish extending to the right.

Mark Wagar
President and CEO, Empire BlueCross BlueShield

ALTERNATIVE HOSPITALS AND PROVIDERS IN STELLARIS SERVICE AREAS

| Stellaris Health Network Facilities | Town |
|-------------------------------------|--------------|
| Lawrence Hospital | Bronxville |
| Northern Westchester Hospital | Mount Kisco |
| Phelps Memorial Hospital Center | Tarrytown |
| White Plains Hospital | White Plains |

Below is the listing of alternate participating hospitals and other providers conveniently located close to Stellaris hospitals. The vast majority of health care services required by members can be safely and effectively provided through these other participating providers.

1. Alternate Facilities

Alternate Participating Facilities for Lawrence Hospital*

| Hospital | Town | Dist from LH |
|-----------------------------|--------------|--------------|
| Mount Vernon Hospital | Mt. Vernon | 2.3 miles |
| St. John's Riverside | Yonkers | 4.0 miles |
| St. Joseph's Medical Center | Yonkers | 4.4 miles |
| Sound Shore Medical Center | New Rochelle | 4.6 miles |
| Montefiore Medical Center | Bronx | 6.6 miles |

Alternate Participating Facilities for Northern Westchester Hospital*

| Hospital | Town | From NWH |
|--|-----------------|------------|
| Westchester Medical Center | Valhalla | 11.9 miles |
| New York Presbyterian – Westchester Division | Mt. Vernon | 13.3 miles |
| Hudson Valley Hospital Center | Cortlandt Manor | 15.0 miles |
| Greenwich Hospital | Greenwich, CT | 15.9 miles |

Alternate Participating Facilities for Phelps Memorial Hospital Center*

| Hospital | Town | From Phelps |
|-----------------------------|----------|-------------|
| Westchester Medical Center | Valhalla | 5.9 miles |
| Nyack Hospital | Nyack | 4.1 miles |
| St. John's Riverside | Yonkers | 11.0 miles |
| St. Joseph's Medical Center | Yonkers | 14.3 miles |

Alternate Participating Facilities for White Plains Hospital*

| Hospital | Town | From WPH |
|-----------------------------|---------------|------------|
| Westchester Medical Center | Valhalla | 4.3 miles |
| Greenwich Hospital | Greenwich, CT | 7.9 miles |
| Sound Shore Medical Center | New Rochelle | 9.1 miles |
| St. John's Riverside | Yonkers | 9.8 miles |
| St. Joseph's Medical Center | Yonkers | 13.0 miles |
| Stanford Hospital | Stanford, CT | 15.5 miles |

*In addition to this listing of local hospitals, Empire members continue to enjoy access to the best academic medical centers in the country including Montefiore Medical Center, New York-Presbyterian Medical Center (Columbia University and Weill Cornell campuses), Mt. Sinai Medical Center and NYU Medical Center.

2. Free Standing Radiology

| Free Standing Radiology | | | | |
|-------------------------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Provider | Distance from Lawrence | Distance from Northern WC | Distance from White Plains | Distance from Phelps |
| Mt. Kisco Medical Group – Mt. Kisco | 25 miles | 1 mile | 15 miles | 12 miles |
| Mt. Kisco Medical Group – Katonah | 29 miles | 19 miles | 7 Miles | 18 miles |
| Hudson Valley Radiology Associates | 1 mile | 20 miles | 5 miles | 8 miles |
| Healthcare Radiology | 7 miles | 14 miles | 1 mile | 9 miles |
| Yonkers Imaging PC | 2 miles | 25 miles | 9 miles | 9 miles |
| WESTMED Medical Group- White Plains | 14 miles | 16 miles | 2 miles | 13 miles |
| WESTMED Medical Group- Rye | 13 miles | 21 miles | 9 miles | 20 miles |

3. Physician Surgical Suites

| Physician Surgical Suites | | | | |
|--|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Provider | Distance from Lawrence | Distance from Northern WC | Distance from White Plains | Distance from Phelps |
| Westchester Ambulatory Surgical Center | 11 miles | 12 miles | 2 miles | 9 miles |
| The Ambulatory Surgery Center of Westchester | 20 miles | 1 mile | 15 miles | 11 miles |

4. Dialysis Center

| Dialysis Centers | | | | |
|--------------------------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Provider | Distance from Lawrence | Distance from Northern WC | Distance from White Plains | Distance from Phelps |
| Hudson Valley Dialysis Center | 14 miles | 12 miles | 8 miles | 1 mile |
| Southern Westchester Dialysis Center | 4 miles | 30 miles | 14 miles | 10 miles |
| Dialysis Clinic Inc. | 13 miles | 10 miles | 7 miles | 4 miles |

5. Physical Therapy

| Physical Therapy | | | | |
|--------------------------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Provider | Distance from Lawrence | Distance from Northern WC | Distance from White Plains | Distance from Phelps |
| Burke Rehabilitation Center | 8 miles | 14 miles | 2 miles | 9 miles |
| Rye Physical Therapy of White Plains | 7 miles | 13 miles | 1 mile | 7 miles |
| Proactive Physical Therapy | 13 miles | 9 miles | 5 miles | 5 miles |
| Symmetry Physical Therapy | 3 miles | 25 miles | 14 miles | 15 miles |
| Alpine Physical Therapy | 13 miles | 8 miles | 7 miles | 3 miles |
| WESTMED Medical Group- Rye | 13 miles | 21 miles | 9 miles | 20 miles |

6. Skilled Nursing Facility/Hospice

| SNF/Hospice | | | | |
|--------------------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Provider | Distance from Lawrence | Distance from Northern WC | Distance from White Plains | Distance from Phelps |
| St. Cabrini Nursing Home | 9 miles | 15 miles | 8 miles | 5 miles |
| Sarah R. Neuman Nursing Home | 7 miles | 19 miles | 9 miles | 15 miles |
| Sans Souci Nursing Home | 5 miles | 25 miles | 10 miles | 8 miles |
| Sprainbrook Manor Nursing Home | 5 miles | 19 miles | 3 miles | 9 miles |
| Laboratories | | | | |
| Quest Diagnostics | Closest – 2 miles | Closest - 6 miles | Closest - 4 miles | Closest – 1 mile |

7. Laboratory

| Laboratories | | | | |
|---------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Provider | Distance from Lawrence | Distance from Northern WC | Distance from White Plains | Distance from Phelps |
| Quest Diagnostics | Closest – 2 miles | Closest - 6 miles | Closest - 4 miles | Closest – 1 mile |