

Saint Luke's Health System Announces Termination of United Healthcare Contract Effective March 1, 2009

Question and Answer Fact Sheet
for employers and benefits consultants
July 25, 2008

Q: Saint Luke's Health System sent termination notice to United Healthcare and will become an out-of-network provider March 1, 2009. Why?

A: Saint Luke's commitment to caring for the communities we serve is one we've taken seriously for 126 years. Our mission is based on providing cost-effective, quality care to the communities we serve. At this time, Saint Luke's Health System is unable to cover the cost of providing this care to United Healthcare enrollees. Our current contract and current reimbursement rates are unacceptable. Over a year ago, Saint Luke's Health System provided United Healthcare a rate proposal consistent with other payers according to network, product makeup, and volume to Saint Luke's Health System.

Recent indications show United Healthcare is unwilling to work toward an equitable future contract. Meanwhile they are posting significant corporate earnings. If Saint Luke's had chosen to continue its relationship with United Healthcare without a substantial rate increase and equitable contract terms, our entities would have been forced to reduce their level of service. Saint Luke's could not consider this. Patients deserve full service, high-quality care—the only kind of care Saint Luke's Health System strives to provide. Therefore, Saint Luke's Health System sent termination notice to United Healthcare today. All Saint Luke's entities and all Saint Luke's employed physicians will become out-of-network providers to United Healthcare enrollees beginning March 1, 2009.

The 2009 termination will include UHC's commercial HMO, Point of Service, and PPO networks. Saint Luke's will continue to be a provider for UHC's Medicare Supplement plan, which includes the AARP Medicare tie-in plan.

Q: What immediate impact does this announcement have on patients?

A: This termination does not immediately impact patients with United Healthcare insurance plans. Patients may continue to receive care in-network through Saint Luke's Health System contracted physicians and hospitals through February 28, 2009. Beginning March 1, 2009 United Health care enrollees will be provided high quality care at Saint Luke's Health System hospitals and by Saint Luke's employed physicians but care will be provided out-of-network. Those patients under care on the termination date who qualify for continuation of services will be considered in-network as defined below:

Inpatient Covered Services	30 days or until discharge, whichever comes first
Pregnancy, Third Trimester	90 days
Non-Surgical Cancer Treatment	45 days
End Stage Kidney Disease and Dialysis	30 days
Symptomatic AIDS undergoing active treatment	30 days

Q: Why did Saint Luke's Health System give United Healthcare termination notice so far in advance?

A: In order to help brokers, benefits consultants, and affected employers best serve their clients and employees, Saint Luke's Health System gave termination notice July 25, 2008. The goal is to help Kansas City and surrounding communities plan ahead so patients may proactively make choices to avoid confusion when their Saint Luke's care moves from in-network to out-of-network on March 1, 2009. This advance notice is also intended to help brokers and benefits consultants work with their clients immediately as they are considering their budget and health plan options for 2009 and beyond. There is no immediate need for a Saint Luke's patient currently enrolled with United Healthcare to select a different physician or change hospital preference.

Saint Luke's Health System attempted to negotiate a contract with United Healthcare during 2007 and thus far in 2008. Coming to terms would have assured United's enrollees and Saint Luke's patients continuity of their in-network care. United did not favorably respond to our requests and we have not achieved the objective of reaching a fair and equitable agreement. United Healthcare has a history of contentious negotiations across the country, and we tried to avoid contract termination but in this case it was necessary.

Q: A large number of companies selected United Healthcare as their insurance carrier because Saint Luke's physicians and hospitals are in the network. How can these companies be sure they can use Saint Luke's in the future?

A: Saint Luke's Health System would like to suggest an optional health plan. We currently have contracts with many other major health insurance companies, including Aetna, Humana PPOs, Cigna, Coventry, Private Healthcare Systems and many Blue Cross Blue Shield plans. For a complete list of insurance plans accepted, please visit saintlukeshealthsystem.org or call NurseLine at (816) 932-6220.

Q: Could you clarify what the termination would mean to my clients' employees?

A: United Healthcare accounts for 5.9 percent of Saint Luke's revenue from patients and 12.9 percent of Saint Luke's revenue from managed care payers. Saint Luke's Health System cannot afford to remain with United Healthcare at the current contracted rates. This termination intention applies to United Healthcare's commercial HMO, POS and PPO plans.

Because Saint Luke's Health System is terminating its contract with United Healthcare, all physicians who are employed by Saint Luke's Health System and all Saint Luke's hospitals and services will be considered out of network as of March 1, 2009. (For a complete list of employed practices and hospitals, please visit saintlukeshealthsystem.org or call NurseLine at (816)932-6220.) If your clients remain with United Healthcare and choose to remain with Saint Luke's employed physicians and Saint Luke's hospitals, they will pay higher co-payments and co-insurance, and there will be no discount on billed charges. Self-insured plans will be billed full charges for emergency department visits and emergency hospital admissions. Saint Luke's will no longer be allowed to provide a discount for care provided to United Healthcare enrollees. Saint Luke's will continue to provide the same level of high quality care to United Healthcare enrollees who present for emergency care or who choose to continue any level of their care with Saint Luke's as an out-of-network provider.

Q: Which Saint Luke's entities are impacted?

A: The following Saint Luke's Health System facilities are longer be United Healthcare providers:

- Saint Luke's Hospital of Kansas City (Missouri)
- Saint Luke's Northland Hospital, Barry Road and Smithville campuses (Kansas City, Missouri)
- Saint Luke's South (Overland Park, Kansas)
- Saint Luke's East – Lee's Summit (Missouri)
- Saint Luke's Medical Group
- Saint Luke's Cancer Institute
- Saint Luke's Home Care and Hospice
- Anderson County Hospital (Garnett, Kansas)
- Cushing Memorial Hospital (Leavenworth, Kansas)
- Hedrick Medical Center (Chillicothe, Missouri)
- Wright Memorial Hospital (Trenton, Missouri)
- All physicians employed by Saint Luke's Health System

Q: Is there any chance Saint Luke's and United Healthcare will sign a contract before February 28, 2009?

A: No. Because we were unable to come to terms, we have no plans to further these contract discussions with United Healthcare. On July 25, 2008 Saint Luke's issued its termination letter to United Healthcare and sent notification to its patients, physicians, employees and to the Kansas City community. This will allow those desiring to have in-network access to Saint Luke's hospitals and physicians the time to make appropriate health plan changes and have certainty of where Saint Luke's stands with its payer contracts. This is our commitment to the Kansas City community.

Q: In today's economy, financial stability and affordable health care is an important topic for employers and their employees. What other factors are contributing to Saint Luke's Health System's decision to terminate their contract with United Healthcare?

A: Many factors have an impact:

- Medicare cuts over the next decade will reduce payments to Saint Luke's Health System by more than \$10 million.
- Increasing payer regulations and imposed reporting requirements are forcing hospitals to put more people and resources toward data gathering and regulatory reporting. This increases health care costs.
- The growing availability of consumer-driven health plans with high deductibles and high co-pays makes it more difficult for Saint Luke's Health System to collect "first dollar" amounts that previously were covered by health plans.
- Providing care to uninsured or underinsured patients has caused Saint Luke's Health System's charity care to double in the past several years. Saint Luke's is absorbing record high amounts of bad debt.
- The cost for providing the highest level of emergency and trauma care 24/7 every day is a factor. Physician compensation for emergency department on-call coverage at Saint Luke's Hospital, a level one trauma center, is at an all-time high. Hospitals need to have these contracts with physicians in order to provide 24/7 emergency and specialty care to any patient who may need a full range of life-saving treatments. Physicians need this on-call pay because their level of reimbursement from payers for patient office visits and other care is shrinking while their charity care and bad debt also are increasing. Together with physicians, only Saint Luke's Hospital and a few other Kansas City-area hospitals provide this level of emergency care 24/7.
- The rising cost of health insurance is forcing fewer companies to offer health benefit plans. At those employers who do offer health benefits, some employees are opting to go without insurance coverage, placing more of the burden on hospitals to cover the cost of the care these individuals need.

Q: What distinguishes Saint Luke's care from other providers?

A: Go to saintlukeshealthsystem.org and enter search words "Quality In Action" to see our latest quality report.

Q: Whom do I contact at Saint Luke's if I have questions?

A: Robert S. Bonney, Senior Vice President, Business Development, Saint Luke's Health System, email rbonney@saint-lukes.org or (816) 932-1797.