



NIA H. GILL
Chair

RAYMOND J. LESNIAK
Vice-Chair

JAMES BEACH
NICHOLAS P. SCUTARI
GERALD CARDINALE
THOMAS H. KEAN, JR.

PHILIP R. GENNACE
TODD W. MOORE
Office of Legislative Services
Committee Aides
(609) 847-3845
(609) 777-2998 fax

New Jersey State Legislature
SENATE COMMERCE COMMITTEE
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

JOINT COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE COMMERCE COMMITTEE

FROM: SENATOR NIA H. GILL, ESQ., CHAIR

SUBJECT: JOINT COMMITTEE MEETING - OCTOBER 5, 2015

The public may address comments and questions to Philip R. Gennace, Todd W. Moore, Committee Aides, or make bill status and scheduling inquiries to Joanne W. Gillespie, Secretary, at (609)847-3845, fax (609)777-2998, or e-mail: OLSAideSCM@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Senate Commerce Committee will meet jointly with the Senate Health, Human Services and Senior Citizens Committee on Monday, October 5, 2015 at 10:00 AM in Committee Room 4, First Floor, State House Annex, Trenton, New Jersey.

The committees will hear testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Issued 9/28/15

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours' notice. CART or sign language interpretation requires 5 days' notice.

For changes in schedule due to snow or other emergencies, see website <http://www.njleg.state.nj.us> or call 800-792-8630 (toll-free in NJ) or 609-847-3905.

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New Jersey State Legislature

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and

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DAVID DRESCHER
ADALINE B. KASER
*Office of Legislative Services
Committee Aides*
*Senate Health, Human Services
and Senior Citizens Committee*
(609) 847-3860
(609) 943-5996 Fax

October 6, 2015

Richard Badolato
Acting commissioner
New Jersey Department of Banking and Insurance
PO Box 325
Trenton NJ 08625

Dear Mr. Badolato:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee



New Jersey Senate
P.O. Box 099
Trenton, New Jersey 08625-0099
(o) 609-847-3700
(f) 609-633-7254

SENATOR NIA H. GILL
34TH LEGISLATIVE DISTRICT
39 SOUTH FULLERTON AVE
MONTCLAIR, NJ 07042
TEL: (973) 509-0388

SENATOR JOSEPH F. VITALE
19TH LEGISLATIVE DISTRICT
569 RAHWAY AVE
WOODBIDGE, NJ 07095
TEL: (732) 855-7441

September 25, 2015

Richard Badolato
Acting Commissioner
New Jersey Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625

Dear Acting Commissioner Badolato,

Thank you in advance for your consideration to attend the joint hearing of the Senate Commerce and Health Committees to discuss the creation of the OMNIA Health Alliance announced by Horizon BCBSNJ. The new Tiered Network Plan for members, which will dramatically change the insurance plans offered by the largest insurer in New Jersey, and the manner in which they were announced, has caused a great deal of confusion and anxiety in consumers and members of the health care community.

Despite the release by Horizon of public relations documents related to the plan, far too many questions remain about how the alliance was developed and the impact the new plans will have on consumers and hospitals around the state.

As part of its regulatory duty, the Department of Banking and Insurance is required to approve all new insurance plans sold to the residents of our state, as well as rate increases on existing plans. Recently, your department has stated "DOBI [it] has reviewed the Omnia-tiered plan and found that it satisfies network access requirements."

Given the Department's review of the OMNIA Alliance and its new Tiered Network Plan, we ask that you please provide the Committee by October 1, 2015 with all documents you received from Horizon relating to the OMNIA Alliance and the new Tiered Network plans that were used in DOBI's network adequacy review.

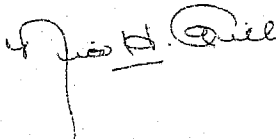
In addition, we have requested that Horizon suspend for 30 days the release of the new plans into the state's insurance marketplace. A moratorium on the proposal will allow

consumers to hear from Horizon on the overhaul of the insurance plans and to get a clearer understanding of their options. The extra time will also provide health care providers with information on the criteria used to select hospitals and about the future plans for the alliance.

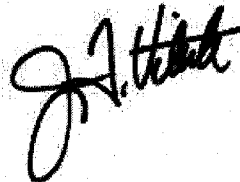
Please provide Phil R. Gennace (pgennace@njleg.org), OLS Committee Aide, with all requested documents by the close of business on October 1, 2015.

Thank you in advance and we look forward to your testimony on October 5th.

Sincerely,



Senator Nia H. Gill
Chair, Senate Commerce Committee
Senior Citizens Committee



Senator Joseph F. Vitale
Chair, Senate Health, Human Services &

SENATE COMMERCE COMMITTEE

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(609) 847-3860
(609) 943-5996 Fax

October 6, 2015

Cathleen D. Bennett
Acting Commissioner
New Jersey Department of Health
PO Box 360
Trenton NJ 08625-0360

Dear Ms. Bennett:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

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October 6, 2015

Joel C. Cantor, Sc.D.
Center for State Health Policy
Rutgers University
112 Paterson Street, 5th Floor
New Brunswick, NJ 08901-1293

Dear Mr. Cantor:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

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October 6, 2015

Sister Patricia Codey, SC, Esq.
President
Catholic HealthCare Partnership of New Jersey
760 Alexander Road
Princeton NJ 08543-0001

Dear Sister Patricia:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) as soon as possible, but not later than noon tomorrow, October 1st, with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Friday, October 2nd.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

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PO BOX 068
TRENTON NJ 08625-0068.

October 6, 2015

Elizabeth Connolly
Acting Commissioner
New Jersey Department of Human Services
PO Box 700
Trenton NJ 08625-0700

Dear Ms. Connolly:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

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Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Handwritten signature of Nia H. Gill in black ink.

Senator Nia H. Gill
Chair, Senate Commerce Committee

Handwritten signature of Joseph F. Vitale in black ink.

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

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STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

October 6, 2015

Vince Costantino
Chief Administrative Officer
St. Francis Medical Center
601 Hamilton Avenue
Trenton NJ 08629

Dear Mr. Costantino:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

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Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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TRENTON NJ 08625-0068

October 6, 2015

Madeline Ferraro
Vice President Government Affairs
Atlantic Health System
475 South Street
Morristown NJ 07960

Dear Ms. Ferraro:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) as soon as possible with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration. Written testimony may also be submitted electronically to either of the above email addresses.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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PO BOX 068
TRENTON NJ 08625-0068

October 6, 2015

Ray Fredericks
President and CEO
JFK Health Systems, Inc.
65 James Street
Edison NJ 08820

Dear Mr. Fredericks:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

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Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

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*Office of Legislative Services
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*Senate Health, Human Services
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(609) 847-3860
(609) 943-5996 Fax

October 6, 2015

Robert C. Garrett
President and CEO
Hackensack University Medical Center
30 Prospect Avenue
Hackensack NJ 07601

Dear Mr. Garrett:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

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Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee



Robert C. Garrett
President and Chief Executive Officer

October 2, 2015

Mr. Philip R. Gennace
Office of Legislative Services
Senate Commerce Committee

Mr. David Drescher
Office of Legislative Services
Senate Health, Human Services and Senior Services

Dear Mr. Gennace and Mr. Drescher:

I'm writing on behalf of Robert C. Garrett, President of Hackensack University Health Network. We very much appreciate the invitation to be a guest in the hearing on October 5, 2015, regarding OMNIA.

Unfortunately, due to previously scheduled commitments, Mr. Garrett is unable to attend and participate. We wish you and the committee a successful hearing. If I can be of any assistance, please do not hesitate to contact me directly.

All the best,

A handwritten signature in black ink, appearing to read 'Kevin DeSimone', written over a horizontal line.

Kevin DeSimone
Vice President, Government Relations

SENATE COMMERCE COMMITTEE

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SENATE HEALTH, HUMAN SERVICES AND
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PHILIP R. GENNACE
TODD W. MOORE
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Senate Commerce Committee
(609) 847-3845
(609) 777-2998 fax

DAVID DRESCHER
ADALINE B. KASER
*Office of Legislative Services
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*Senate Health, Human Services
and Senior Citizens Committee*
(609) 847-3860
(609) 943-5996 Fax

October 6, 2015

Jeff Lebenger, M.D.
Chairman and CEO
Summit Medical Group
1 Diamond Hill Road
Berkeley Heights NJ 07922

Dear Dr. Lebenger:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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*Senate Health, Human Services
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(609) 943-5996 Fax

October 6, 2015

John K. Lloyd
President and CEO
Meridian Health Care Systems, Inc.
1350 Campus Parkway #3A
Wall Township NJ 07753

Dear Mr. Lloyd:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and Senior Citizens Committee

SENATE COMMERCE COMMITTEE

NIA H. GILL
Chair
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GERALD CARDINALE
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PHILIP R. GENNACE
TODD W. MOORE
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New Jersey State Legislature

SENATE COMMERCE COMMITTEE and SENATE HEALTH, HUMAN SERVICES AND SENIOR CITIZENS COMMITTEE

STATE HOUSE ANNEX
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October 6, 2015

Robert A. Marino
Chairman, President and Chief Executive Officer
Horizon Blue Cross Blue Shield of New Jersey
3 Penn Plaza East
Newark, NJ 07105

Dear Mr. Marino:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee



New Jersey Senate
P.O. Box 099
Trenton, New Jersey 08625-0099
(o) 609-847-3700
(f) 609-633-7254

SENATOR NIA H. GILL
34TH LEGISLATIVE DISTRICT
39 SOUTH FULLERTON AVE
MONTCLAIR, NJ 07042
TEL: (973) 509-0388

SENATOR JOSEPH F. VITALE
19TH LEGISLATIVE DISTRICT
569 RAHWAY AVE
WOODBIDGE, NJ 07095
TEL: (732) 855-7441

September 25, 2015

Robert A. Marino
Chairman, President and Chief Executive Officer
Horizon Blue Cross Blue Shield of New Jersey
Horizon BCBSNJ Headquarters
3 Penn Plaza East
Newark, NJ 07105

Dear Mr. Marino,

Thank you in advance for your consideration to attend the joint hearing of the Senate Commerce and Health Committees to discuss the creation of the OMNIA Health Alliance.

As you are aware, we have requested that Horizon suspend for 30 days the release of the new Tiered Plans into the state's insurance marketplace. A moratorium on the proposal will allow consumers to hear from Horizon on the overhaul of the insurance plans and to get a clearer understanding of their options. The extra time will also provide health care providers with information on the criteria used to select hospitals and about the future plans for the alliance.

As part of the Committee's fact finding, we ask that you please provide the Committee by October 1, 2015 with the entire list of criteria and scoring for how Horizon chose the hospitals and providers in the OMNIA Alliance as well as the tier one hospitals not in the Alliance.

In addition, please include the list of hospitals and providers that have signed contracts with Horizon to be part of the OMNIA Health Alliance and a list of tier one hospitals and providers not in the Alliance that have signed contracts with Horizon.

Please provide Phil R. Gennace (pgennace@njleg.org), OLS Committee Aide, with all requested documents by the close of business on October 1, 2015.

Thank you in advance and we look forward to your testimony on October 5th.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services & Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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PHILIP R. GENNACE
TODD W. MOORE
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Committee Aides*
Senate Commerce Committee
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New Jersey State Legislature

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PO BOX 068
TRENTON NJ 08625-0068

October 6, 2015

Michael Maron
CEO and President
Holy Name Medical Center
718 Teaneck Road
Teaneck NJ 07666

Dear Mr. Maron:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) as soon as possible with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration. Written testimony may also be submitted electronically to either of the above email addresses.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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*Office of Legislative Services
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*Senate Health, Human Services
and Senior Citizens Committee*
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(609) 943-5996 Fax

October 6, 2015

Barry H. Ostrowsky
President and CEO
St. Barnabas Medical Center
95 Old Short Hills Road
West Orange NJ 07052

Dear Mr. Ostrowsky:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Two handwritten signatures in black ink. The signature on the left is for Senator Nia H. Gill, and the signature on the right is for Senator Joseph F. Vitale.

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and Senior Citizens Committee

SENATE COMMERCE COMMITTEE

NIA H. GILL
Chair
RAYMOND J. LESNIAK
Vice-Chair
JAMES BEACH
NICHOLAS P. SCUTARI
GERALD CARDINALE
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New Jersey State Legislature

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and
SENATE HEALTH, HUMAN SERVICES AND
SENIOR CITIZENS COMMITTEE

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Committee Aides
Senate Commerce Committee*
(609) 847-3845
(609) 777-2998 fax

DAVID DRESCHER
ADALINE B. KASER
*Office of Legislative Services
Committee Aides
Senate Health, Human Services
and Senior Citizens Committee*
(609) 847-3860
(609) 943-5996 Fax

October 6, 2015

Robert Pedowitz, D.O.
Family Practice of CentraState
17 Broad Street
Freehold NJ 07728

Dear Dr. Pedowitz:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) with respect to your acceptance of this invitation as soon as possible. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Friday, October 2nd.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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Chair
RAYMOND J. LESNIAK
Vice-Chair
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GERALD CARDINALE
THOMAS H. KEAN, JR.



PHILIP R. GENNACE
TODD W. MOORE
*Office of Legislative Services
Committee Aides*
Senate Commerce Committee
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TRENTON NJ 08625-0068

October 6, 2015

Ronald C. Rak, JD
President and CEO
St. Peter's University Hospital
234 Easton Avenue
New Brunswick NJ 08901

Dear Mr. Rak:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee

SENATE COMMERCE COMMITTEE

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Chair
RAYMOND J. LESNIAK
Vice-Chair
JAMES BEACH
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GERALD CARDINALE
THOMAS H. KEAN, JR.



PHILIP R. GENNACE
TODD W. MOORE
*Office of Legislative Services
Committee Aides*
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PO BOX 068
TRENTON NJ 08625-0068

October 6, 2015

Linda J. Schwimmer, JD
President and CEO
New Jersey Healthcare Quality Institute
238 West Delaware Avenue
Pennington NJ 08534

Dear Ms. Schwimmer:

The Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee invite you to present testimony at a joint meeting scheduled for Monday, October 5, 2015, at 10:00 a.m. in Committee Room 4, First Floor, of the State House Annex. The committees will receive testimony from invited guests regarding the recently announced OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey.

Please contact Philip R. Gennace (pgennace@njleg.org) or David Drescher (ddrescher@njleg.org) by the close of business on Tuesday, September 29th with respect to your acceptance of this invitation. The committee requests that you submit 20 copies of any written testimony, or other comments or documentation for consideration by the committee to Mr. Gennace or Mr. Drescher no later than the morning of Thursday, October 1st.

Questions concerning your response to this invitation or the submission of any materials may be directed to Mr. Gennace at 609-847-3845, or to Mr. Drescher at 609-847-3860.

Sincerely,

Senator Nia H. Gill
Chair, Senate Commerce Committee

Senator Joseph F. Vitale
Chair, Senate Health, Human Services and
Senior Citizens Committee



New Jersey Senate
P.O. Box 099
Trenton, New Jersey 08625-0099
(o) 609-847-3700
(f) 609-633-7254

SENATOR NIA H. GILL
34TH LEGISLATIVE DISTRICT
39 SOUTH FULLERTON AVE
MONTCLAIR, NJ 07042
TEL: (973) 509-0388

SENATOR JOSEPH F. VITALE
19TH LEGISLATIVE DISTRICT
569 RAHWAY AVE
WOODBIDGE, NJ 07095
TEL: (732) 855-7441

September 25, 2015

Andrew Slavitt
Acting Administrator, Centers for Medicare & Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

Dear Administrator Slavitt,

Two weeks ago, Horizon BCBSNJ announced the creation of the OMNIA Health Alliance and the planned rollout of a new Tiered Network Plan for members. The proposal dramatically changes the insurance plans offered by the largest insurer in New Jersey, and the manner in which it was announced, has caused a great deal of confusion and anxiety in consumers and members of the health care community.

Following the announcement, a Joint Senate Committee, comprised of the New Jersey Senate Commerce Committee and Senate Health, Human Services and Senior Citizens Committee, scheduled an October 5, 2015 hearing to receive testimony from invited guests on the OMNIA Health Alliance and the Alliance's impact on the insurance market and people of New Jersey.

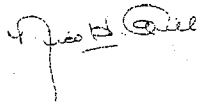
Given CMS's regulatory obligation to review and approve the new Tiered Network Plans prior to them being offered on the Marketplace, we ask that you please provide the Committee with all documents you received from Horizon relating to the OMNIA Alliance and the new Tiered Network plans that were used in CMS's network adequacy review.

In addition, we have requested that Horizon suspend for 30 days the release of the new plans into the state's insurance marketplace. A moratorium on the proposal will allow consumers to hear from Horizon on the overhaul of the insurance plans and to get a clearer understanding of their options. The extra time will also provide health care providers with information on the criteria used to select hospitals and about the future plans for the alliance.

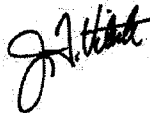
Please provide Phil R. Gennace (pgennace@njleg.org), OLS Committee Aide, with all requested documents.

Thank you in advance for your consideration.

Sincerely,



Senator Nia H. Gill
Chair, Senate Commerce Committee



Senator Joseph F. Vitale
Chair, Senate Health, Human Services & Senior Citizens Committee

CC: Jackie Cornell-Bechelli, Regional Director U.S. Department of Health and Human Services
Raymond Hurd, Regional Administrator, CMS



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 360
TRENTON, N.J. 08625-0360

www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CATHLEEN D. BENNETT
Acting Commissioner

October 3, 2015

The Honorable Nia H. Gill
39 South Fullerton Ave.
2nd Floor, Suite 7
Montclair, NJ 07042

The Honorable Joseph F. Vitale
569 Rahway Ave.
Woodbridge, NJ 07095

Dear Senator Gill and Senator Vitale:

Thank you for inviting the Department of Health ("DOH") to testify at the joint committee hearing regarding the recently announced "OMNIA" Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey. I would like to take this opportunity to share with you some information which you may find relevant for the meeting.

As you may know, the DOH does not regulate the sale or purchase of health insurance or physician practices. However, we do regulate over 2,200 health care facilities through Certificate of Need (CN), licensing, inspection, and enforcement. The majority of licensed facilities regulated by the Department are hospitals, nursing homes, assisted living, and ambulatory care facilities that provide health care in every county throughout New Jersey. The Department's CN and Health Care Facility Licensing Program are responsible for overseeing the development of licensed health care facilities in New Jersey.

CNs are only issued if the proposed application satisfies certain criteria, including whether the CN (1) is necessary to provide health care in the area to be served; (2) can be financially accomplished and licensed in accordance with applicable licensing regulations; and (3) will not have an adverse impact on access to health care services in the region or Statewide, among other requirements. CNs also focus on ensuring access to care for low-income and medically underserved people, as well as contribute to the orderly development of adequate and effective health care services. To address

Senator Gill and Senator Vitale
Page 2

any potential unmet need, DOH administers a call schedule, and providers can petition the Department to issue a call for a particular CN. CNs are also required whenever hospitals transfer ownership.

DOH appreciates the Committees' concerns about access to health care, which obviously is of central importance to the Department as well. The Department will continue to monitor the health care market in New Jersey to ensure continued sufficient access to care for our fellow residents.

If you have further questions or seek any additional information, please do not hesitate to contact me at (609)292-4010.

Sincerely,

/s/

Cathleen D. Bennett
Acting Commissioner
Department of Health



Horizon Blue Cross Blue Shield of New Jersey

Three Penn Plaza East
Newark, NJ 07105-2200
www.HorizonBlue.com

October 1, 2015

VIA E-MAIL

The Honorable Nia Gill
Chair, Senate Commerce Committee

The Honorable Joseph Vitale
Chairman, Senate Health, Human Services, and Senior Citizens Committee

RE: REQUESTS DATED SEPTEMBER 24, 2015 AND SEPTEMBER 25, 2015

Dear Chair Gill and Chairman Vitale:

Thank you for your letters, dated September 24, 2015, and September 25, 2015, regarding the OMNIA Health Alliance. Horizon Blue Cross Blue Shield of New Jersey appreciates the Senate Commerce and Senate Health, Human Services and Senior Citizens Committees' continued interest in improving access to quality coverage options for New Jersey residents.

Horizon BCBSNJ provides the information requested as part of the Committees' fact finding and it is our intent to be responsive to your questions. Please note that certain information may be withheld because it is the subject of legal and contractual confidentiality requirements or otherwise proprietary and confidential to Horizon BCBSNJ.

This correspondence outlines the various criteria and processes used to identify the OMNIA Health Alliance members. Specifically, we have broken this response into six sections to clearly demonstrate the deliberative and thorough processes used to develop the OMNIA Health Alliance and its companion network. The sections explored in this response are as follows:

- I. Introduction and context
- II. Identifying Organized System of Care (OSC) partners for the OMNIA Health Alliance
- III. Identifying additional OMNIA Tier 1 hospitals
- IV. Identifying additional OMNIA Tier 1 physicians
- V. Response on the proposed suspension of OMNIA products
- VI. Agreements for the OMNIA network

Horizon BCBSNJ trusts this information to be responsive to your request and appreciates this opportunity to provide further information on the OMNIA Health Alliance.

Sincerely yours,

John Leyman
Director, Government and Regulatory Affairs

I. Introduction and Context

The latest data from the National Association of Insurance Commissioners (NAIC) indicates that New Jersey has the second highest healthcare premiums in the country, and they continue to grow faster than the national average. Quality-of-care rankings remain average.

Traditional fee for service models have proven ineffective at stemming the tide of growing healthcare costs. Fee for service rewards providers for the volume of services performed rather than the value of services performed. Value is defined as improved quality and outcomes of care, enhanced patient experience in the delivery of care, and lower total cost of care. Given the increasing burden of healthcare costs, our customers and members have told us clearly and loudly the need for a more cost-effective alternative.

In response to consumer and employer demands, Horizon BCBSNJ committed to change how health care is financed and delivered in New Jersey several years ago. The OMNIA Health Alliance is a realization of our commitment to provide more affordable healthcare. A selected group of health systems and physician groups is joining us in an innovative partnership focused on the triple aim of improving the quality of healthcare, enhancing the patient's experience with care, and lowering the total cost of healthcare.

Horizon BCBSNJ has also developed new tiered products that include the OMNIA Health Alliance members, as well as other hospitals and physicians. Through the OMNIA products, Horizon BCBSNJ customers can access high-quality care at more affordable prices. OMNIA products will offer lower premiums than our current plans, with discounted out-of-pocket costs when seeking care from OMNIA Tier 1 providers, including our statewide patient-centered and OMNIA Health Alliance doctors and hospitals. In addition, OMNIA members will have the freedom to visit any provider in Horizon BCBSNJ's broad managed care network.

Unlike narrow network products, OMNIA is built on a tiered network, so coverage is not restricted to a limited set of hospitals or physicians. OMNIA members always have the option to receive care from all doctors and healthcare professionals in our Horizon Managed Care Network and all hospitals in the Horizon Hospital Network, which is the largest in the state. For consumers and small businesses who purchase our new health plans and choose to seek care at Tier 2 hospitals and doctors, members will have similar total out-of-pocket costs to comparable standard plans in 2016. Large employers will have a range of health plan options, including tiered plans where the employee's total Tier 2 out-of-pocket cost can vary based upon the employer's health plan choice.

II. Identifying Organized System of Care (OSC) partners for the OMNIA Health Alliance

Horizon BCBSNJ assessed potential OMNIA Health Alliance partners not as individual hospitals or practices, but as potential Organized Systems of Care (OSCs). Horizon BCBSNJ defines an OSC as "a community of healthcare professionals, that may include facilities, who assume accountability for enhanced coordination of care for large populations in order to improve clinical outcomes, improve patient experience, and reduce total cost of care". This distinction has important implications: in addition to clinical quality, partners needed to demonstrate a commitment to value-based care, an ability to

manage the health of large populations across the continuum of care and a willingness to fundamentally change their business model from a volume based to value-based system.

Horizon BCBSNJ began to develop a process to identify potential providers for the OMNIA Health Alliance in January 2014. Over the course of four months, Horizon BCBSNJ developed and undertook an initial screening process, and prioritized providers based on who would be best positioned to collaborate with Horizon BCBSNJ to deliver cost efficient care while delivering better outcomes and patient experience to our members.

When implementing our strategy, including selecting potential partners, we chose not to issue a Request-for-Proposal because it would have signaled to the market, including competitors, that we were undertaking a new competitive strategy. Our approach is consistent with how most health insurance companies develop new products. Other managed care companies such as Aetna and AmeriHealth also have tiered products in New Jersey. However, to ensure that we were fair and objective, we brought in a healthcare management consulting firm to develop and administer an evaluation process.

Horizon BCBSNJ set out to identify both hospital and physician-based providers who could become effective Organized Systems of Care. To identify potential OSC partners, Horizon BCBSNJ developed a prioritization process using a number of factors measuring a provider's willingness and ability to move to value-based care delivery system. We used the same factors for both hospitals and physician partners, although the specific metrics differed to reflect differences in the roles of each provider type. 75% of the metrics used for hospital scoring were based on objective data, the majority of which was drawn from publicly available sources. The remaining metrics were based on Horizon BCBSNJ's decades of experience working with each provider organization.

Every individual hospital in Horizon BCBSNJ's broad access network was evaluated using these criteria; results were aggregated at the system level.

Six specific criteria were used in the initial prioritization. We believe that these factors effectively measure a provider's willingness and ability to move to value-based care delivery over time.

- **Clinical quality**, which is composed of performance on standardized, publicly available ratings of clinical processes and outcomes
- **Service offering across continuum of care**, representing the range of clinical services offered by hospitals (including inpatient, outpatient, post-acute, ambulatory, and other ancillary care), and specialties and range of admitting privileges of physician groups
- **Consumer preference data**, Strength of reputation and performance on patient surveys as proxy for how attractive inclusion would be for current or potential customers
- **Value-based care capabilities** including current, or demonstrated investments in, capabilities required for value-based care and capacity of financial resources to support a transition from a volume-based reimbursement model to a value-based model

- **OSC scale**, encompassing the current system's size and scale, and the share of Horizon BCBSNJ membership served
- **Commitment to value-based care** based on a willingness and long-term commitment of leadership to change their business models from fee-for-volume to fee-for-value

Details of specific metrics used for each are included below.

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Specific metrics used in prioritization of hospital-based OSCs

Criteria and Description	Metrics and Data Sources
<p>Clinical Quality Performance on standardized, publicly available ratings of clinical processes and outcomes</p>	<ul style="list-style-type: none"> ▪ 30-day readmission performance for Acute Myocardial Infarction (AMI), Heart Failure (HF), Pneumonia (PN) <i>Source: CMS AMI/HF/PM readmission ratios (predicted/expected)</i> ▪ CMS Process of Care scoring <i>Source: 2013-composite Clinical Process of Care scores</i> CMS Process of Care Score is comprised of the following performance metrics: <ul style="list-style-type: none"> ▪ AMI-7a (Acute Myocardial Infarction): Fibrinolytic Therapy Received Within 30 Minutes of Hospital Arrival ▪ AMI-8a (Acute Myocardial Infarction): Primary PCI (Percutaneous Coronary Intervention) Received Within 90 Minutes of Hospital Arrival ▪ HF-I (Heart Failure): Discharge Instructions ▪ PN-3b (Pneumonia): Blood Cultures Performed in the Emergency Department Prior to Initial Antibiotic Received in Hospital ▪ PN-6 (Pneumonia): Initial Antibiotic Selection for Community-Acquired Pneumonia (CAP) in Immunocompetent Patients ▪ SCIP-Inf-1 (Surgical Care Improvement Project-Infection): Prophylactic Antibiotic Received Within One Hour Prior to Surgical Incision ▪ SCIP-Inf-2 (Surgical Care Improvement Project-Infection): Prophylactic Antibiotic Selection for Surgical Patients ▪ SCIP-Inf-3 (Surgical Care Improvement Project-Infection): Prophylactic Antibiotics Discontinued Within 24 Hours After Surgery End Time ▪ SCIP-Inf-4 (Surgical Care Improvement Project-Infection): Cardiac Surgery Patients with Controlled 6:00 a.m. Postoperative Serum Glucose ▪ SCIP-Inf-9 (Surgical Care Improvement Project-Infection): Urinary Catheter Removal on Postoperative Day 1 or Postoperative Day 2 ▪ SCIP-Card-2 (Surgical Care Improvement Project-Cardiovascular): Surgery Patients on a Beta-Blocker Prior to Arrival Who Received a Beta-Blocker During the Perioperative Period ▪ SCIP-VTE-1 (Surgical Care Improvement Project-Venous Thromboembolism): Surgery Patients with Recommended Venous Thromboembolism Prophylaxis Ordered ▪ SCIP-VTE-2 (Surgical Care Improvement Project-Venous Thromboembolism): Surgery Patients Who Received Appropriate Venous Thromboembolism Prophylaxis Within 24 Hours Prior to Surgery to 24 Hours After Surgery

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<p>Service Offering Across Continuum of Care Range of clinical services offered, including inpatient, outpatient, post-acute, ambulatory, and ancillary care</p>	<ul style="list-style-type: none"> ▪ Count of service lines offered by hospital (e.g., cardiac, long term care) <i>Source: AHA survey</i> ▪ Average diagnosis-related group(DRG) weighting <i>Source: 2013 CMS Case Mix Index (CMI) scores , weighted by NJ AHA admissions size within system</i>
<p>Consumer Preference Data Strength of reputation and performance on patient surveys as proxy for how attractive inclusion would be for current or potential customers</p>	<ul style="list-style-type: none"> ▪ National and/or local ranking in U.S. News and World Report <i>Source: US News Ranking 2013-2014</i> ▪ Patient ratings of hospitals <i>Source: 2013 CMS HCAHPS survey, containing 21 patient perspectives on care and patient rating items that encompass nine key topics:</i> <ul style="list-style-type: none"> ▪ <i>Communication with doctors</i> ▪ <i>Communication with nurses</i> ▪ <i>Responsiveness of hospital staff</i> ▪ <i>Pain management</i> ▪ <i>Communication about medicines</i> ▪ <i>Discharge information</i> ▪ <i>Cleanliness of the hospital environment</i> ▪ <i>Quietness of the hospital environment</i> ▪ <i>Transition of care</i> ▪ % of NJ residents who chose each hospital as their preferred from Horizon's internal surveys <i>Source: Horizon member survey</i>
<p>Value-based Care Capabilities Current or demonstrated investments in capabilities required for value-based care and capacity of financial resources to support transition to value-based care</p>	<ul style="list-style-type: none"> ▪ Assessment of the provider's IT infrastructure ▪ Cash on hand as a proportion of net patient revenue <i>Source: AHA data</i>
<p>OSC Scale Encompassing the current system's size and scale, and the share of Horizon membership served</p>	<ul style="list-style-type: none"> ▪ Share of Horizon's hospital allowed charges ▪ Share of total patient revenue among hospital systems ▪ Number of beds <i>Source: AHA data</i>
<p>Commitment to Value-based Care Willingness and long-term commitment of leadership to change their business models from</p>	<ul style="list-style-type: none"> ▪ Rating of the organization as a collaborative partner ▪ Extent to which the provider has demonstrated active initiatives in population health / cost-saving initiatives ▪ Understanding from provider that the future is going to require a reduction in cost of care

fee-for-volume to fee-for value	<ul style="list-style-type: none"> ▪ Demonstration of the organization’s urgency to act ▪ Alignment of CEO, CFO and clinical leadership on movement towards to value-based care
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Horizon BCBSNJ drew from a number of publicly available sources for many of the metrics. These sources included:

- American Hospital Association (for hospital volumes, service line offerings, and finances)
- Centers for Medicare and Medicaid Services (for clinical quality rankings, including process of care, outcomes of care, readmission rates, and HCAHPS satisfaction scores)
- US News and World Report (for rankings of hospitals)
- National Committee for Quality Assurance (for Healthcare Effectiveness Data and Information Set on physician quality)

Where data was not publicly available, Horizon BCBSNJ used its own data and experience. These sources included:

- Claims data to understand the utilization patterns of patients, and specialties of providers
- “Voice of the Customer” surveys to evaluate provider reputation among patients

The market for health insurance in New Jersey is highly competitive. Understanding that all of Horizon BCBSNJ’s competitors have publicly stated intentions to pursue similar strategies and knowing that it would take considerable time to negotiate mutually acceptable arrangements for such a complex undertaking, we did not want to signal our intentions prematurely to competitors.

Horizon BCBSNJ held discussions with potential OSC partners who were identified during the evaluation process. In these discussions, Horizon BCBSNJ confirmed each provider’s commitment to pursue value-based care and willingness to offer unit costs that would enable Horizon BCBSNJ to offer attractive premium rates to our customers. At no time during the prioritization process did Horizon BCBSNJ consult with providers on the inclusion of or exclusion of other providers.

All other providers in Horizon BCBSNJ’s broad managed care network were included in a second tier of the OMNIA network at their normal managed care network rates.

III. Identifying additional OMNIA Tier 1 hospitals

As part of our mission to serve the entire state of New Jersey, Horizon BCBSNJ wanted to ensure there were OMNIA Tier 1 hospitals throughout the state. After establishing the partnerships for the OMNIA Health Alliance, Horizon BCBSNJ added Tier 1 providers to ensure geographic coverage for all parts of the state, consistent with NJ state regulations regarding geo-access requirements. Additional Tier 1 hospitals were identified based on locations that were not already covered by OMNIA Health Alliance partners, breadth of services, and market preference. As with the OMNIA Health Alliance partners,

Horizon BCBSNJ held discussions with identified Tier 1 hospitals to confirm their willingness to participate.

IV. Identifying additional OMNIA Tier 1 physicians

In determining the OMNIA Tier 1 participation status of physicians and other health care professionals, Horizon BCBSNJ considered Primary Care Practitioners (PCPs), physicians in selected specialties and hospital-based physicians in certain specialties. 63% of the 38,956 physicians and other healthcare professionals in the Horizon Managed Care Network are designated as OMNIA Tier 1.

The criteria used to determine OMNIA Tier 1 participation status varied based on the type of physician/other health care professional being evaluated. All Ancillary providers (e.g., durable medical equipment providers) are considered OMNIA Tier 1.

Please note that OMNIA Tier status was determined at the group practice level. This means that all physicians and other health care professionals affiliated with, or practicing under or on behalf of a group practice, were designated to participate with OMNIA Health Plans at the same tier when treating members under that group's Tax ID Number (TIN).

PCP Criteria

Horizon Managed Care Network PCPs were designated as OMNIA Tier 1 providers based on their participation with a group practice that is part of, or aligned with, the OMNIA Health Alliance and Horizon BCBSNJ patient-centered programs, such as our Patient-Centered Medical Home and Accountable Care Organization programs. 54% of the Primary Care Physicians participating in the Horizon Managed Care Network are in Tier 1 of the OMNIA network.

Specialist Criteria

Horizon Managed Care Network specialty practices within certain specialties (i.e., Allergy & Immunology, Cardiology, Cardiothoracic Surgery, Cardiovascular Surgery, Chiropractic Medicine, Dermatology, Endocrinology, Gastroenterology, General Surgery, Hematology, Hematology Oncology, Neurological Surgery, Neurology, Oncology, Ophthalmology, Orthopedic Surgery, Otolaryngology, Plastic & Reconstructive, Surgery, Podiatry, Pulmonology, Reproductive Medicine, Rheumatology, Urology, and Vascular Surgery) were evaluated for OMNIA Tier status based on one or more of the following criteria.

Cost efficiency metrics – Horizon BCBSNJ analyzed risk-adjusted cost efficiency data at the group practice level using Episode Treatment Group (ETG) data. To qualify for ETG analysis, practices needed to have a minimum of 50 episodes of care for services provided between July 2013 and June 2014 that were processed on claims no later than September 2014.

Admitting privileges – Horizon BCBSNJ reviewed physicians admitting privileges and referral patterns to OMNIA Tier 1 hospitals, where applicable for the specialty in question.

Geographic Access – Horizon BCBSNJ analyzed geographic access and coverage standards to ensure projected member access to PCPs and specialists.



Horizon Blue Cross Blue Shield of New Jersey

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October 5, 2015

TO: Members of the Senate Health, Human Services & Senior Citizens Committee
Members of the Senate Commerce Committee

Dear Senator:

Horizon Blue Cross Blue Shield of New Jersey appreciates the opportunity to provide the attached background information on the OMNIA Health Alliance. Please note this information was submitted to Philip Gennace at the Office of Legislative Services on October 1, 2015.

This correspondence outlines the various criteria and processes used to identify the OMNIA Health Alliance members. Specifically, the information is broken down into six sections to clearly demonstrate the deliberative and thorough processes used to develop the OMNIA Health Alliance and its companion network. The six sections are as follows:

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We look forward to working with you to continue improving access to quality coverage options for New Jersey residents.

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Horizon Managed Care Network PCPs were designated as OMNIA Tier 1 providers based on their participation with a group practice that is part of, or aligned with, the OMNIA Health Alliance and Horizon BCBSNJ patient-centered programs, such as our Patient-Centered Medical Home and Accountable Care Organization programs. 54% of the Primary Care Physicians participating in the Horizon Managed Care Network are in Tier 1 of the OMNIA network.

Specialist Criteria

Horizon Managed Care Network specialty practices within certain specialties (i.e., Allergy & Immunology, Cardiology, Cardiothoracic Surgery, Cardiovascular Surgery, Chiropractic Medicine, Dermatology, Endocrinology, Gastroenterology, General Surgery, Hematology, Hematology Oncology, Neurological Surgery, Neurology, Oncology, Ophthalmology, Orthopedic Surgery, Otolaryngology, Plastic & Reconstructive, Surgery, Podiatry, Pulmonology, Reproductive Medicine, Rheumatology, Urology, and Vascular Surgery) were evaluated for OMNIA Tier status based on one or more of the following criteria.

Cost efficiency metrics – Horizon BCBSNJ analyzed risk-adjusted cost efficiency data at the group practice level using Episode Treatment Group (ETG) data. To qualify for ETG analysis, practices needed to have a minimum of 50 episodes of care for services provided between July 2013 and June 2014 that were processed on claims no later than September 2014.

Admitting privileges – Horizon BCBSNJ reviewed physicians admitting privileges and referral patterns to OMNIA Tier 1 hospitals, where applicable for the specialty in question.

Geographic Access – Horizon BCBSNJ analyzed geographic access and coverage standards to ensure projected member access to PCPs and specialists.

Physicians and other health care professionals in other specialties who were not evaluated were designated as OMNIA Tier 1. 60% of physician specialists and 75% of other healthcare professionals participating in the Horizon Managed Care Network are OMNIA Tier 1.

Hospital-based Specialist Criteria

The OMNIA tier status for participating hospital-based physicians (anesthesiologists, radiologists, pathologists and emergency room physicians providing services within a hospital) in the Horizon Managed Care Network are aligned with the OMNIA tier status of the network hospital at which they practice. For example, if a group practice of participating hospital-based physicians practices at an OMNIA Tier 1 hospital, that participating hospital based practice is OMNIA Tier 1. For instances where a participating hospital based practice provides services at both an OMNIA Tier 1 and a Tier 2 hospital, that group practice was designated as OMNIA Tier 1.

V. Response on the proposed suspension of OMNIA products

Horizon is not taking away any of our standard, broad network health plans. On the contrary, it is providing New Jersey consumers with new, lower cost health plan options to choose, if they wish. OMNIA health plan members will have the choice of seeking care at specific hospitals and doctors, if they wish to save additional out-of-pocket costs, on top of lower monthly premiums. Importantly, however, OMNIA health plan members will not lose access to any network doctor or hospital they currently use. Therefore, a delay in releasing our OMNIA health plans would take away from consumers a more affordable coverage option that provides access to all of Horizon BCBSNJ's network hospitals and doctors, the largest networks in the state.

Moreover, all of Horizon BCBSNJ's competitors will have tiered network products, similar to our new OMNIA health plans, in the New Jersey market for 2016. Aetna, our only SHBP competitor, will also be offering its own new tiered product to compete with ours. Aetna, as far as I know, has not been asked to delay the release of its new tiered product, which would provide a significant advantage to an out-of-state, national competitor. Furthermore, the SHBP alone controls the release of its product portfolio for public employees.

Furthermore, we are currently projecting approximately 255,000 consumers will choose the new OMNIA health plans in 2016, more than 70% of which will be in the individual or small group markets and are most sensitive to the high cost of health care. We also project that 40,000 currently uninsured individuals will now be able to afford health insurance because the OMNIA health plans will have premiums, on average, that are 15% lower than our standard plans. Any delay would jeopardize the ability for those uninsured residents to obtain affordable health insurance.

Finally, this document demonstrates that Horizon BCBSNJ undertook a rigorous and exhaustive process to select its OMNIA Health Alliance partners and additional Tier 1 providers. This process was administered by a healthcare management consulting firm to ensure objectivity and fairness. Horizon BCBSNJ remains committed to answering your questions to the extent permitted by confidentiality requirements, and to educating consumers about the product and Alliance. However, we strongly believe

that this conversation should not delay the release of new plans that offer New Jersey residents lower-cost, value-based care.

For the foregoing reasons, Horizon BCBSNJ cannot delay the release the OMNIA health plans. I hope you understand how these new plans will benefit New Jersey residents with another lower cost choice for health insurance. I remain open to answering any additional questions you may have.

VI. Agreements for the OMNIA network

OMNIA Health Alliance Members:

Each OSC partner has signed rate agreements to participate as a Tier 1 provider for the OMNIA Health Plans. Each OMNIA Health Alliance partner has provided contractual commitments to collaborate with Horizon on the advancement of population health management initiatives and on the development of a high-value integrated health care delivery system and financing model. The OMNIA Health Alliance members are as follows:

- Atlantic Health System
 - Chilton Medical Center
 - Morristown Medical Center
 - Newton Medical Center
 - Overlook Medical Center

- Barnabas Health
 - Clara Maas Medical Center
 - Community Medical Center
 - Jersey City Medical Center
 - Monmouth Medical Center
 - Monmouth Medical Center, Southern Campus
 - Newark Beth Israel Medical Center
 - Saint Barnabas Medical Center

- Hackensack
 - Hackensack UMC at Pascack Valley
 - Hackensack University Medical Center
 - Hackensack UMC Mountainside

- Hunterdon Medical Center

- Inspira Health System
 - Inspira Medical Center Elmer
 - Inspira Medical Center Vineland

- Inspira Medical Center Woodbury
- Robert Wood Johnson Health System
 - RWJ University Hospital Rahway
 - RWJ University Hospital Somerset
 - RWJ University Hospital New Brunswick
 - RWJ University Hospital Hamilton
- Summit Medical Group

Non-Alliance Tier 1 Hospitals:

Non-Alliance OMNIA Tier 1 hospitals have also signed rate agreements to participate as an OMNIA Tier 1 hospital for the OMNIA Health Plans. Non-Alliance OMNIA Tier 1 hospitals that have signed contracts to participate as OMNIA Tier 1 hospitals are as follows:

- AtlantiCare
 - Atlanticare Regional Medical Center – Mainland
 - Atlanticare Regional Medical Center – Atlantic City
- Cape Regional Medical Center
- Cooper Hospital/University Medical Center
- Englewood Hospital and Medical Center
- Meridian Health
 - Bayshore Community Hospital
 - Jersey Shore University Medical Center
 - Ocean Medical Center (Brick)
 - Riverview Medical Center
 - Southern Ocean Medical Center
- Shore Medical Center
- St. Joseph's Healthcare System
 - St. Joseph's Hospital and Medical Center
 - St. Joseph's Wayne Hospital
- University Medical Center of Princeton at Plainsboro

Please see the accompanying document for a complete list of Horizon BCBSNJ's OMNIA Tier 1 providers.



**Atlantic
Health System**

Morristown Medical Center
Overlook Medical Center
Newton Medical Center
Chilton Medical Center
Goryeb Children's Hospital
Atlantic Rehabilitation

Brian A. Gragnolati
President and CEO
Atlantic Health System

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of the joint committee for the opportunity to submit this testimony. My name is Brian Gragnolati. I am president and CEO of Atlantic Health System, which is a partner of Horizon's OMNIA Health Alliance.

Atlantic Health System - comprised of Morristown Medical Center, Overlook Medical Center, Chilton Medical Center, Newton Medical Center and Goryeb Children's Hospital, as well as Atlantic Rehabilitation, and Atlantic Home Care and Hospice - is one of the largest non-profit health care organizations in New Jersey. We are committed to providing the highest quality care to our communities and the entire state.

There are efforts underway throughout the country to provide better care, a better experience and to lower per capita spending, and New Jersey is no exception. Many organizations are participating in a variety of partnerships and we chose to join Horizon because this is another way to achieve the Triple Aim and fulfill the public's needs.



David Bollard, DO
President Premier Health Associates
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is David Bollard, DO. I am the managing partner for Premier Health Associates, one of NJ's leading primary care focused medical groups. Premier Health has been a member of Horizon's Patient-Centered Medical Home program for the past three years. It has been our goal, in this program, to both increase the quality of care our patients receive while controlling the ever-increasing costs for our patients to receive that care. We have found that much of that cost of care has little to do with the quality of care the patients receive but more of where that care was provided.

Over the past several weeks Horizon BCBSNJ has come under fire for their alliance with several leading health systems to create a new system of delivery designed to lower cost while rewarding the system for improving the quality of care patients receive. A crucial aspect of this is to reward patients for choosing a higher quality lower cost system with a tiered premium plan. The patient is rewarded for choosing a higher quality lower cost system with savings in premiums and or copays.

I personally applaud Horizon BCBSNJ for continued leadership in improving the health care delivery for our patients in the state. Premier Health is dedicated to working with Horizon to improve quality and lower cost. We are dedicated to having our patients receive the right care, at the right time, in the right place. This is something all physicians in the state should support.

Premier Health is working with Horizon to create a sustainable model that rewards the extra time and effort needed to lower our patient's costs. We believe care coordination, patient centered medical homes, best practices, transitional care, evidence-based outcomes, and rewarding the provider(s) who do the work is crucial; and with Horizon we have had a partner who believes the same.

We strongly support the OMNIA health initiative, not because it will be an end all cure to our current system of growing costs at costlier places of service, rather because it is a bold start to reward quality over mass quantity.

Sincerely,

David Bollard, DO
President Premier Health Associates
Sussex County, NJ



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Desmond Slattery
Legislative Chairperson
NJ Association of Health Underwriters
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Chairman Vitale, Chairwoman Gill and members of the committees, thank you for the opportunity to submit this written testimony for today's hearing.

My name is Desmond Slattery and I am the Legislative Chairperson for the NJ Association of Health Underwriters. NJAHU is a statewide consumer advocacy organization of health insurance professionals who work to improve our members' ability to provide affordable and accessible health insurance to all New Jersey residents through education, legislative advocacy and professional development. We are staunch advocates for individual and business consumers dedicated to educating employers and individuals about plan choices best suited for their needs along with marketplace, legislative and regulatory issues affecting them.

As you all know New Jersey has some of the highest health care costs in the country. Deductibles, co-pays, co-insurance, premiums, and out-of-pocket costs continue to increase at a level that is unsustainable. This is a national problem, but it is even more acute here in New Jersey. All of this despite the quality of care rankings being just average.

NJAHU welcomes any insurance carrier initiative to address these concerns. Many of the carriers have tiered their provider networks in the past in an effort to offer lower cost health care alternatives and those products either succeeded or not on their own merit. We embrace these efforts.

Recently Horizon Blue Cross Blue Shield of New Jersey announced that they have created the Omnia Health Alliance, a statewide network of high value providers within their entire current network. Consumers and businesses that choose this optional plan will have the opportunity to have lower premiums and out-of-pocket costs while still being able to utilize the entire network of BCBS providers. In addition to this new option, consumers and small businesses can continue to offer the other BCBS plans

currently available. NJAHU members and the entire broker community work closely with consumers and small business owners to make sure that the plans being offered address the client's needs in terms of plan design/networks and cost. This is whether it is a BCBS plan or from another carrier such as Aetna, Oxford, United Healthcare, Cigna, Amerihealth, Health Republic, or Qualcare. I apologize to any carrier I might have left out!

NJAHU applauds Horizon (as we would with any of the aforementioned carriers) on this initiative and hopes that this new program succeeds in lowering costs while increasing quality.



CARING FOR YOU AND YOUR FAMILY

Comprehensive Family Medicine, PA

Eric Brezina, DO
Danielle Cavallo, DO
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Eric Brezina, DO
Comprehensive Family Medicine, PA
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

Improved quality of care. Enhanced patient experience. Lower total cost of care. This is what Horizon Blue Cross Blue Shield of New Jersey is trying to achieve for New Jersey residents with the launch of the OMNIA Health Alliance. And they're collaborating with several leading health systems and physicians throughout the state to do this through value-based, patient-centered care – a concept they have already enjoyed success with through their existing Patient-Centered Medical Home, Accountable Care Organization and Episode of Care models.

This should be an encouraging development towards improving a reeling health care system in New Jersey, where costs are rising at a rate that far exceeds inflation, while the quality of the care our residents receive fails to measure up to those costs. We should be embracing Horizon's vision to further its move towards more *value*-based purchasing and away from *volume*-based fee for service payments.

As a physician who has been part of Horizon's efforts to move the needle towards value-based care, I have seen firsthand how their patient-centered programs have led to improvements in the way care is being delivered in New Jersey. Patients participating in these programs are getting healthier, while their costs are getting lower. The data doesn't lie.

Unfortunately, Horizon has come under fire for the OMNIA Health Alliance and its new line of OMNIA products, as fears that its new products' tiered networks will limit access to the lowest cost health care professionals in their networks. I hope that those who are criticizing Horizon's efforts will take the time to learn more about how the tiered networks actually provide more options to lower-cost, high-quality care before condoning the OMNIA Health Alliance as anything less than an effort to transform health care in New Jersey for the benefit of all of the state's residents.

I have seen how Horizon's patient-centered care models can effectively improve the quality of care, enhance the patient's experience and lower the total cost of care, and strongly support their efforts to make this model of care more widespread and accessible. Their new OMNIA health plans may not be right for everyone, but they are furthering a much-needed effort to improve the way health care is delivered and paid for in New Jersey.

Sincerely,

Eric Brezina, DO



Jeffrey Scheininger
President
Flexline Inc.

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I thank Chairman Vitale, Chairwoman Gill and members of the committees for the opportunity to submit this written testimony for today's hearing.

My name is Jeffrey Scheininger. I am president of Flexline Incorporated of Kenilworth, New Jersey -- a 65-year-old small manufacturing company. I previously served as chairman of the New Jersey Chamber of Commerce and as Chairman of the Platform for Progress Healthcare Reform Initiative.

For several weeks, I have followed closely the debate over an innovative collaboration for health care delivery involving Horizon BCBSNJ and a number of our state's leading health systems. My understanding is Horizon plans to give consumers, including businesses like mine, new choices for lower premium health plans in addition to their current broad selection of other products. This appears to me to be the rare occasion where price, choice and quality are offered in our health care delivery system. I applaud their efforts.

I have a first-hand understanding of how rising health care costs burden businesses and their employees. My insurance premiums have soared and the Affordable Care Act has accelerated those increases. Health insurance is now one of my top three total expenditures each year.

Much of the conversation around the new delivery mechanism for the OMNIA Health Alliance is missing the voices of business owners and consumers who have been struggling to pay the constant increases in premiums. Let me tell you, the current increases are unsustainable.

Although I pay 100 percent of my workers' coverage, many of my employees don't go to the doctor. They fear hidden costs and the never-ending stream of bills that come with any doctor's visit. It's clear the current fee-for-service health care system is not working, even for folks that have insurance.

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Each year one of the worst days of my work year is the day that my renewal comes and I realize that I cannot afford to continue our current plan and have to frantically work to find coverage we can afford. No wonder only 44 percent of employers with three to nine workers provide health insurance, down from 52 percent more than a decade ago.

Criticism of Horizon's strategy to provide consumers more choices and lower costs by working in close collaboration with providers of healthcare by paying for the quality, not the quantity, of care delivered, is wrong. Horizon is trying to do what most health care policy experts have said is needed. What Senator Kennedy said was needed. And what the President has said is needed. Much of the furor over Horizon's plan to offer new plans seems directed at tiered networks. This makes no sense.

Tiered networks are not new. Tiered networks and have been operating in New Jersey and around the country for several years. They're familiar to businesses; they're familiar to consumers and they're familiar to the doctors and hospitals that have operated successfully within them for several years.

Every business owner I know is looking for more options for more access to quality affordable health insurance. Criticizing Horizon for its leadership in confronting New Jersey's healthcare cost problem, before it has even unveiled its new, lower-premium health plans, seems unreasonable to me. Horizon's new program might not work for everyone, but having more affordable choices is a great thing particularly if the new plans increase choice, deliver sustainable lower cost plans and make my employees healthier.

Thank you for your consideration.



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TOWNSHIP OF PISCATAWAY

Testimony of Jim Hercek, Human Resource Manager, Piscataway Township
Senate Joint Committee Hearing on Horizon's OMNIA Health Alliance

Chairman Vitale, Chairwoman Gill and members of the committees, thank you for the opportunity to submit this written testimony for today's hearing.

My name is Jim Hercek, and I serve as the Human Resource Manager for Piscataway Township. Piscataway, even with Rutgers, is a town of little less than 60,000 hard working people in Middlesex County. It is like many towns across New Jersey in its make up, its character, and its charm. Like many other towns, it has also struggled with how to pay for increasing health care costs, whether it be for Township employees or the families that must deal with increasing costs in the private sector.

As the human resource manager for the town, I see every day the impact healthcare costs have. The costs of providing care take up a significant amount of township resources. This forces towns like Piscataway – and others – to make difficult choices between providing adequate healthcare for our employees, making cuts in services, or raising revenues.

These choices are not pleasant and they have real impacts. What is even more unfortunate is that the system that forces these kinds of decisions has remained largely unchanged. As long as that is the case, health care costs will continue to rise and force towns to make difficult decisions.

What is being discussed before the committee today is a possible first step in creating a solution to this problem. Horizon Blue Cross Blue Shield is proposing new health plans with tiered networks, which means lower costs for seeking value-based care. Actually paying for the care that meets the best quality metrics, rather than just the amount of care, can be a game changer for towns and residents across New Jersey. Not only will it mean better care for our employees, it will help towns control the costs of healthcare and reduce the pain of having to make difficult budgetary decisions. I support Horizon in their efforts and thank them for their innovation.

James Hercek
H.R. Manager
Piscataway Township



Statement on behalf of Inspira Health Network

Monday, October 5, 2015

Submitted by: John DiAngelo, Inspira Health Network President and CEO

Horizon's OMNIA Health Alliance Will Enhance Care and Lower Costs

Inspira Health Network recently announced its participation in Horizon's new OMNIA Health Alliance. I would like to share with you how I believe it will benefit our neighbors and enhance health care here in South Jersey and across our state.

For families in New Jersey, the OMNIA Health Alliance will result in new, lower premium health insurance options this fall that will help to improve the quality and lower the cost of the health care that they receive in their communities. That's why Inspira decided to participate as a provider in the OMNIA Health Alliance.

A goal shared by all in the state is to move New Jersey away from the traditional fee-for-service health care system that cares for patients after they become sick. For years, health systems like Inspira and the physicians that work with them have been paid for the amount of services they provide to patients.

To put it into context here in our state, New Jersey has the fourth highest health care costs in the nation. This is unsustainable for consumers and employers and demands the need for change. Nearly all health care policy experts and economists agree that fee-for-service health care drives costs higher and does little to improve the quality of care.

The OMNIA Health Alliance is dedicated to changing the health care system by developing new approaches to keep individuals healthy. Additionally, health care consumers will benefit from increased population health management and more integrated, coordinated care that rewards better health outcomes.

In other words, health care providers will be rewarded for providing the best possible outcomes and keeping their patients healthy. And when hospitals and doctors focus on the value, not the volume, of health care provided, our patients will benefit by receiving higher quality care, a better patient experience, and lower costs.

At Inspira, we already have experience providing this type of population health care in our community. In fact, we're operating a model of care in our primary care offices called a patient-centered medical home for Medicare patients. This program is effectively managing a large population of our patients in the region by focusing on wellness and the proactive management of chronic disease. We're seeing very positive results from these efforts, especially in our ability to reduce our patients' re-admissions to our hospitals, a major factor in improving the overall health of our neighbors.

I believe our participation in the OMNIA Health Alliance will offer us an even greater opportunity to change how we provide health care to our patients for the better. And by working with Horizon, Inspira will be able to keep more individuals healthy by expanding our population health programs to improve the health and quality of life of many chronically ill patients.

Some people have expressed concern that they will be forced to switch their coverage to the new products that will soon be offered. That is not the case. The health plans are simply other health insurance options for consumers to consider. I am encouraging everyone to take a look at the new OMNIA plans when they are released this fall because they could offer significant out-of-pocket savings.

I'm excited that Inspira will be a part of the OMNIA Health Alliance because it will help us to provide even more coordinated care for our patients. We know that this results in better quality and better outcomes for everyone. Ultimately, everyone will benefit because coordinated care lowers costs and the out-of-pocket health care costs that consumers pay.

And what's more, Inspira will provide this care directly to our community in southern New Jersey. Our patients can rest assured that they are receiving care from a strong network in their neighborhood that they can trust. For us at Inspira, this is one more way we can support our mission of providing the best possible care for our patients in every setting throughout our network.

John DiAngelo
Inspira Health Network President and CEO



MARC FEINGOLD, MD
— WELLNESS FOCUSED PRIMARY CARE —

Marc Feingold, MD
Marc Feingold MD LLC
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is Dr. Marc Feingold of Marc Feingold MD LLC. I have been part of Horizon Blue Cross Blue Shield of New Jersey's Patient-Centered Medical Home program since January 2013. This program presents the tools and resources needed to focus on the care of each patient.

I am writing to share my support of the innovative change to our state's health care system that Horizon BCBSNJ and several leading health systems and physicians throughout the state have proposed with the launch of the OMNIA Health Alliance, and Horizon's introduction of its new OMNIA Health Plans.

As a primary care physician, I recognize the health care system needs change. Because of the current system, many practices focus on seeing as many patients as they can, rather than looking at the broader picture and taking time with each patient. The days of going to the doctor only when you are sick can't continue. I have seen firsthand how the shift to value-based, patient-centered care can improve the quality of the care we provide, enhance the patient's experience, and lower the total cost of care for everyone involved.

With Horizon BCBSNJ's support, primary care practices throughout New Jersey are transforming the care model to focus on patients getting and staying healthy. Horizon BCBSNJ has helped many practices throughout New Jersey concentrate on population health and patient engagement, and improve their practices' use of data and technology. My peers with Horizon BCBSNJ have created the foundation of a sustainable model that rewards value. We are also sharing in the development of population health management and strengthening care coordination through the sharing of data, technology and expertise.

I commend Horizon BCBSNJ on its focus to expand patient-centered care beyond Accountable Care Organizations, Patient-Centered Medical Home and Episode of Care models.

We remain committed to working with Horizon BCBSNJ to improve the health care system of New Jersey. The next step in this transformation is the OMNIA Health Alliance. The OMNIA Health Plans provide consumers with a value-based, tiered network that allows patients to achieve lower costs without limiting access. That will mean lower costs for patients with a greater focus on the quality of care provided.

The OMNIA Health Plans are proof that Horizon BCBSNJ is collaborating with doctors, hospitals and other health care leaders to create a health care system in New Jersey that achieves better health outcomes, a better patient experience and a lower cost of care.

I fully support Horizon BCBSNJ's efforts to move toward bringing a patient-centered care approach to New Jersey through the OMNIA health plans.

Sincerely,

Marc Feingold, MD



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Family and Internal Medicine

Marc Mayer, DO Mitchell F. Mayer, DO Neil Perilstein, MD Joseph Riggi, DO Alicia S. Lubin-Baskin, D.O.
Joann Colbert, PA-C Marina Grundman, PA-C Kristina Mancini, PA-C

Specialists:

Anjun Tanwir, MD; Khalil A. Kaid, MD – Cardiology Mayank D. Patel, MD – Gastroenterology David M. Feingold, DPM – Podiatry
Nicolai Markov, DO – Surgery Sang Ho Song, DO – Physical Medicine and Rehabilitation Aftab Husain, MD – Urology
Robert Czyzewski, MD – Nephrology Rebecca Metz, M.D. – Gynecology

Marc Mayer, DO
Avenel Iselin Medical
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senator Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is Marc Mayer, D.O., and I am the owner within a Patient-Centered Medical Home (PCMH) practice that participates with Horizon Blue Cross Blue Shield of New Jersey. I am writing to share my support of the innovative change to our state's health care system that Horizon BCBSNJ and several leading health systems throughout the state have proposed with the launch of the OMNIA Health Alliance, and Horizon's introduction of its new OMNIA products.

I understand the need to address the rising costs of health care in our state for consumers and employers alike, and the tremendous challenge this represents. For this reason, I felt compelled to share my experiences with Horizon BCBSNJ in its attempt over the past several years to find solutions that transform how health care is delivered and paid for in New Jersey. Having owned within a participating PCMH for the past 6 years, I have seen firsthand how the shift to value-based, patient-centered care can improve the quality of the care we provide, enhance the patient's experience throughout the course of that care, and lower the total cost of care for everyone involved.

Horizon BCBSNJ has been instrumental in helping practices like ours across the state make the transition to a patient-centered program, like a PCMH, or an Accountable Care Organization. And the results of these programs speak for themselves. Horizon BCBSNJ members who are taking part in these programs are less likely to go an Emergency Room or be admitted to a hospital; are seeing improvements in the management of their chronic conditions; and are seeing their costs go down as a result.

The success of Horizon BCBSNJ's patient-centered practices enables the transition of our health care system from one where doctors and hospitals are paid for every service they provide, regardless of the outcomes, to a system where they are rewarded for the quality of care their patients receive. And it's helping to drive down costs for everyone, which is something everyone can agree is a result that is long overdue in New Jersey.

Much of the criticism I've seen about the new OMNIA plans is focused on the tiering of the doctors and hospitals. However, by offering products with tiered networks (as opposed to "narrow networks"), it occurs to me that Horizon is offering its members new cost-saving options that not only **don't** impact their current level of access to care, but also provide them with an incentive to become part of one these highly successful patient-centered programs. How can that be a bad thing?

I applaud Horizon BCBSNJ and the leading health systems they are collaborating with as part of the OMNIA Health Alliance, and am encouraged by the launch of the new OMNIA products. While I understand that these new plans may not work for everyone, I believe they will represent a giant breath of fresh air for many New Jersey residents, and at the very least, are a much-needed step in the right direction.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark M. ...". The signature is written in a cursive style with a large, stylized initial "M".

Meetinghouse Family Physicians



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Ronaldo deGuzman DO, A.O.B.F.P.
Farah Roomi, MD, A.B.F.P.

Sloan A. Robinson MD, A.B.F.P., A.B.G.M.
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Meetinghouse Family Physicians
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

We would like to thank Senators Vitale and Gill and the members of both committees for allowing us to submit this testimony.

As a member of New Jersey's health care community, our practice has been following the recent media coverage, and subsequent political outcry, surrounding the launch of the OMNIA Health Alliance – which our state's largest health insurer, Horizon Blue Cross Blue Shield of New Jersey, described as an innovative collaboration between Horizon BCBSNJ and leading hospital and doctor groups around the state to provide a groundbreaking model of patient-centered, value-based care.

We are intrigued by the promise of such an initiative, and look forward to learning more about how this dramatic shift to the way health care is delivered and paid for in New Jersey would help lower costs for our residents, while improving the quality of the care they would receive. As those who are dedicated to providing patients with the health care they need in the most compassionate and financially responsible way we can, we were excited to learn that Horizon BCBSNJ was launching an effort to make this type of care more widespread and rewarding.

As practice/owners of a Patient-Centered Medical Home (PCMH) that participates with Horizon BCBSNJ, we have seen firsthand how their patient-centered programs can deliver on what they promise – better quality care, an improved patient experience and lower overall costs of care. Horizon's patient-centered programs have grown substantially over the past few years throughout the state, and the results speak for themselves. Patients enrolled in these programs are getting healthier, are spending less time in hospitals and Emergency Rooms, and are paying less for their care.

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Farah Roomi, MD, A.B.F.P.

To our practice, this was all the more reason to embrace the level of enthusiasm Horizon had in launching this new alliance, as well as a new suite of tiered products that encourage people to take advantage of the improvements in care that come with these patient-centered programs.

Unfortunately, in the days following the launch of the OMNIA Health Alliance, the narrative of the story has changed, with politicians and others questioning Horizon BCBSNJ's true motives in launching these new plans. While we respect the need to have an open dialogue around the overall impact of the Alliance and the OMNIA products, we are hopeful that the parties involved enter these conversations with only the best of intentions, and with what's best for New Jersey's residents in mind.

Based on the positive results we have seen with patient-centered care over the past several years, as well as our practice's long-standing, successful relationship with Horizon, we support Horizon BCBSNJ with this important initiative. We believe that encouraging patient-centered care is the right path to address a struggling health care system, and that Horizon BCBSNJ, our state's largest insurer, is the right company to lead the way.

Sincerely,

Sloan A. Robinson, MD

Ronaldo deGuzman, DO

Farah Roomi, MD



Michael J. Vostenak, SPHR

Senior Director, Radwell Human Resources
(P) 609.288.9393 ext. 871
mvostenak@plccenter.com

October 2, 2015

Attention: Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is Michael Vostenak. I have over 25 years of HR and benefits experience. Currently, I am the Senior Director of Human Resources for Radwell International, Inc. In my role, I see first-hand how rising health care costs impacts our business, our employees and their families.

New Jersey has some of the highest health care costs in the nation, yet the quality of our care is rated significantly lower than many other states. Health care inflation continues to outpace overall inflation and we need to adopt a more successful and aggressive approaches to help fix the problem and bring New Jersey more in line with industry norms.

Here at Radwell, we are constantly evaluating strategic options to help control health care spend. Each year the time we dedicate reviewing claims information, administration costs, wellness options and plan design changes has increased and become much more challenging and difficult to navigate and comprehend. One strategy we are considering for our next renewal is Horizon's new OMNIA Health Alliance. This would allow us to pay providers for quality of care as opposed to just paying for each and every service. Then we will be able to rely and have confidence, once again, on doctors making sound medical decisions for their patients and not financial decisions. We also feel this makes good business sense and is an excellent approach to help control costs and improve the quality of care here in New Jersey. My understanding is that many other states as well as Medicare and Medicaid have adopted similar strategies; the initial numbers seem to be very encouraging.

Part of Radwell International's Mission Statement is to "develop products and services that lead in the marketplace" and to "use customer input to drive our products and services." This is central to how Radwell International does business, and, I believe, will align well with what Horizon is doing by launching their new health alliance with OMNIA for 2016. I support Horizon BCBSNJ's efforts to transform the quality of our health care here in New Jersey.

The landscape of the health insurance industry has changed significantly during my 25 years in Human Resources, but most dramatically during the last 6 years. The obstacles that businesses have to overcome with the Affordable Care Act are potentially crippling. The costs associated with ACA, which eventually get passed down to employees is staggering and not to mention the new reporting requirements is overwhelming and extremely confusing to employers.

Enough is enough. Business owners need health plan options that control costs and incent providers to encourage our employees and their families to lead healthy and productive lifestyles and to make smart



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healthcare choices. Instead of companies watering down benefits and increasing employee contributions as a strategy to control costs, we need to take control back of the healthcare in this state and country and give companies and their employee's healthcare options that they expect and deserve.

That's why we feel that Horizon's collaboration with providers is a step in the right direction leading us to more affordable and better quality health insurance.

Respectfully,

A handwritten signature in black ink, appearing to be 'M. Vostenak', written over a horizontal line.

Michael J. Vostenak
Sr. Director, Human Resources



Robert C. Garrett
President and Chief Executive Officer

Robert C. Garrett
President and CEO
Hackensack University Health Network
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

October 5, 2015

This testimony is submitted with thanks and appreciation to Senators Vitale, Gill, and the members of the joint committee.

Hackensack University Health Network strives to provide quality care to those we serve. We have 1,717 beds, nearly 11,000 employees and more than 3,300 credentialed medical staff members, making us one of the largest healthcare systems in New Jersey. This is not something we take lightly. We understand that we have a responsibility to always be working at and striving towards the best possible ways to provide patients the services they need. This includes examining new and creative ways to keep people healthy and to provide coordinated, cost effective care when they are sick.

Our desire to think outside the box and create new, positive outcomes is what drove us to participating in the OMNIA Health Alliance. The OMNIA Health Alliance will serve a guiding example of how doctors, hospitals and health insurers can work together to improve the quality of care and make care more cost effective. These tiered network plans are becoming common around the nation.

This change has been in the making for some time. The idea of moving toward patient-centered care has seen momentum across the country and Horizon has lead these efforts as an insurer in New Jersey. We appreciate Horizon taking the initiative to change the system and are proud to have partnered with them to begin a new chapter in this transformation.

Hackensack University Health Network's vision is clear: to take our place as a leading force in healthcare research and discovery, offering our patients and communities unparalleled advances in medicine, surgery, health promotion and illness prevention. We believe joining the OMNIA Health Alliance will help us achieve these goals and to the betterment of the people we serve.

Testimony of Robert Goodman
6 Oak Tree Court
Westampton, New Jersey 08060
609-636-9584

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

My name is Robert Goodman and I reside in Burlington County. I am submitting this testimony to the New Jersey State Senate because I feel the ability to pay for healthcare in this state is becoming increasingly difficult for middle class people like me.

New Jersey is a high cost of living state, that is no secret but I feel that many people have just shrugged their shoulders at this thought and figure there is no way to actually lower health care costs. I don't believe this is true. We must do something about health care costs and do it now. I think Horizon is trying to help make this change.

Like many people in New Jersey, we work hard to provide for our family. Every day, however, this becomes more difficult, because health care costs just keep going up. This forces families like mine and many others to make difficult decisions. Do we go to the doctor if we are not feeling well? Or does the cost of doing so make us think twice and stay home? If we stay home, are we going to get sicker and eventually have to deal with even higher health care costs due to an illness?

These are not hypothetical situations. These are real problems that families have to deal with all the time. We are not statistics, but proof that the current system does not work as well as it could.

As a Horizon Blue Cross Blue Shield of New Jersey customer, I am thankful that they will introduce new plans that will make it less expensive for me and my family to seek the care we need. Sometimes things seem too good to be true, this is not one of those times. I don't know if these new plans will work for me, but I am thankful that I will have a choice that might allow my family to spend less money on health care.

I think we should be encouraging Horizon's efforts in trying to lower the cost of health care for middle class families like mine. The Legislature should also be encouraging more of this kind of thinking.

Sarah Charrier
1554 Thornwood Drive
Mount Laurel, New Jersey 08054
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Good day to the chairs and members of the Senate Health, Human Services and Senior Citizens and Senate Commerce Committees.

In a recent story by the *Burlington County Times*, I was taken aback to read that members of the Legislature want to, quote, "delay the sale of new lower-cost health plans that reward consumers who use select doctors and hospitals." I fail to understand why any legislator would want to delay the availability of a plan that would offer lower premiums and lower out of pocket costs, while letting consumers pick a doctor who will do a more coordinated job with managing a patient's medical care. What am I missing?

Over the last few years, I have seen my health insurance premiums rise by hundreds of dollars per month. On top of these ridiculously high premiums, the amount I have had to pay to just meet my deductible has grown substantially. These expenses are already more than I can afford and I fear what may lurk around the corner when health coverage costs completely overwhelm household budgets. How will we be able to afford care to stay healthy or undergo a procedure that we may need to save our lives?

We literally cannot afford to delay some relief from high health insurance costs, and there is no reason why we should have to wait. I look forward to having the option to enroll in an OMNIA Alliance health plan.

Thank you.



Steve Kalafer

Chairman of the Flemington Car and Truck Country Family of Dealerships and the Somerset Patriots

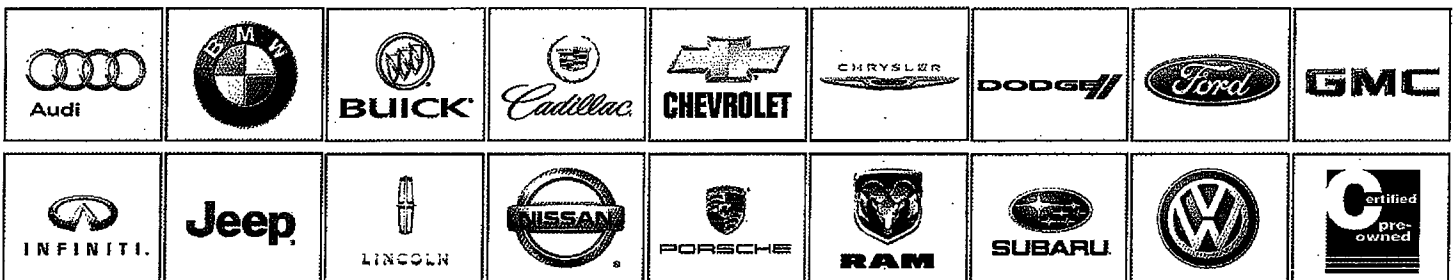
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

October 5, 2015

I thank Chairman Vitale, Chairwoman Gill and members of the committees for the opportunity to submit this written testimony for today's hearing.

As the CEO of a successful business that is in its 40th year of serving New Jersey, we have firsthand experience with the burden rising health care costs can place on a business and its employees. Health care costs continue to grow faster than inflation and make up other than personal expense, the largest portions of the annual budget of our business. For my company, providing health care for our employees continues to be a crushing burden and we are always looking for ways to provide our employees with access to quality, affordable health care.

I support Horizon Blue Cross Blue Shield of New Jersey in its effort to shift the paradigm and to advocate for value-based care. Their decision to collaborate with doctors and hospitals across New Jersey should be one that is applauded. Our state is among the highest in terms of health care costs, but we have historically fallen short when it comes to the quality of care our residents receive. As a business owner, we often provide feedback to Horizon about what we need for my employees – new and innovative models of care that can give my employees the quality care they need, but at a reasonable price.



Page 2

October 5, 2015

Horizon Blue Cross Blue Shield

What Horizon has managed to do is to get doctors and hospitals to be accountable for quality by improving health care in New Jersey. They are providing consumers with health care options that cost less and give them the power to save even more if they are proactive in managing the care they receive. We need everyone in the health care system to do their part if we are ever to achieve positive and sustainable change.

Horizon's goal of paying for the quality, not quantity of care provided makes sense to me as a business owner. It makes sense to me as an individual consumer. We can have better quality care that keeps me and my employees healthy at a lower cost. We have choices and we trust a company like Horizon who has been a part of New Jersey for more than 83 years. No other insurer is an integral part of our community, serving generations of families and businesses. No other insurer is New Jersey.

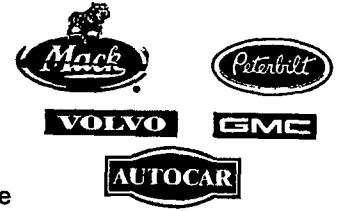
We are disappointed to see the criticism being leveled against a company who seems committed to making our state's health care system better. We urge legislators to step back and examine the facts before rushing to judgment and standing in the way of new ideas and action. It's clear what we currently have in New Jersey is broken. Let's try to work together to fix it for our employees or we will all continue paying for the status quo.

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Tara Cambria
Cambria Automotive Companies
Senate Health, Human Services & Senior Citizens and Senate Commerce Committees
October 5, 2015

Senators Gill and Vitale and members of the joint Senate Committee, thank you for allowing me to express my views of the OMNIA Health Alliance and the Alliance-related products to be offered by Horizon Blue Cross Blue Shield of New Jersey for businesses and consumers.

My name is Tara Cambria, and I am the owner of Cambria Automotive companies, with locations in Edison and Elizabeth. My company's roots date back to 1923, and we are family owned and operated.

We are living in the Affordable Care Act era, but health care remains anything but affordable – to both workers and the businesses that employ them. As the owner of a small business in New Jersey, I can personally attest to the difficulty -- if not the economic impossibility – that many businesses face with offering their workers' health care coverage.

The Kaiser Family Foundation recently offered some sobering insights about where this costs crisis is headed with the release of its 2015 Employers Health Benefits Survey. The survey revealed that average premiums rose four percent for employer-sponsored health insurance in the last year. That pace sharply contrasts with the rate of general inflation, which dipped by 0.2 percent during the survey period, and with the pace of wage growth, which rose by only 1.9 percent. In short, health care costs are throwing any wages increases for employees right under the bus, or if you're in my business, beneath the tractor trailer.

The better news, according to Kaiser, is that the employers that could afford to offer health care coverage are still paying a large chunk of their workers' premiums, shouldering more than \$5,000 for a single plan and in excess of \$12,500 for a family plan. Employers need to continue to do this. Offering a health benefits plan is not only a key differentiator as a recruitment tool, it's simply the right thing to do for employees and their families.

Unfortunately, as health care costs continue their upward spiral – now close to \$3 trillion per year in the aggregate for the U.S. – businesses' ability to absorb increases will continue to erode. The unavoidable consequences of this trend include businesses' continued shift of more health care costs to overburdened employees or businesses' losing their capacity to offer insurance altogether.

It shouldn't take a radical transformation of the health care delivery system to bring down costs and make coverage more affordable – just some real leadership.

The OMNIA Alliance seems to be a genuine effort in this direction. Bringing hospitals and health systems together to achieve a united goal of improving the quality of care, while making health plans more affordable to businesses and consumers, would be a giant leap in the right direction.

At the very least, the OMNIA plans as I have been able to understand them, would give businesses and consumers a refreshing choice to shave premiums and out of pocket costs while at the same time, giving patients of participating doctors and hospitals, better, more coordinated and efficient care.

Everyone should keep an open mind and a close eye on this new approach to the health care delivery system in New Jersey. We all need relief. We need to know that insurers and providers can work together to help us get out from under the crushing weight of health insurance costs.

I personally want to look into the eyes of my employees and tell them that we have a better, more affordable health care option in our benefits menu. As a conscientious employer, I want to assure them that if they want to stay healthy or if they or their family members require medical care for a serious condition, they have a plan that will not financially overwhelm them. Loyal and dedicated workers deserve nothing less, and I urge the legislature to not lose sight of its responsibility to bring relief to our workers, your constituents and New Jersey as a whole. Thank you.

MARTIN

INSURANCE GROUP

Tracy Martin
President & CEO
Martin Insurance Group

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Thank you for the opportunity to address this joint committee as it explores the rationale and need to offer businesses and consumers new options for affordable health care coverage.

My name is Tracy Martin. I am president, CEO and founder of Martin Insurance Group of Princeton. Since 1983, my firm and I have been helping New Jersey families and businesses find quality, affordable health care coverage. Over the last three decades, Martin Insurance Group and our customers, predominantly from Mercer County, have witnessed and adapted to dramatic market changes in health insurance. The one constant among all these changes has been our firm's resolve to offer and furnish to our customers, insurance products they could afford and use to access health care.

At no time has this resolve ever been more tested than it is today. Health insurance has never been more expensive; health care has never been more costly to access and consequently, innovation to create more affordable options has never been more necessary.

For these reasons, I am at a loss to understand the criticism of Horizon Blue Cross Blue Shield's plan to introduce new, lower cost tiered products in addition to its standard health plans. Horizon will be offering all of its current products with access to all Mercer County hospitals, Trenton's included. If consumers want to keep their current policies they will be able to do so.

On the other hand, if consumers want to save money on their monthly premiums they will be able to choose the new products. They will be able to save additional out-of-pocket costs by seeking care at two county hospitals, RWJ Hamilton and Princeton University Hospital. The Trenton hospitals will still be in network, so they have that option as well. Users of these hospitals will still save, but won't have the extra savings that would be associated with a Tier 1 facility.

So allow me to be clear about this. Everyone saves with an OMNIA Alliance Health plan. Some people save more if they choose a Tier 1 hospital. Statements that this margin of savings will initiate a stampede away from quality hospitals in Mercer county already in -- and staying in -- Horizon's managed care network -- are simply absurd.

One other point, people generally visit their doctor more than a hospital. Horizon's new health plans will allow people to save significant money on copayments, coinsurance, and deductibles by using a number of Tier 1 doctors across Mercer County.

The sky is not falling, as Trenton hospitals would have you believe. In fact, many of my clients, who operate small businesses, will welcome Horizon's new lower cost health plans. We should be encouraging, not criticizing, innovative new health plans that help employers and consumers save money on health insurance.

Thank you,



Tracy J. Martin, President
Martin Insurance Group

P 800.353.5000

4 Independence Way, Suite 110 Princeton, NJ 08540

Wendy Ebner
Director, Business Development
Savoy Associates
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

As the Director of Business Development for Savoy Associates, a premier, regional general agency offering comprehensive employer services consulting, I see the challenges rising health care costs place on businesses. I understand the need to address the rising costs of health care in our state for employers and consumers alike, and the tremendous challenge this represents.

Horizon Blue Cross Blue Shield of New Jersey is meeting that challenge with its patient-centered programs. Patient-centered programs enable the transition of our health care system from one where doctors and hospitals are paid for every service they provide, regardless of the outcomes, to a system where they are rewarded for the quality of care their patients receive. I have seen how the shift to value-based, patient-centered care can improve the quality of the care, enhance the patient's experience throughout the course of that care, and lower the total cost of care for everyone involved.

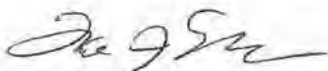
Recently, Horizon, our state's largest health insurer, announced the OMNIA Health Alliance, an innovative collaboration with hospitals and doctors to focus on higher quality care, a better patient experience and lower costs.

I have been following the coverage of the OMNIA Health Alliance and the speculation about Horizon's new health plan offerings for 2016. Much of the criticism I've seen about the new health plans is focused on the tiering of the doctors and hospitals. However, by offering products with tiered networks (as opposed to "narrow networks"), it occurs to me that Horizon is offering its customers new cost-saving options that not only do not impact their current level of access to care, but provides them with an incentive to become part of the highly successful patient-centered programs.

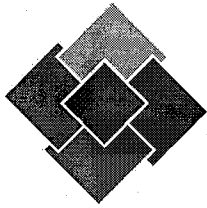
Business owners are looking for options for more affordable health insurance. Horizon's new health plans may not work for everyone, but they will give customers a much-needed option for coverage.

In this industry, it is essential to align with forward-thinking partners who share your commitment to customers. I applaud Horizon BCBSNJ and the leading health systems they are collaborating with as part of the OMNIA Health Alliance.

Sincerely,



Wendy Ebner
Director, Business Development
Savoy Associates



SUMMIT MEDICAL GROUP

1 Diamond Hill Road • Berkeley Heights, NJ 07922 • summitmedicalgroup.com

POSITION STATEMENT

The Summit Medical Group is a physician owned, physician led medical practice that employs over 600 health care providers in the State of New Jersey and serves more than 300,000 active patients in 6 counties. We are New Jersey's largest multi-specialty medical practice and we have provided medical care to New Jersey residents for over 85 years. Our vision is "to advance health care in New Jersey" and our mission is "to deliver high quality, cost effective care through a comprehensive, integrated multi-specialty group of practitioners."

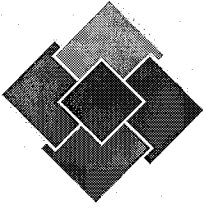
Horizon's OMNIA Alliance will allow us to further the Summit Medical Group's vision and mission.

We are surprised by the response to the OMNIA Alliance which is aimed at lowering costs and improving the quality of health care through close coordination and management of patients' healthcare. It offers New Jersey residents high quality affordable health care. In a state with the 4th highest cost of health care in the country, we need to spend our healthcare dollars more wisely.

The Summit Medical Group has successfully collaborated with Horizon and other commercial insurers over the past few years to do exactly what the new Omnia Plan seeks to expand - - to provide the highest quality health care to residents of New Jersey at a lower cost. The Summit Medical Group has had tremendous success, first in a pilot program with Horizon and then in an in-network value based agreement with Horizon. Providing value to our patients equals providing the best quality at the most affordable cost while assuring that the patient experience is outstanding. When our doctors provide high quality care, they keep patients healthy and avoid unnecessary costs. In fact, the Summit Medical Group demonstrated significant savings compared to patients who seek care from providers outside the Summit Medical Group along with some of the highest quality scores that Horizon has seen among providers.

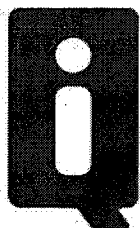
Most importantly, our patients are benefiting. Our goal at the Summit Medical Group is to focus on preventative care, to manage chronically ill patients and to keep patients out of the hospital where that is in the best interest to the patient. Through our value-based contracts with Horizon and other commercial insurer, we have made significant investments in our population health team which includes specially-trained nurse care managers, social workers, care navigators, and patient outreach specialists. These health care professionals assist patients with complex medical needs to navigate the complicated health care system and assure that they receive all needed services in the most appropriate setting. We have also invested in the technology to allow effective communication between the patient and his/her care team.

Summit Medical Group believes that the value based purchasing will push providers and hospitals to change the way they provide medical services and to shift their focus from filling their hospital beds to providing high quality, cost effective medical care in the most appropriate setting for patients. This is not new. This is a change that consumers and purchasers have been asking for in New Jersey and nationally. Medicare is leading the way. The OMNIA Alliance is another effort.



SUMMIT MEDICAL GROUP

The goal of legislators, providers, insurers and patients should be the same; to improve the health of New Jersey residents. We recognize that change can be difficult. However we simply cannot afford to continue to pay providers to treat people who are sick. We need to align the incentives to focus on keeping patients healthy.



**Statement Submitted by Linda J. Schwimmer, President & CEO of the New Jersey Health Care Quality Institute to the Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee
October 5, 2015**

Narrow, tiered, and closed networks: what does it all mean for consumers and our health care system?

These plan designs are here to stay and will grow in number. Thus, what should New Jersey be doing about it? Here are three suggestions:

- Be an active purchaser – NJ should exert its market power and demand quality and access for all residents;
- Insist that quality outcomes be the most heavily weighted measure in product design;
- Insist that the measures be transparent to consumers and taxpayers.

As health care plans look to find ways to offer comprehensive, patient-centered, quality coverage at affordable prices, we will be seeing more innovation in plan design. Nationally, Aetna has been replacing its fee for service reimbursement model with value-based contracts and partnering with providers to market health plans that enable enrollees to use hospitals in the providers' accountable care organization network. Here in New Jersey, we are just starting to see innovative new plans that will be offered in the upcoming open enrollment season. Quality Institute Leadership Council Member, Horizon BCBSNJ, recently announced a new alliance with about 23 hospitals and physician groups called OMNIA. This alliance will further Horizon's move towards more value-based purchasing and away from volume-based fee for service payments. The OMNIA alliance is also the core of Horizon's up-coming tiered insurance plan product. Under this product, employers and individual consumers may choose a plan product with two tiers of providers. If consumers go to a Tier One provider, their out of pocket costs will be lower than if they choose to see a Tier Two provider. The details of this new product and the exact cost are not yet public, except for the active State Health Benefit Program members. Aetna, the other insurer that administers benefits for the State, is also offering a two-tiered product at the exact same price.

The introduction of these products has caught the attention of the media and health care leaders. Here are some of the key questions and issues to think about:

1. What are tiered insurance plan products and how do they differ from narrow network products?

Leonard Leto
Chairman of the Board
Manager, Policy & Planning
NJ State Health Benefits Plan (Retired)

Robert "Rob" Andrews
Former Congressman, NJ
1st Congressional District;
Of Counsel, Dilworth Paxson, LLP

Andrea W. Aughenbaugh, RN
CEO, NJ State Nurses Association (Retired)

Donald Bryan, JD
Director, Division of Insurance,
NJ Dept. of Banking & Insurance (Retired)

Rick Fair
Former NJ State Auditor

James J. Florio, JD
Former Governor of New Jersey
Senior Partner, Florio, Perrucci, Steinhardt &
Fader, LLC

Heather Howard, JD
Former NJ Health Commissioner
Director of State Health Reform
Assistance Network,
Woodrow Wilson School of Public &
International Affairs, Princeton University

Fred M. Jacobs, MD, JD
Former NJ Health Commissioner
Executive Vice President & Chair of
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Zak Maniya, MD
Chief, Section of Nephrology
St. Francis Medical Center

Suzanne M. Miller, PhD
Senior Professor / Director, Psychosocial &
Behavioral Medicine; Fox Chase Cancer
Center /
Temple University Health System

Judith M. Persichilli
President Emeritus
CHETrinity Health

Michael A. Sedrish, MD
Medical Director
MediSys Health Network, Inc.

Christine A. Stearns, JD
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A tiered product is one where the in-network providers are divided into levels based usually on cost-share to the consumer. The consumer may access the plan's entire network but will pay differing amounts depending on what tier the provider is in. Tiered networks differ from narrow networks in that tiered networks often include a larger sum of providers, ensuring network adequacy and sufficient access, but the providers fall within different tiers, with varying levels of consumer cost-share, and some tiers are more financially accessible than others.

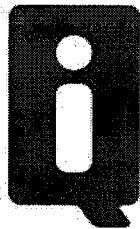
2. Why would consumers or purchasers purchase a tiered or narrow network product?

Consumers and employers consistently rank health care costs as one of their greatest concerns. Indeed, according to a 2014 NJBIA survey, cost was the most common reason cited by NJ businesses as to why companies might discontinue offering coverage. Moreover, according to an Urban Institute study, the most common factor consumers consider in choosing a health plan is cost (premiums, deductibles and maximum out of pocket spending limit). Therefore, to the extent that these products can offer consumers and employers lower premiums and out of pocket costs in exchange for less choice or choice constraints, consumers are willing to purchase them.

Another reason large employers and unions may be interested in these plan designs is because of the so-called Cadillac Tax. Starting in 2018, if the value of a health care plan exceeds \$10,200 for individual coverage, or \$27,500 for family coverage, employers will have to pay a 40% non-deductible excise tax to the federal government. Lower priced plans such as these are one strategy to help employers avoid that tax.

3. What is the trade-off for lowering out of pocket costs in tiered, narrow, or closed network plans?

Consumers who want the out of pocket cost savings in premiums offered by these products will have to accept choice constraints in physicians and hospitals. These plans can offer such savings because they have negotiated preferred contracts with a more limited network of providers. In looking at the Horizon products recently announced, Tier One includes about half of New Jersey's general acute care hospitals, including most of its largest health systems, with at least one facility in almost every county – excluding Warren and Burlington counties. And, Tier Two, in which consumers will have to pay more in out of pocket expenses, includes most of New Jersey's remaining general acute care hospitals and does provide some out-of-state coverage. There will likely be other tiered plans offered by other



health plans in this season's open enrollment that will offer different ranges of choice.

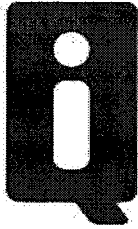
4. Are there larger system implications that should be considered when examining these plan products?

Absolutely. While these products can be viewed as a cost-saving mechanism, there are significant implications at the system level, especially when an insurer has significant market share in a region. If an insurer's commercial consumers are financially incentivized to use Tier One providers, providers in Tier Two may lose a large share of their commercial patients, and therefore, a large portion of their revenue. Some of the hospitals in Tier Two are urban safety-net hospitals who serve a disproportionate share of Medicaid and uninsured patients. Such hospitals rely on their commercial patients to offset the cost of their Medicaid patients. Urban hospitals operate on very slim margins, and a shift in their commercial patient volume – their most profitable – can have significant implications on their bottom line. Furthermore, many of these hospitals are mission-driven non-profits that take very seriously their commitment to improving the health of their communities, so it is important that they are financially viable.

This is a serious issue for the State. Policymakers need to look at the sustainability and equity of our Medicaid program, and the overall State budget support and commitment to “essential hospitals” that are financially pressured and serve a large share of the under-served population. Indeed, it is time to look back to the well reasoned proposals in the New Jersey Commission on Rationalizing Health Care Resources Final Report of 2008 (the “Reinhardt Commission”) at chapters 12 and 13, wherein the Commission urges the State to develop a framework for identifying hospitals that are essential to maintain to ensure access; to review their essential nature and financial viability on a regular basis taking into consideration market changes (e.g. introduction of disruptive and innovative products and other market forces); and, to consider what financial support the State should provide to these hospitals.

Moreover, when the State, as the largest purchaser of health care services in New Jersey, makes purchasing decisions such as it did when it approved the tiered product for its benefit program, it should consider what implications those decisions will have on the financial viability of its essential hospitals. State leaders who manage the State's purchasing decisions should also put the State's best interests first and ask themselves ---- what type of health care system do we want for all New Jersey residents and what factors should we make a priority in designing products that encourage people to use one provider or service over another? These decisions and factors should be transparent.

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Another issue that must be addressed when financially impacting consumer choice in providers is that of quality. Will patients who are financially steered towards a specific group of providers have sufficient information about the quality of care offered by the Tier One and Two providers? Making quality a weighty and transparent criteria in the development of the tiers and networks will enable consumers to choose not simply on cost but on quality as well. As consumers are faced with more choices in plan design and cost, accurate information regarding the network, its tiers, the consumer's cost-share and its differential between tiers, and the quality and accessibility of the providers is essential. Again, the State can use its buying power to demand transparency around quality and can drive quality improvement through the power of the purse ---- but it has to exert that power through an active, deliberate process.

Written Testimony
Before the New Jersey Senate
Committee on Commerce and Committee on Health, Human Services and Senior Citizens
Hearing on the OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey
October 5, 2015

By
Joel C. Cantor, ScD.
Director, Center for State Health Policy and Distinguished Professor of Public Policy
Rutgers, the State University of New Jersey

Good day Chairpersons Gill and Vitale and distinguished committee members. Thank you for the invitation to comment today on the OMNIA Health Alliance.

I am Joel Cantor, director of Rutgers University Center for State Health Policy and distinguished professor of public policy. The Center for State Health Policy was established in 1999 to inform, support and stimulate sound and creative state health policy in New Jersey and around the nation. The views that I express in this testimony are mine alone and do not necessarily reflect those of Rutgers University or the agencies and organizations that sponsor the work of the Center for State Health Policy.

The OMNIA Health Alliance addresses long-standing and serious deficiencies in New Jersey health care and I believe it has potential to improve care and “bend the cost curve”. However, while I see considerable potential benefits arising from the OMNIA plan, I believe that it may also have some unintended consequences.

I will begin by commenting on why I believe that without innovation New Jersey health care is on an unsustainable path, and then I will turn to what I see as the potential benefits and risks of OMNIA.

Serious Gaps in New Jersey Health System Performance

The recent *Commonwealth Fund Scorecard on State Health System Performance* and other sources clearly show poor performance on key health care metrics for New Jersey. Here are some examples (the Table below provides additional metrics):

- New Jersey ranks 44th among states in our Medicare *30-day hospital readmission* rate.
- We rank 49th in the share of *hospitalized* patients reporting that they do not get the information they need to successfully *transition to home* at discharge.
- New Jersey ranks 31st in the rate of *potentially avoidable* hospital stays for conditions such as diabetes and heart failure among Medicare beneficiaries aged 75 or older.
- We rank 35th in *asthma admissions* among children, and
- According to the *Dartmouth Atlas of Health Care*, over 57% of Medicare patients with chronic illnesses who died visited 10 or more different physicians in the last six months of life, the highest percentage of any state.¹

These statistics demonstrate that gaps in health care delivery performance in New Jersey are leading to high preventable and avoidable costs, suggesting that better care can lead to savings. In recent years, some of our system performance statistics have improved, but overall our standing relative to other states has remained stubbornly low.

¹ *Dartmouth Atlas of Health Care*. Available at:
<http://www.dartmouthatlas.org/data/table.aspx?loc=32&loct=2&ind=6>.

Table: Selected Indicators from the Commonwealth Fund State Scorecard Health System Performance

Measure	Rate	State Rank
Medicare 30-day hospital readmissions, per 1000	57	44 th
Hospitalized patients given information about what to do during their recovery at home, %	79	49 th
Hospitalized patients who reported hospital staff always managed pain well, responded when needed help, and explained medicines and side effects, %	61	46 th
Medicare hospital ambulatory care sensitive (potentially avoidable) admissions, ages 75+, per 1,000	72	31 st
Hospital admissions for pediatric asthma, per 100,000	159	35 th
Long-stay nursing home residents hospitalized within a 6-month period	23	39 th
High-risk nursing home residents with pressure sores, %	9	49 th
Total Medicare Parts A & B reimbursements per enrollee	\$9,551	45 th

Source: Radley DC, D McCarthy, JA Lippa, SL Hayes, & C Schoen, *Aiming Higher: Results from a Scorecard on State Health System Performance, 2014*, The Commonwealth Fund, May 2014. Available at: <http://www.commonwealthfund.org/publications/fund-reports/2014/apr/2014-state-scorecard>. Note: New Jersey performance is lowest in the *Scorecard's* metrics of "Avoidable Hospital Use and Cost", in other areas, such as its "Healthy Lives" dimension, New Jersey ranks much better.

How OMNIA Could Bring Change

Horizon Blue Cross Blue Shield of New Jersey is the state's largest health insurer, covering roughly half of state residents with private plans (including some Medicare and Medicaid beneficiaries). Traditionally, private health plans have paid providers on a piecemeal, fee-for-services basis in which they are paid *more* for delivering *more* care without regard to the potential benefits to patients. Historically, payers have sought to contain health care costs mainly by negotiating lower reimbursements to providers. This dynamic too often has fostered mistrust and acrimony between providers and payers while failing to promote optimal care.

In recent years, Horizon and other insurers have pursued alternative care delivery models, such as Patient Centered Medical Homes and Accountable Care Organizations. While these models have met with some success, they have not yet changed the fundamental problems of fee-for-service payment.

OMNIA moves in a different direction. In this new approach, Horizon is forming partnerships with health system organizations to manage the *total cost of care*. It delegates significant responsibility

for managing care and cost to the health systems and moves away from piecemeal fee-for-service. It is my understanding that OMNIA partner health systems will take on substantial new responsibilities for the covered populations, and, subject to meeting quality standards, will have a significant stake in achieving cost savings.

There is a growing belief that larger health care delivery enterprises that integrate care across settings – including ambulatory care, hospital, home health and rehab services – are best positioned to improve the overall health of the populations they serve while reducing cost. Such systems can invest in the infrastructure needed to facilitate better care using health information technology and adopting higher-performance care management strategies. With the right accountability and financial arrangements, such organizations have strong incentives to collaborate closely with community physicians and other practitioners to help patients manage complex health conditions so they can improve patient outcomes and reduce cost.

A controversial element of OMNIA is that Horizon has limited the number of “Tier 1” health systems in its network. Horizon reports that they have selected Tier 1 partners that they believe have the greatest chances of success. OMNIA’s tiered benefit structure entices partners to join the program with the promise of increased patient volume. Substantially lower premiums, deductibles and other cost sharing will provide strong incentives for patients to use the Tier 1 providers. It is likely that Tier 1 partners accepted payment discounts in return for the expected higher patient volume and the promise of financial rewards if they achieve quality outcomes and savings. Lower reimbursement rates, in turn, very likely contributed to Horizon’s ability to offer lower premiums cost-sharing to consumers purchasing OMNIA plans.

If OMNIA is to succeed, their health system partners will have to think differently than they did in the predominantly fee-for-service environment. They will have to invest in high-value, often low-tech

but under-utilized services including preventive care, patient coaching and education, and other population health improvement measures. They will have to pivot away from a culture of maximizing admissions and the volume of highly remunerative specialty procedures when effective and less costly alternatives are available. This is a major paradigm shift that could pay dividends for patients and premium payers.

From consumers' perspectives, OMNIA also departs from the long-standing trend toward rising premiums, deductibles and other patient cost sharing. Users of the OMNIA Tier 1 network will face significantly reduced out-of-pocket costs, although some will have to change providers to take advantage of Tier 1. Those using the Tier 2 network will continue to face cost sharing that is typical of many plans in the marketplace.

Possible Unintended Consequences and Risks

There is emerging evidence that total-cost-of-care models are promising,² but there is considerable uncertainty about the impact of OMNIA. I want to highlight four specific concerns that warrant close scrutiny.

First, it is likely that the OMNIA will deliver on its promise to shift patient volume to Tier 1 health systems. The success of the model depends on this movement. But if the shift is significant, Tier 2 facilities will experience lower volume and lower revenue. While there are regions of the state that have more hospital beds than they need, even hospitals in areas that not over-bedded could experience new financial pressures. Hospitals facing such financial challenges are unlikely to be able to sustain money-losing but important service lines or to invest in care improvements, such as programs to reduce

² See, for example, Chernew ME, RE Mechanic, BE Landon, & DG Safran. Private-payer innovation in Massachusetts: the "alternative quality contract." *Health Aff.* 2011; 30(1):51-61.

readmissions. Given these potential impacts, OMNIA could exacerbate disparities in the accessibility and quality of care in some areas. This potential is of greatest concern for facilities serving large numbers of Medicaid patients and other vulnerable populations.

Second, there is a risk that some OMNIA health system partners may not succeed. History tells us that some health care delivery systems are poor managers of financial risk. Horizon is positioning its delivery system partners achieve costs savings by improving care, but there is no guarantee that they will. While the consequences of mismanagement would fall mainly on Horizon and its partners, we should be concerned about possible consequences for patients and communities. OMNIA delivery system partners that struggle to find the “sweet spot” of better care at lower cost may face pressures to stint on needed care. Close monitoring for possible under-delivery of necessary services is important.

Third, with the implementation of the Affordable Care Act and for the first time in many years, New Jersey’s private health insurance market has grown more competitive. We have two new carriers participating in the individual market. To the extent that engagement in OMNIA discourages Tier 1 health systems from entering into innovative contracts with other insurers, we could see diminished competitiveness in insurance markets, particularly for persons buying in the individual market.

Finally, competition among health delivery organizations is also a concern. There is strong evidence that hospital market consolidation leads to higher costs.³ Hospitals have undergone significant consolidation in recent years nationally and in New Jersey, and it is possible that OMNIA could accelerate such consolidation.

³ See for example Gaynor M, R Town. (2012). The impact of hospital consolidation—update. The Synthesis Project. Robert Wood Johnson Foundation. http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2012/rwjf73261.

Conclusions

Lagging health system performance in New Jersey is a serious, persistent problem that should be addressed. It is essential that the current system which is driven by fee-for-service incentives that reward greater volume be replaced by systems that reward higher quality of care, better population health, and lower costs. The OMNIA Health Alliance seeks to make such a paradigm shift, but does so by providing strong incentives for patients to select OMNIA Tier 1 delivery systems. I believe that OMNIA has substantial potential to promote better care, lower cost and more affordability for patients. But there are also potential risks to the institutions left out of Tier 1, to vulnerable patient populations, and to our health care delivery and insurance markets. It is important that Horizon and its delivery system partners commit to transparency in implementation and that regulatory agencies pay careful attention to possible negative unintended consequence of this major system change.

***Testimony of Ronald C. Rak, J.D., CEO of Saint Peter's Healthcare System,
New Brunswick, New Jersey, Before a Joint Meeting of the New Jersey State
Senate Committee on Health, Human Services and Senior Citizens
and the New Jersey State Senate Committee on Commerce***

***The State House, Trenton, New Jersey
Monday, October 5, 2015***

Good morning.

I am Ron Rak, chief executive officer of Saint Peter's Healthcare System.

Thank you, Senators Vitale and Gill for convening this joint committee hearing. And thank you, all members of this joint committee, for attending, along with Senate President Sweeney.

Located in New Brunswick, New Jersey, Saint Peter's Healthcare System includes Saint Peter's University Hospital, which has served the healthcare needs of New Jersey for over 108 years.

From our humble beginnings as a parish hospital, we have grown into a technologically advanced 478-bed teaching hospital most recently affiliated with Rutgers Biomedical and Health Sciences. Today, we train 118 residents and 50 medical students.

Rutgers tells us we are essential to their medical and graduate schools' success. And so, at its insistence, last year we relinquished a profitable arrangement with another medical school to devote all of our academic resources to the medical aspirations of our State university.

We treat 23,000 inpatients and more than 245,000 outpatients annually. We employ over 3,000 healthcare professionals and support personnel. More than 1,000 physicians and dentists have privileges at our facility. Most recently, on an annual basis, our new state-of-the art emergency room treated some 67,000 patients, of which over 23,000 were treated in our new pediatric emergency room. Our recent emergency department renovation represents a \$15,000,000 investment in infrastructure and a reaffirmation of our longstanding commitment to improving health outcomes.

Our annual revenue exceeds 400,000,000 dollars.

sisters; and men and women of differing faiths or no faith whatsoever - that they receive care in a setting that nurtures compassion and a respect for life at all stages from conception to death.

I shared with you in my written testimony a Palm Beach Times op-ed written by the stepmother of a Jewish patient we treated not long ago. Read it and you will understand what I am talking about.

Do not misconstrue my message. Saint Peter's and other hospitals excluded from Tier 1 status in the OMNIA plan do not shy away from competition. We agree that as society looks towards improved healthcare for our citizens, dramatic changes are called for.

But how we come about to make those changes is as important as making the change itself.

What has happened here should disturb all of us, particularly the consumer.

The State's largest insurer designs a new insurance product that gives its insured a monetary incentive to seek care at hospitals it considers more qualified than others based on criteria it selects and does not vet in public. It works with State officials to roll this program out and has the State's blessing to offer the program as the insurance product of choice for state and municipal employees. Municipalities are approached and asked to sign on.

The product is unveiled and only then do the non-participating hospitals learn of the program and the fact they are excluded from it. Overnight, the insurer's website features a new homepage, and billboards go up along our major thoroughfares, both suggesting that only the participating hospitals can deliver quality care to patients.

With one sweeping program, our State's hospitals are divided into the "haves" and the "have-nots". The "haves" are the State's largest healthcare systems and a small handful of independent hospitals chosen to fill in voids where those systems do not operate.

The "have-nots" are the segregated hospitals, many of whom rely on the reimbursement of private insurers like Horizon to offset the costs to treat our neediest patients, the indigent who rely on charity care or Medicaid.

As the program is rolled out and questions arise as to its genesis, the insurer gives mixed signal as to the criteria used to select the preferred hospitals and fails to explain why non-preferred hospitals were not given the opportunity to prove themselves worthy of inclusion into the program.

This somehow is to be tolerated even though given the nature of this new insurance plan, the viability of non-preferred hospitals is threatened and because of that fact, so is consumer choice.

Such a dramatic change in the delivery of healthcare should not have been the subject of secret discussions among senior executives perched high above Newark, New Jersey in luxurious office suites. It should have been a matter of public discourse.

This seismic shift in our healthcare marketplace was decided not in the public forum but in the “Roman Coliseum”, where the emperor allows the beast – accustomed to devouring everything in sight – to prevail, and spares a few warriors because they happen to serve his purposes.

Such is reality in a State where sadly, healthcare is too often politicized.

Saint Peter’s agrees that fee-for-value models are best for healthcare’s future because they encourage greater use of health care services.

Saint Peter’s strongly disagrees that the way to implement fee-for-value is for New Jersey’s largest health insurer to unilaterally discriminate among hospitals and impose financial pressure on patients to use the hospitals it favors.

We are troubled that Horizon launched its OMNIA product under a cloak of secrecy without disclosing the standards it used to rate hospitals or giving negatively affected hospitals the right to comment.

OMNIA violates the provisions of Horizon’s Network Hospital Agreement with its own partner hospitals, which are given under that agreement the right to know Horizon’s standards for new networks or subnetworks, to have advance notice of such new networks or subnetworks, and to join them if the hospital meets Horizon’s criteria. Saint Peter’s is a Horizon partner hospital.

OMNIA will face many a legal challenge. Legal counsel tells me it violates Department of Banking and Insurance regulations promulgated under the Health Care Quality Act of 1997.

The OMNIA program misleads the consumer, without doubt.

The Tier 2 designation implies in the public eye that those hospitals receiving the designation are not providers of quality care.

A few years ago, the niece of a friend went through IVF treatment. She was told she was to have quintuplets – four boys and a girl. Her fertility doctor told her to “eliminate two boys of your choosing and the girl because she is the weakest.” Given her Catholic faith, she refused the advice and sought out a New Jersey hospital where she could deliver all five children.

Saint Peter’s was the only hospital willing to admit her. Others refused, citing the complexity of her medical situation and personal wishes. She gave birth; her quintuplets were

treated for months in our NICU. One boy died there of natural causes, but just a few weeks ago, her surviving three boys and girl entered kindergarten. And the girl whom others said was too infirm and should be “eliminated”? Well, according to her mother and my friend her aunt, she “rules the roost”. All four receive routine check-ups at Saint Peter’s.

When OMNIA was announced in the *Trenton Times*, my friend called me to ask, “What happened to Saint Peter’s? Are your quality scores sinking?” When I explained that it wasn’t so, she expressed frustration that her niece, a Horizon insured, may nevertheless have to seek care for her children in a Tier 1 hospital.

Without question, OMNIA misrepresents the quality of care provided at Saint Peter’s and will, because of its very nature, steer patients away from us.

Horizon has not made public the specific criteria it used to select Tier 1 hospitals or the relative weight it gave those criteria. Contrary to what it told my hospital, Horizon told at least one other hospital that it unilaterally used six “broad categories” to select Tier 1 hospitals, specifically:

- Clinical quality;
- Service offering across the continuum of care;
- Consumer preference data from publicly available sources;
- Value-based care capabilities;
- Scale of the organizations; and
- Commitment to value.

Horizon has not explained these “broad categories.” It has not disclosed what consumer preference data it used. It has not disclosed how it measured a hospital’s “commitment to value,” which seems to be a very subjective standard. It has not shared how it weighted “scale of organizations” against quality of care, scope of services and consumer preference.

Nevertheless, as demonstrated in detail in my written submission to this joint committee, Saint Peter’s is qualified to be a Tier 1 OMNIA member by every one of these general criteria if taken at face value. Yet, we are not designated as such, while hospitals with lesser safety and quality ratings, clinical expertise, breadth of clinical programs, and reach of marketplace are.

Notwithstanding how Horizon weighs its presumed measures of worthiness to be a Tier 1 hospital, at day’s end even Horizon cannot deny that quality of care is key to the healthcare consumer.

So, with that in mind, consider Saint Peter’s.

We are one of six hospitals in the world to be ranked as a Magnet Hospital for Nursing Excellence by the American Nurses Association for four consecutive four-year terms.

The Joint Commission, America's leading accreditor of health care organizations, rates us as one of the nation's Top Performers on Key Quality Measures for positive patient outcomes in the areas of heart attack, heart failure, pneumonia, and surgical care. We are the lone New Jersey hospital to be commended for quality care of childhood asthma.

Our NICU, one of the largest in the country and part of the hospital's state designation as a regional perinatal center, is the only such unit in New Jersey to receive a Beacon Award for critical care excellence in the delivery of neonatal intensive care nursing.

Our Intensive Care Unit is the only ICU in New Jersey to receive a Beacon Award for critical care excellence on five separate occasions.

Our Hospital Consumers Assessment of Healthcare Systems and Providers, or HCAHPS scores, show that patients place Saint Peter's in the 99th percentile, or No. 1 in New Jersey, in environment of care, pain management, use of medicines, discharge instructions, and care transitions, while we rank in the 98th percentile in the responsiveness of medical and support staff.

At one point, Horizon said that its only criterion for Tier 1 status is the ability of a hospital to move from a fee-for-service to a fee-for-value model of care.

Saint Peter's is well along on that path. For example:

We are actively engaged in building and growing our population health strategy. Our state-sponsored Delivery System Reform Incentive Payment (DSRIP) program in diabetes management is but one example of the type of care Saint Peter's delivers and embraces. This five-year, \$20.5 million program performs early diabetes screening of all patients who arrive in our emergency department, our inpatient units and our ambulatory network. We also screen patients via our mobile health van, which travels weekly to scores of communities to promote healthy lifestyles. The hundreds of patients enrolled in our DSRIP program are experiencing fewer emergency department visits and fewer hospital admissions.

We aggressively enrolled our physicians in a new federal program, the Gainsharing Project, created by the Center for Medicare and Medicaid Innovation and which enables physicians to focus on treatments that lead to measurably improved outcomes and lower costs of care.

Saint Peter's and Partners In Care - New Jersey's oldest physician-owned provider network and healthcare management company - entered into an innovative agreement whereby our adult medicine primary care and multi-specialty employed physicians and extenders will join the Partners In Care Medicare Accountable Care Organization. Under this arrangement, our in-

house physicians access the Partners In Care ACO's full suite of services, all designed to improve the efficiency and delivery of care for our unmanaged Medicare population.

We are enrolled in The Centers for Medicare and Medicaid Services (CMS) Value Based Payment Program, which captures data indicating how well a hospital performs based on an established set of quality measures. This program is a *de facto* reflection of a hospital's commitment to improving health outcomes and providing a safe and nurturing environment for patients. Our total performance score is higher than our local competitor's and the State average.

We are creating a "health situation room", an extension of our population health strategy that builds upon our already strong physician and community relationships as we develop clinical programs. By leveraging IT infrastructure and smart-phone technology, we will utilize census data and internal health records to stratify diagnoses, such as high blood pressure, by location, gender, age, race and socio-economic class. This will enable us to target our treatment of patients.

The "value" of our services is also reflected by Saint Peter's status as the go-to provider for a wide range of services, including specialty care often difficult to find elsewhere in New Jersey.

With 54 bassinets, we operate the largest Neonatal Intensive Care Unit in New Jersey.

We are a designated children's hospital and a Regional Perinatal Center that operates one of the largest maternity services in the country. In 2014, we delivered 5,579 babies, the most of any single hospital in central New Jersey.

Our Department of Medical Genetics and Genomic Medicine is among the largest in the Northeast United States. Its Regional Center for Newborn Screening and Genetic Services offers a comprehensive program providing confirmatory diagnostic testing, management, treatment, education, research, and counseling for all genetic disorders screened for in New Jersey.

Our Dorothy B. Hersch Child Protection Center, established to counsel and protect abused children, is one of four such centers in New Jersey and serves eight counties. Board certified child abuse pediatricians, psychologists, and social workers staff it.

According to the most recent available data, for year 2013, Saint Peter's is a volume leader in New Jersey in the following clinical areas:

Number 1 in obstetrics discharges;

Number 2 in NICU admissions;

Number 3 in epilepsy discharges; and

Number 5 in the total number of in-hospital pediatrics cases.

Notwithstanding these and many other noteworthy clinical accomplishments, all of which require a substantial financial investment in personnel and infrastructure, Saint Peter's is charitable, as it is called to be by our religious-based nature.

Last year, we treated 16,889 uninsured patients as charity care. State subsidy does not cover the full cost of care. In 2014, Saint Peter's unreimbursed portion of charity care was \$18,400,000.

In addition, we spent nearly \$10,000,000 to cover the cost of treating the indigent not covered by charity care.

An additional \$11,500,000 was spent on community health and education programs not covered by any outside subsidy.

What financial impact will OMNIA have on my hospital?

In 2014, Saint Peter's treated more than 16,500 individuals covered by Horizon health insurance. 6,500 of them will potentially switch to OMNIA because they are enrolled in either Horizon's HMO product or its Point of Service products, which we understand OMNIA will replace.

OMNIA could result in \$36 million of lost revenue to us.

Members of this joint committee, beyond what Horizon may have testified to today, I urge you to delve into the motivation behind, the analysis employed, the players involved, and the discussions it had with hospital representatives as well as State and municipal elected officials or employees as the OMNIA program was conceived, designed, and rolled out.

And, I also ask this Committee, elected to represent the people of our State:

First, to compel Horizon to suspend the OMNIA program while the necessary facts are gathered.

Second, to implement a process by which all stakeholders can determine how best to create a fair and equitable healthcare marketplace that aids providers but most importantly, protects consumers.

Third, if it should be decided that a two-tiered insurance system best suits the needs of our citizens, to introduce legislation mandating safeguards designed to ensure that the creation and monitoring of that system is open, fair, and consumer-driven. (In this regard, I refer to the

instructive article entitled “*Tiered Physician Networks: A New Twist On An Old Issue,*” appended to my written testimony and which gives a synopsis of how various state legislatures have addressed the issue of tiered physician reimbursement by insurers. This article refers to physician networks, yet its written recommendations starting on Page 19 apply to the development of any tiered healthcare network.)

And, fourth, for leadership in recognizing that while the delivery of healthcare in our State should be rationalized, it must not be done by clandestine dialogue and action among a few.

We are here because of a poorly executed insurance product that now divides our State’s healthcare providers.

Forever an optimist, however disturbing the reason we are here, I hope today marks the dawn of a long overdue constructive and inclusive public dialogue about how best we can improve upon the delivery of healthcare, particularly to our most vulnerable brothers and sisters.

And this is not impossible, even in New Jersey.

For such an endeavor to be a success, we just have to agree that insider politics has no role in healthcare delivery, quality of care trumps the bottom line, and what’s best for our citizens may not be what’s best for a self-interested few.

Thank you for listening.



**Joint Meeting of the Senate Commerce Committee
and Senate Health, Human Services and Senior
Citizens Committee**

TESTIMONY

October 5, 2015

Good morning. I am Ronald C. Rak, JD, CEO of Saint Peter's Healthcare System.

I'd like to extend my gratitude to Senator Nia H. Gill, Chairperson of the Senate Commerce Committee, and Senator Joseph F. Vitale, Chairman of the Senate Health, Human Services and Senior Citizens Committee, for allowing me to testify today about this very important subject to all New Jersey citizens on behalf of Saint Peter's Healthcare System.

A new partnership between Horizon Blue Cross Blue Shield of New Jersey and several major health care systems was announced in September. Dubbed the OMNIA Health Alliance, Horizon intends to offer lower-cost health insurance for consumers who use select hospitals and doctors in this alliance as well as 12 other hospitals identified as "Tier 1" providers in New Jersey. Those Tier 1 providers will move from a traditional fee-for-service model of health care to a so-called "fee-for-value" model. Fee-for-value models will improve the health of populations they serve, while Horizon claims it is reducing costs. As explained by Horizon, it will give patients strong financial incentives to use Tier 1 hospitals even though the Tier 2 hospitals nominally remain part of the Horizon network.

Unfortunately, without giving Saint Peter's University Hospital any notice or opportunity to state its case, Horizon excluded Saint Peter's from membership in the favored Tier 1 group. Instead, Saint Peter's and 33 other hospitals were ranked as Tier 2. For reasons it has not explained, Horizon has excluded all but one of New Jersey's eight Catholic hospitals from Tier 1. Saint Peter's fears, with good reason, that the OMNIA product will do great harm to our institution, and to the patients we serve, by exerting financial pressure on patients to use Tier 1 hospitals regardless of quality.

Saint Peter's agrees that fee-for-value models are best for the future of health care because fee-for-service models encourage greater use of health care services. In fact, we have several fee-for-value health care initiatives in process designed to improve the quality of care provided at a reduced cost.

But Saint Peter's strongly disagrees that the way to implement fee-for-value is for New Jersey's largest health insurer to discriminate among hospitals and impose financial pressure for patients to use the hospitals Horizon has favored. We also strongly object to the secretive and arbitrary means by which Horizon has implemented this decision.

Specifically, we are very troubled that Horizon launched this product under a cloak of secrecy without disclosing the standards it uses or giving affected hospitals the right to comment. Horizon's CEO has publicly stated that Horizon did not use a RFP process to determine which hospitals it would favor with Tier 1 status. Instead, he said that Horizon "asked no hospitals to participate" but "identified the potential partners that we wanted and approached them." This arbitrary selection process, responsible to no one, is not the way New Jersey's largest health insurer should be making decisions that affect the fate of hospitals throughout the state.

Moreover, it violates the provisions of Horizon's Network Hospital Agreement that give hospitals the right to know Horizon's criteria and standards for new networks or subnetworks, to

have advance notice of such new networks or subnetworks, and to join them if the hospital meets Horizon's criteria. It also appears to violate Department of Banking and Insurance regulations under the Health Care Quality Act of 1997.

The purpose and impact of discriminating between Tier 1 and Tier 2 hospitals is to put financial pressure on patients to use Tier 1. The State Health Benefit Plan has announced that Tier 1 hospitals will provide covered state employees with "lower member cost sharing" than Tier 2. We do not know the financial arrangements between Horizon and the Tier 1 hospitals – and we hope the Committee will thoroughly inquire about them – but it is only reasonable to assume that economics is driving this rather than health care. Saint Peter's and the other Tier 2 hospitals had no chance to protect their interests because Horizon acted in secret. Whether Horizon in fact acted without consulting the favored Tier 1 hospitals is another issue that we hope the Committee will thoroughly investigate.

In an interview last week, Horizon's CEO said that the OMNIA product would give patients who use a Tier 1 hospital "substantial savings in their out-of-pocket cost in the form of lower deductibles, [and] in some cases no deductibles," and that OMNIA "is an incentive based product design for Tier 1." In the same interview, he said that "there isn't any disincentive to use a Tier 2 provider." This defies common sense. On the contrary, we believe that the OMNIA product cannot work unless patients are migrated away from Tier 2 hospitals to Tier 1 hospitals to compensate them for financial concessions they make to Horizon.

The benefits for individual New Jersey residents who opt to enroll in the OMNIA product may also be grossly overstated by Horizon. Take state employees as one example. The average state employee contributes about 20 percent of their annual premium, or roughly \$500. Yet they would expose themselves to a \$1,500 deductible and 80 percent co-insurance and a \$4,500 in-network out-of-pocket maximum, if they are admitted to a Tier 2 hospital, compared to zero deductible, 20 percent co-insurance and 2,500 out-of-pocket maximum at a Tier 1 hospital. (Attachment No. 1.)

The secrecy and financial pressure on patients are all the more troubling because Horizon has arbitrarily assigned many high quality hospitals, including Saint Peter's, to Tier 2. In particular, as shown by the objective quality and patient satisfaction data, in the attachment to our testimony, we are equal to or better than our competitors. (Attachment Nos. 2 and 3)

As a faith based institution Saint Peter's is also troubled that all but one Catholic hospital in New Jersey was excluded from Tier 1. That one hospital appears to have been included because it was the only facility in its catchment area. Whether the exclusion of Catholic hospitals is a coincidence is something that we trust the committee will examine. While we engage in this discussion, we should not ignore the unique quality of care that faith-based institutions deliver to its patients and that there is a huge portion of our state's population that prefer to be treated in a religious-based setting. (See op-ed piece written in the West Palm Beach Times by a family member of a former Saint Peter's hospital patient. (Attachment No. 4.)

Finally, Saint Peter's believes that the long-term impact of Horizon's discriminatory two-tier

system in the OMNIA plan could be disastrous for New Jersey's healthcare marketplace, eroding the quality and availability of patient services, along with the financial stability of those hospitals and healthcare systems that are relegated to second-class status in Horizon's equation. We believe the Horizon model may actually imperil the very existence of some New Jersey hospitals.

The Selection Process

Horizon has not made public the specific criteria it used to select Tier 1 hospitals or the relative weight it gave those criteria. Speaking in generalities, Horizon's CEO said last week that Horizon unilaterally used six "broad categories" to select Tier 1 hospitals:

- Clinical quality
- Service offering across the continuum of care
- Consumer preference data from publicly available sources
- Value-based care capabilities
- Scale of the organizations
- Commitment to value

Saint Peter's appears qualified to be an OMNIA member by every one of those listed measures, yet Saint Peter's was not invited to Tier 1. Instead, as referenced in attachments Nos. 2 and 3, hospitals with lesser safety and quality ratings, clinical expertise, breadth of clinical programs, and reach of marketplace are part of OMNIA. Horizon has given no explanation. We hope the Committee will require one.

Horizon has not disclosed the particulars of its "broad categories." It has not disclosed what consumer preference data it used. It has not disclosed how it measured a hospital's "commitment to value," which seems to be a very subjective standard.

Most importantly, Horizon has not disclosed how it weighted "scale of organizations" against quality of care, scope of services and consumer preference. It is entirely possible that Horizon was willing to sacrifice quality and consumer preference in order to favor larger hospitals or multi-hospital systems. Saint Peter's hopes that the Committee will require Horizon to explain in detail its evaluation process and to justify the selection of the hospitals it chose for Tier 1 and the rejection of those it consigned to Tier 2.

Saint Peter's was only the sixth hospital in the world to be ranked as a Magnet Hospital for Nursing Excellence by the American Nurses Association for four consecutive four-year terms.

The Joint Commission, America's leading accreditor of health care organizations, rates Saint Peter's as one of the nation's Top Performers on Key Quality Measures for positive patient

outcomes in the areas of heart attack, heart failure, pneumonia, surgical care, and childhood asthma. Saint Peter's is the lone New Jersey hospital to be cited for quality care of childhood asthma.

The Saint Peter's NICU is the only such unit in New Jersey to receive a Beacon Award for critical care excellence in the delivery of neonatal intensive care nursing, and the Intensive Care Unit at Saint Peter's is the only ICU in New Jersey to receive a Beacon Award for critical care excellence on five separate occasions.

Health care consumers also rate Saint Peter's highly, as revealed by our Hospital Consumers Assessment of Healthcare Systems and Providers, or HCAHPS scores, which show that patients place Saint Peter's in the 99th percentile, or No. 1 among all hospitals in New Jersey, in environment of care, pain management, use of medicines, discharge instructions, and care transitions, while we rank in the 98th percentile in the responsiveness of medical and support staff. Those rankings are for the most recent May through July reporting period. (Attachments No. 2 and 3.)

Please consider this example of quality from a cost-of-care perspective. Saint Peter's is recognized as a superior hospital for high-risk pregnancies and maternal fetal medicine. Good perinatal care in high-risk/MFM results in fewer babies who are born prematurely and thus fewer babies born with complications requiring NICU admission. In 2014, the average payment made by Horizon for our NICU was \$50,000 per NICU admission.

If good perinatal MFM/high-risk care equals fewer NICU babies, then conversely poor perinatal MFM/high-risk care will equal more NICU babies. Patients in the OMNIA product may not use Saint Peter's highly rated MFM/high risk services because of cost and thus may end up with less than the best perinatal care, resulting in a higher percentage of NICU babies. If even 10 more babies are placed in the NICU, that is \$500,000 to Horizon. Twenty babies equal \$1 million, etc. Our excellent MFM/high-risk services are a cost-saver (and quality producer) to Horizon, the community, and of course to the patient.

In neonatology, when treating our most precious and vulnerable patient population, according to the Vermont-Oxford Network Report, which includes data from more than 1,000 centers, our NICU is a leader in not just saving lives but ensuring our infants do not suffer long-term health complications once they are discharged from the intensive care setting. For example, in 2014, for very low birth weight babies, only 19 percent required oxygen at 36 weeks as compared to 30 percent of all hospitals in the network; only 18 percent of Saint Peter's NICU very low birth weight babies developed chronic lung disease at 36 weeks versus 25 percent of all hospitals.
(Attachment No. 5.)

To illustrate how non-transparent Horizon has been, instead of the six "broad categories" set out by CEO Marino, Horizon is now making public statements that its only criterion for Tier 1 status is the ability of any healthcare system to move from a fee-for-service to a fee-for-value model of care. Even if this is the sole criteria, Saint Peter's is well along on that path:

Examples include:

- Saint Peter's is actively engaged in building and growing our population health strategy. Our state-sponsored Delivery System Reform Incentive Payment (DSRIP) program in diabetes management is but one example of the type of care Saint Peter's is delivering and embarking upon. Our five-year, \$20.5 million program performs early screening of all patients who arrive in our emergency department, our inpatient units and in our ambulatory network for diabetes. We also screen patients via our mobile van, which travels to communities to promote healthy lifestyles. Once a patient is identified as diabetic (or potentially diabetic) we enroll them in DSRIP, which incorporates nutritional support, dietary education, and aggressive prevention of complications from diabetes such as blindness or amputations due to foot ulcers. In our initial pilot of DSRIP, our initiatives resulted in an average absolute reduction in the benchmark laboratory blood test measure of diabetes control, Hemoglobin A1C (HbA1C). A higher HbA1c equates to poorer control, a lower value means better. Furthermore, for those patients enrolled in our DSRIP program, we are witnessing less emergency department visits and less hospital admissions.

- Saint Peter's, in partnership with the New Jersey Hospital Association, has aggressively enrolled its physicians in a new federal program known as the Gainsharing Project. The Gainsharing Project is a creation of the Center for Medicare and Medicaid Innovation. The program enables physicians to focus on treatments that lead to measurably improved outcomes and result in lower costs of care and better quality outcomes. More than 110 physicians at Saint Peter's have joined up thus far.

- Saint Peter's Healthcare System and Partners In Care, New Jersey's oldest physician-owned provider network and healthcare management company, have also entered into an innovative agreement for the hospital's adult medicine primary care and multi-specialty employed physicians and extenders to join the Partners In Care Medicare Accountable Care Organization program. Under this arrangement, Saint Peter's in-house physicians have access to the Partners In Care ACO's full suite of services designed to improve the efficiency and delivery of care for the unmanaged Medicare population.

- Saint Peter's is enrolled in The Centers for Medicare and Medicaid Services (CMS) Value Based Payment Program, which captures data that indicates how well a hospital is performing based upon an established set of quality measures. This program is a de facto reflection of a hospital's commitment to improving health outcomes and providing a safe and nurturing environment for patients. It reviews data on patients who are treated for heart failure, pneumonia, and heart attacks; it incorporates an organization's Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) score, which is a standardized survey of hospital patients that captures their unique perspectives on the care provided. Saint Peter's performance score has ranked higher than the New Jersey average for each of the past three years; and for our calendar year to date, based upon a standardized advisory board impact modeler, we are on target to be in the 91st percentile of all hospitals in the nation who participate in Value Based Purchasing. (Attachment No. 6.)

Our commitment to value-based care is further illustrated by our ranking as one of the lowest cost, highest quality health care providers among our competitors in central New Jersey, as

reported by Pricewaterhouse Coopers based on measurements by the Centers for Medicare and Medicaid Services, whose value-based purchasing scores rank providers based on mortality, process of care, efficiency, and patient satisfaction, among a number of clinical quality indicators. (Attachment No. 7.)

The “value” of our services is also reflected by Saint Peter’s status as the go-to provider for a wide range of services, including specialty care that is often difficult to find elsewhere in New Jersey: Saint Peter’s operates the largest Neonatal Intensive Care Unit in New Jersey with 53 bassinets; Saint Peter’s is a designated children’s hospital and a Regional Perinatal Center that operates one of the largest maternity services in New Jersey and in the country; in 2014 alone, the hospital delivered 5,579 babies, the most of any hospital in central New Jersey; and the Saint Peter’s Department of Medical Genetics and Genomic Medicine is among the largest in the Northeast, while its Regional Center for Newborn Screening and Genetic Services is a comprehensive program providing confirmatory diagnostic testing, management, treatment, education, research, and counseling for all disorders currently screened for in New Jersey.

Saint Peter’s is a volume leader in New Jersey in the following clinical areas, based upon 2013 statistics, the most recent available: No. 1 in obstetrics discharges; No. 2 in NICU admissions; No. 3 in epilepsy discharges; and No. 5 in the total number of in-hospital pediatrics cases. (Attachment No. 8.)

Community

Saint Peter’s is also deeply troubled by Horizon’s unexplained exclusion of Catholic hospitals, which would have been included had Horizon considered the quality and reach of their care, and their cost-effectiveness.

Horizon must not ignore that Saint Peter’s, as a faith-based organization, delivers a certain quality of care that is unique to our institution and the seven other Catholic institutions denied access to OMNIA.

Last year, Saint Peter’s treated 16,889 uninsured patients as charity care. Unfortunately, the state’s subsidy to hospitals that provide free or reduced cost of charity care to the uninsured does not fully cover the cost. Catholic hospitals including Saint Peter’s rely on payments received from commercial insurers such as Horizon to defray the costs of providing charity care to economically distressed populations. Horizon’s proposed plan may have the undesirable long-term effect of reducing or eliminating service lines and care options for Medicaid and charity care recipients across New Jersey. This has the potential to create a segregated New Jersey of the haves with private insurance vs. the have-nots with Medicaid, charity care or no insurance.

Catholic hospitals also extend their faith-based mission in support of many other religions and groups. At Saint Peter’s, for example, we have partnered with the Jewish community to sponsor a bedroom suite where families of observant Orthodox Jews may stay, enabling them to walk to see their loved ones who are patients at Saint Peter’s on the Sabbath in accordance with their faith; Saint Peter’s sponsors free ethnic-specific health fairs to a variety of groups, including the

Hindu, Asian, Jewish, Muslim, Latino and African-American communities, and the hospital has launched a bloodless medicine program for the Jehovah's Witness community, to list but a few of our many efforts.

Again, the only conclusion that we can reach, based upon Horizon's actions, is that while Horizon publicly states that the religious nature of any institution was not a qualifying factor, the genesis of this program, whether intended by Horizon or not, is a true threat to faith-based institutions in New Jersey.

Impact

Finally, Saint Peter's treated more than 16,500 individuals in 2014 who were covered by Horizon health insurance. Of that number, 6,500 would be potentially at risk of switching to OMNIA. Saint Peter's estimates that Horizon's OMNIA network, if fully implemented, could result in a \$36 million loss in revenue to Saint Peter's, a significant drain on our operations, impinging upon our ability to sustain programs, grow health networks, and invest in new and needed technology. (Attachment No. 9.)

Conclusion

Saint Peter's opposes the OMNIA plan. As things now stand, it appears decisions were driven as much or more by financial considerations than they were by quality of care or patient choice.

I urge the Committee to stringently examine the following:

- The specific criteria Horizon used to select Tier 1 hospitals and the weight it gave them.
- The balance between size of the hospital or hospital system on the one hand and quality of care, scope of services and patient preference on the other.
- The specific reasons that Horizon selected hospitals for Tier 1 or Tier 2 status.
- The difference in pricing and reimbursement between Tier 1 and Tier 2 hospitals.
- Whether Horizon has made any internal analysis or any statements to Tier 1 hospitals about an increase in patient volume due to Tier 1 status
- Whether Horizon has made any internal analysis or any statements to Tier 1 hospitals about the financial consequences of Tier 1 status.
- Whether Horizon has made any internal analysis of the financial impact of Tier 2 status on hospitals.

- Whether Horizon has made any analysis of the impact on New Jersey residents' access to quality hospital care if non-Tier 1 hospitals are forced out of business as a result of this plan.
- The extent to which Horizon expects the OMNIA Healthcare Alliance to reduce premiums.
- The way in which Horizon expects to realize savings on claims that will support those premium reductions.
- The reason Horizon has excluded all but one Catholic institution from Tier 1 status.
- What discussions if any did Horizon have with regulatory authorities regarding the OMNIA program?

Looking forward, what do I also ask of this Committee on behalf of my healthcare system and others designated Tier 2 in the OMNIA plan?

I plead before this Committee, elected to represent the people of this state

First, for leadership in compelling Horizon to suspend the OMNIA program while the necessary facts are gathered and to implement a process by which all stakeholders can determine how best to create a fair and equitable marketplace that aids systems and consumers alike. And if it should be decided that a two-tiered system best suits the needs of our citizens, I refer to my written testimony, to which I have appended a very instructive article entitled "*Tiered Physician Networks: A New Twist On An Old Issue*," which gives a synopsis of how various state legislatures have addressed the issue of tiered physician reimbursement by insurers. Although this article refers to physician networks its written recommendations starting on Page 19 are applicable to the development of any tiered healthcare network. (Attachment No. 10.) I call upon this Legislature to give serious consideration to the adoption of similar measures with regard to tiered reimbursement to hospitals by insurers of hospitals;

And, second, for leadership in recognizing that while the delivery of healthcare in this state must be rationalized, it cannot and must not be done by the decision of a few insurance executives acting without the input of providers and citizens.

In sum, I am here to hopefully begin a constructive public dialogue about how best we as a state can improve the delivery of healthcare – particularly to our most vulnerable citizens – recognizing those providers who do put quality of care above the bottom line and who bring to the patient experience a level of compassion and commitment to the dignity of all who enter their doors, and also recognizing that the transformation of health care delivery cannot be left to the will of a self-interested few but must be driven by the needs and wishes of our patients.

This discourse that I ask for is long overdue in my opinion. The reconfiguration of healthcare delivery should not – if we have the best interest of the patient at heart – be driven by a powerful insurer and the largest healthcare systems in the State. Size does not always equate with quality

of care or with compassion. All healthcare providers should be invited into this discussion and in the process invited to prove their worth.

Thank you for your time.

Exhibit 6A – Plan Year 2016 Employee Plan Option Summary

State Active Employee Plans

	\$15 copay		1525	2030	2035	Tiered Network Plan Option		HD1500	HD 4000
	PPO	HMO	PPO	PPO	PPO	Tier 1	Tier 2		
Medical Cost Sharing									
Primary Care Copays	\$15	\$15	\$15	\$20	\$20	\$5	\$20	NA	NA
Specialist Care Copays	\$15	\$15	\$25	\$30 for adults/ \$20 children	\$35	\$15	\$30	NA	NA
Emergency Room Copay	\$75	\$75	\$100	\$125	\$300	\$100	\$100	NA	NA
In-Network Deductible	None	\$100 for medical appliances and DME	None	None	\$200*	None	\$1,500	\$1,500**	\$4,000**
In-Network Coinsurance	10% on ambulance, prosthetic devices, DME	None	10% on ambulance, prosthetic devices, DME	10% on ambulance, prosthetic devices, DME	20% on facility charges, imaging, ambulance, prosthetic devices, DME	None	80%	20% on all in-network charges	20% on all in-network charges
In-Network Coinsurance OOP Maximum*	\$400	None	\$400	\$800	\$2,000	None	None	n/a	n/a
In-Network OOP Maximum**	\$5,480	\$5,480	\$5,480	\$5,480	\$5,480	\$2,500	\$4,500	\$1,000 (does not include deductible)	\$1,000 (does not include deductible)
OON Deductible*	\$100	NA	\$100	\$200	\$800	NA	NA	combined with in-network deductible	combined with in-network deductible
OON Coinsurance	30%	NA	30%	30%	40%	NA	NA	40%	40%
OON OOP maximum	\$2,000*	NA	\$2,000*	\$5,000*	\$6,500**	NA	NA	\$3,500**	\$6,000**
OON Inpatient Hospital Deductible	\$200 per stay	NA	\$200 per stay	\$500 per stay	\$600 per stay	NA	NA	NA	NA
Employer HSA Funding	NA	NA	NA	NA	NA	NA	NA	\$300	\$0

Prescription Drug Copays									
Retail Copayments	Generic	\$3	\$3	\$7	\$3	\$7	\$7		
Retail Copayments	Preferred Brand	\$10	\$10	\$16	\$18	\$21	\$16		
Retail Copayments	Non-Preferred Brand	\$25	\$25	\$35	\$46	Mbr pays difference	\$35		
Mail Copayments	Generic	\$5	\$5	\$18	\$5	\$18	\$18	subject to deductible and coinsurance	subject to deductible and coinsurance
Mail Copayments	Preferred Brand	\$15	\$15	\$40	\$36	\$52	\$40		
Mail Copayments	Non-Preferred Brand	\$40	\$40	\$88	\$92	Mbr pays difference	\$88		
Rx OOP Maximum**		\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370		

*Family amounts are 2.5 x per member amounts listed in table.

**Family amounts are 2 x per member amounts listed in table.

The 1525, 2030, and 2035 plans are offered on a PPO plan basis only. Tiered Network Plan Option does not have OON benefits.

Quality and Performance Improvement Highlights across Central New Jersey

(SPUH, RWJ:NB, RWJ:Rahway, RWJ:Hamilton, Princeton, Raritan Bay)

All data relative to information below is from Hospital Compare and The Leapfrog Group

HCAHPS (data source Hospital Compare 10/1/2013-9/30/2014)

- **SPUH is the number 1 hospital in our service area for HCAHPS**
- **SPUH out performs all hospitals in our service area in the overall patient experience of care**
- SPUH out performs and is ranked higher all hospitals in our service area for Communication with RN's, Communication with MD's, Receiving help when needed, Pain control, and recommending the hospital
- **SPUH ranks in the top 10% out of service area and most Tier 1 hospitals. Only Hackensack ranks higher**
- Better than Clara Mass, Pallasades, and Community in all HCAHPS domains

Core Measures (data source Hospital Compare 10/1/2013-9/30/2014)

- **Saint Peter's has been a Top Performer in TJC since 2012- present for Acute Myocardial Infarction, Congestive Heart Failure, Pneumonia, and Surgical Care Improvement Project.**
- Additionally SPUH is a top performer in TJC for children's asthma care since 2013- present
- **Better in all core measure areas in AMI than RWJ: Rahway and Princeton**
- **Better in all core measure areas in CHF than RWJ: NB, RWJ:Hamilton, Princeton and Raritan Bay**
- **Better than all service area hospitals in the surgical care improvement project**
- **Better than all service area hospitals in the influenza immunization**
- **Better than or the same in all Stroke metrics compared to SPUH service area hospitals**
- **Better than RWJ:Rahway, Princeton and Raritan Bay in overall VTE core measure compliance**
- Surgical Care Improvement Project **better than Hackensack, Community, Newton, and RWJ:Hamilton**
- **ED throughput better than Clara Mass, Hackensack, Newark Beth Israel, Community, and Newton in all throughput timing measures**
- Influenza better than all Tier 1 hospitals

- Stroke SPUH is better than Princeton, Hackensack and Newton hospitals in all stroke measures
- VTE better than Newton

Complications, Hospital Acquired Infections, Readmissions/Mortality (data source Hospital Compare 10/1/2013-9/30/2014)

- SPUH overwhelmingly shows no difference than the surrounding service area hospitals related to
 - Hip/knee sx complications
 - catheter associated urinary tract infection
 - Serious sx complications
 - SSI colon
 - Central line infection rate
 - SSI hysterectomy
 - MRSA prevalence (better than ALL) - C.diff prevalence (Better than All)

LeapFrog (Data source The Leapfrog group)

- SPUH has fully met all Leapfrog standards related to CPOE, ICU MD coverage/skills, Steps to avoid harm and the management of serious errors. Same/ Better than 100% of hospitals in this group
- SPUH has fully met Leapfrog standards related to early elective delivery, maternity care standards and high risk delivery. SPUH is the same/better than 76% of all hospitals in this comparison group across the metrics of maternity care.
- SPUH has fully met Leapfrog standards related to hospital acquired pressure ulcers and hospital acquired injuries.
- **SPUH is better than RWJ:NB in all areas within The Leapfrog Group Hospital Acquired Conditions**
- **SPUH is better than RWJ:NB and RWJ: Rahway in LOS**

Data Period 6/15-8/15	SPUH	RWJ:NB	RWJ:Rahway	RWJ: Hamilton	Princeton	Raritan Bay
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Leapfrog Safety Score Spring 2015	B	C	A	B	B	C
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The Leapfrog Hospital Survey is the gold standard for comparing hospitals' performance on the national standards of safety, quality, and efficiency that are most relevant to consumers and purchasers of care. The survey is the only nationally standardized and endorsed set of measures that captures hospital performance in patient safety, quality and resource utilization. Hospitals that participate in the Leapfrog Hospital Survey achieve hospital-wide improvements that translate into millions of lives and dollars saved. Leapfrog's Hospital Safety Score® assigns A, B, C, D and F grades to more than 2,500 U.S. hospitals based on their ability to prevent errors, accidents, injuries and infections.

Data Period 6/15-8/15	SPUH	RWJ:NB	RWJ:Rahway	RWJ: Hamilton	Princeton	Raritan Bay
General Information						
CPOE	fully implemented	fully implemented	substantial progress	substantial progress	fully implemented	some progress
ICU MD	fully implemented	fully implemented	willing to report	some progress	fully implemented	fully implemented
Steps to Avid Harm	fully implemented	fully implemented	fully implemented	some progress	willing to report	substantial progress
Managing Serious Errors	fully implemented	fully implemented	fully implemented	willing to report	fully implemented	fully implemented
Maternity Care						
Early Elective Delivery	fully implemented	fully implemented	NA	some progress	fully implemented	substantial progress
C-Section	some progress	some progress	NA	willing to report	fully implemented	some progress
Episiotomy	willing to report	some progress	NA	substantial progress	substantial progress	willing to report
Maternity Care Standard Precautions	fully implemented	fully implemented	NA	fully implemented	fully implemented	fully implemented
High Risk Delivery	fully implemented	some progress	NA	NA	NA	NA
High Risk Sx	These are volume related indicators and performance measurement					
AAA repair	Substantial Progress	fully implemented	some progress	NA	substantial progress	willing to report
Pancreatic Resection	some progress	substantial progress	NA	NA	NA	willing to report
Hospital Acquired Conditions						
CLABSI	Substantial Progress	some progress	fully implemented	some progress	substantial progress	substantial progress
CAUTI	some progress	willing to report	fully implemented	substantial progress	fully implemented	willing to report
HAPU	fully implemented	fully implemented	fully implemented	willing to report	fully implemented	some progress
HA injury	fully implemented	substantial progress	fully implemented	substantial progress	fully implemented	fully implemented
Resource						
LOS	some progress	willing to report	willing to report	substantial progress	some progress	some progress
Readmission	some progress	substantial progress	fully implemented	some progress	substantial progress	substantial progress
Leapfrog Safety Score Spring 2015	B	C	A	B	B	C

Better than SPUH
Same as SPUH
Worse than SPUH

		SPUH	RWJ:NB	RWJ:Rahway	RWJ: Hamilton	Princeton	Raritan Bay
Data period	HCAHPS (measure in %: higher is better)						
10/1/13-9/30/14	Communication with RN	83	79	77	79	76	76
	Communication with MD	80	79	77	79	78	78
SPUH in top 10% out of this comparison group only Hackensack ranks higher Overall	Received Help when needed	65	65	65	65	61	62
	Pain Control	74	68	72	74	67	67
	Communication about Meds	62	62	61	66	62	58
	Cleanliness	71	68	71	70	75	69
	Quietness	56	50	52	60	64	56
	Overall Hospital Rating	73	70	64	63	74	60
	Recommend Hospital	78	75	65	67	77	60
	Data Period	Core Measures					
10/1/13-9/30/14	AMI (measures are in %: higher is better)						
	PCI within 90 minutes	89	98	89	98	75	91
	Aspirin at Discharge	100	99	100	100	95	99
	Statin at Discharge	99	100	98	100	95	97
	CHF (measures are in %: higher is better)						
	Discharge instructions	98	98	100	98	91	95
	Eval of Left Ventricular Function	100	100	100	100	100	100
	ACE/ARB for EF < 40%	100	100	100	100	99	99
	PNE (measures are in %: higher is better)						
	Right Antibiotic	94	99	96	98	99	97
	Sx Care Improvement Project (measures are in %: higher is better)						
	Right Antibiotic for outpt sx	100	99	98	98	100	93
	Antibiotic within 1 hour	100	99	100	98	100	99
	Antibiotics stopped within 24 hours	98	99	97	97	100	93
	VTE proph for the surgical pt	100	100	100	100	100	100
	cardiac pt with sx: beta blocker therapy	100	100	100	97	97	100
	Urinary catheter removal by end of POD2	100	99	96	98	98	99
	ED Timeliness (measurements in minutes: lower is better)						
	Avg time for fracture pt to rec pain med	51	46	32	50	62	63
	Avg time in ED before admitted	381	538	318	321	301	341
	Avg time from MD to admit	180	312	133	114	79	118
	Avg time tx & release	134	143	113	160	163	148
	Door to Doc time	25	23	21	35	20	66
	Preventative Care (measures are in %: higher is better)						
	Influenza immunization	98	93	98	96	97	99
	CVA (measures are in %: higher is better)						
	Received Med to breakdown clot	98	97	100	NA	82	NA
	VTE Proph for the CVA pt	100	100	99	99	96	100
	Blood Thinner	95	99	94	100	95	NA
	Statin therapy	98	98	87	100	98	97
	education	100	99	98	100	92	95
	Rehab assessed and offered	100	99	98	99	98	100
	VTE (measures are in %: higher is better)						
	VTE Proph	97	98	79	97	89	88
	VTE Proph in th ICU	98	98	97	100	89	93
	VTE recommended treatment	91	100	92	86	90	82
	Blood thinner with blood work checked	100	97	100	100	100	99
	education	86	100	97	87	93	84
	Perinatal Care (measures are in %: lower is better)						
	Early Elective Delivery	0	0	NA	5	0	12

		SPUH	RWJ:NB	RWJ:Rahway	RWJ: Hamilton	Princeton	Raritan Bay
Data period	Complications	SPUH no different than national average and same/better than 97% of this comparison group					
10/1/13-9/30/14	Hip/Knee sx complication	no different	no different	no different	no different	no different	no different
	serious complications	no different	worse	no different	no different	no different	no different
Data period	Hospital Acquired Infection	SPUH is better than the national average in CLABSI, MRSA and C diff. SPUH is the same/better than 94% of this comparison group					
10/1/13-9/30/14	CLABSI	Better	better	better	no different	no different	better
	CAUTI	no different	worse	better	no different	no different	no different
	SSI colon	no different	no different	NA	no different	no different	no different
	SSI hysterectomy	no different	no different	NA	NA	no different	NA
	MRSA prevalence	better	worse	no different	no different	no different	worse
	C diff Prevalence	better	no different	no different	no different	no different	no different
Data period	Readmissions and Mortality	SPUH no different than national average. SPUH is same/better than 90% of this comparison group.(except overall readmission rate of which SPUH is worse *)					
10/1/13-9/30/14	COPD readmission	no different	no different	no different	no different	no different	no different
	COPD mortality	no different	no different	no different	no different	no different	no different
	AMI readmission	no different	no different	no different	no different	no different	no different
	AMI mortality	no different	no different	worse	no different	no different	no different
	CHF readmission	no different	no different	no different	no different	no different	no different
	CHF mortality	no different	no different	no different	no different	no different	no different
	PNE readmission	no different	no different	no different	no different	no different	no different
	PNE mortality	no different	no different	no different	no different	no different	no different
	CVA readmission	no different	worse	no different	no different	no different	no different
	CVA mortality	no different	no different	worse	no different	no different	no different
	Hip/Knee sx readmission	no different	no different	no different	no different	no different	no different
	30 day Hospital wide readmission *	worse	worse	worse	no different	no different	worse

Ratings
Better than Nation
No Different than Nation
Worse than Nation

Data Source Hospital Compare

Better than SPUH
Same as SPUH
Worse than SPUH

"No one wants to outlive their child. And yet, that is what sometimes happens in those worst of scenarios for any parent."

By Barbara Yoresh

"A 37-year-old woman died last week on the oncology floor of a leading New Jersey hospital. Only six weeks prior, she had been admitted to that same hospital to undergo tests to determine the cause of the anemia which was sapping her strength. A CAT scan revealed a tumor in her colon and a subsequent procedure determined that it had metastasized to her liver. Doctors said that the size of the tumor and level of involvement indicated that the cancer had been 'growing' undetected for at least three years.

The diagnosis came as a complete, unexpected shock.

A day or so later – on Father's Day – she called her father in Florida with the news. Less than 36 hours later, he was at her bedside. Surgery was scheduled to remove the primary tumor and because the cancer was advanced, aggressive chemotherapy treatment was advised as soon as she had sufficiently recovered from the operation. But her weakness lingered, along with raging 'tumor' fevers that necessitated a delay in administering the toxic chemical brew that was hoped would shrink the liver tumor – for a time.

She was re-admitted to the hospital and once again, the father in Florida received a call. After a brief morning conversation with his daughter's doctor and chief oncology nurse, the father was told it would be advisable to come once again to the hospital 'as soon as possible.' By the wee hours of that same night, he and his wife were once again at the bedside of his daughter whose face was now drawn and whose abdomen was severely distended from the liver's cancer.

Bending low over his sleeping daughter – his firstborn – the father whispered a greeting in her ear and kissed her. Her eyes opened and she smiled in recognition and asked him what made him come more than one week ahead of a planned visit. He smiled and said he just wanted to be with her. And for one week she was in the truest sense of togetherness.

Dying in a hospital is surely not on anyone's list of preferences but this was no ordinary hospital. St. Peter's University Hospital in New Brunswick, N.J. is a 500-bed Catholic hospital that lovingly and compassionately tends to the emotional and spiritual needs of its patients as well as providing the highest quality medical care. The 'whole person' is nurtured here – including the patient's family and friends – in a manner which ministers to everyone regardless of race, creed or religious affiliation.

The daughter had a fiancé and they had hoped for an August wedding in which Dad would give her away. But August was beyond the reach of her survival and when they realized it, the head oncology nurse, hospital staffers and others rushed to plan and execute a wedding ceremony and celebration right there in the hospital's healing garden room. Family, friends, co-workers, hospital staff and chief executive officers and administrators jammed the flower-filled room while the daughter, dressed in a bridal 'gown' of white nightgown and satin robe, adorned with an actual bridal veil borrowed from her friend and carrying a 'bouquet' of three pink roses brought by her step-mother was wheeled into the room by her father and exchanged wedding vows. She remained awake and alert during the ceremony through sheer will and later nearly collapsed back into her bed from complete exhaustion.

The father's wife had been in many hospitals and years ago had been Director of Public and Community Relations for an acute-care facility in Palm Beach County. Yet what she and her husband witnessed and experienced at St. Peter's was beyond any conception of good patient and family care. For most of her life, the wife played 'hide and seek' with God. She wanted to believe that a benevolent supreme being saw and met the needs of mortal men. Though she tried her best to live by the Golden Rule of 'doing unto others,' she somehow failed to find the God she so desperately wanted to know.

By the end of the week at Saint Peter's, she realized she had been looking in the wrong places. Unlike corporate 'bigwigs' ensconced in unreachable ivory towers, she finally learned that God wasn't confining himself to looking down from heaven but rather was out and about with mankind – acting through blessed individuals to reach the souls of those in need. The wife learned this through the kindness and compassion of those working on that oncology floor. And she and her husband – both Jewish – experienced a life-altering rebirth of spirit through the wise counsel of a nun who serves as chaplain there. They learned that God is not fettered by the confines of a house of worship or by specific religious doctrine. And they learned from her that even those who profess to devoutly 'practice' their religion oftentimes do not live it. Sister Barbara told them that sometimes there are people so embittered and closed spiritually, that they become a poison to the souls of others and must therefore be avoided.

The father and wife had known what the Sister said was true but her affirmation of those truths gave them strength to face the imminent death of the daughter and deal with other family members who were deaf and blind to the gifts of compassionate love those at St. Peter's (and God himself) so unselfishly offered to any and all. The wife realized she no longer had to search for an elusive God. He had been with her all along but she had been looking in loftier places. Who knew that God wore street clothes instead of a white robe? Who knew that He wore many faces? ...

The face of the head oncology nurse – a woman whose highly-skilled professionalism is equaled if not exceeded by her godliness, kindness and ability to make magic happen on her floor ...

The face of a spunky, compassionate nun whose wit and wisdom were a marvelous blessing and testament to the life of service to others she chose ...

The face of a 24-year-old nurse on that cancer floor who chose to care for terminally sick patients rather than mothers in childbirth on an upper floor ...

The face of a West Indian nursing assistant who took the hands of the husband and wife and prayed a secular prayer over the body of the young woman now mostly asleep and only hours from death ...

The faces of the doctors who gently, tenderly cared for the daughter and told her – with the highest level of compassion – that things were now taking an irrevocable slide toward an imminent end but that it would be peaceful and pain-free ...

The face of the patient herself – who found a gentle peace and appreciation for those caring for and about her that had eluded her until those final days ...

The face of family members from adjoining rooms whose own loved ones were battling for their lives and yet who found the time to pray and give comfort to others ...

The face of a twenty-something volunteer – a painfully thin young man who willingly and without pay went from room to room refilling water pitchers but who could have been with his friends enjoying the gaiety of youth ...

The face of the hospital's health care system CEO and president – a lawyer who at age 45 wanted to enter the priesthood but who instead was gently guided and encouraged by a Cardinal at the Vatican to take on the ministry of St. Peter's University Hospital ...

All the faces at St. Peter's – filled with a beatific benevolence and goodness that was out of this secular world.

There was ... is ... an aura there and it is divine. For the life of the daughter which was lost, so much was also gained. With the grief came grace, peace and love.

And now, her father – my husband – will eternally carry her memory in his heart and we will carry the blessings of St. Peter's University Hospital in our souls.

Center 55 and Network Values

Key Performance Measures - All VLBW Infants

Measure	Center (2014)			Network (2014)			
	Cases	N	%	N	%	Q1	Q3
Mortality							
Mortality	12	102	11.8%	60,200	14.4%	8.7%	18.0%
Mortality Excluding Early Deaths	11	101	10.9%	57,234	10.0%	5.2%	12.8%
Death or Morbidity							
Death or Morbidity	35	102	34.3%	60,148	43.5%	31.0%	49.5%
Chronic Lung Disease							
Chronic Lung Disease	17	92	18.5%	51,418	25.1%	11.1%	30.6%
CLD: Infants < 33 Weeks	17	84	20.2%	47,179	26.7%	11.4%	32.8%
Pneumothorax							
Your Center	7	102	6.9%	58,669	4.1%	0.0%	5.6%
Any Location	7	102	6.9%	58,671	4.4%	0.0%	5.9%
Late Bacterial Infection							
Your Center	9	96	9.4%	56,100	8.1%	1.7%	10.0%
Any Location	9	96	9.4%	56,101	8.3%	2.2%	10.3%
Coagulase Negative Staph							
Your Center	6	96	6.3%	56,119	5.2%	0.0%	6.7%
Any Location	6	96	6.3%	56,119	5.4%	0.0%	6.8%
Nosocomial Infection							
Your Center	9	96	9.4%	56,099	11.6%	3.3%	14.4%
Any Location	9	96	9.4%	56,099	11.9%	3.7%	14.8%
Fungal Infection							
Your Center	0	96	0.0%	56,128	0.8%	0.0%	0.7%
Any Location	0	96	0.0%	56,128	0.9%	0.0%	0.8%
Any Late Infection							
Your Center	9	96	9.4%	56,098	12.0%	3.7%	14.8%

Report Generated on 9/30/2015. Data from your center was last received on 9/5/2015 and is normally available on the day after submission. Information contained in this report is generated for quality assessment and improvement and is subject to the Vermont Oxford Network Membership Agreement and Policy on Data Use: <http://www.vtoxford.org/datause>.

Center 55 and Network Values

Key Performance Measures - All VLBW Infants


Measure	Center (2014)			Network (2014)			
	Cases	N	%	N	%	Q1	Q3
Any Location	9	96	9.4%	56,098	12.3%	4.0%	15.4%
Any IVH							
Your Center	24	89	27.0%	53,154	23.1%	12.5%	26.9%
Any Location	24	89	27.0%	53,227	24.5%	13.8%	28.8%
Severe IVH							
Any Location	6	89	6.7%	53,227	8.0%	3.1%	10.5%
ROP							
ROP	25	74	33.8%	43,066	31.5%	12.5%	38.1%
Severe ROP	1	74	1.4%	43,066	6.3%	0.0%	8.1%
Cystic PVL							
Cystic PVL	1	94	1.1%	54,082	2.8%	0.0%	4.0%
Necrotizing Enterocolitis							
Your Center	4	102	3.9%	58,672	4.9%	0.0%	6.4%
Any Location	4	102	3.9%	58,673	5.4%	0.0%	6.9%
Extreme LOS							
Extreme LOS (survivors only)	4	90	4.4%	51,227	4.4%	0.0%	6.3%

Center 55 and network Values Respiratory Outcomes - All VLBW Infants

Measure	Center (2014)			Network (2014)			
	Cases	N	%	N	%	Q1	Q3
Respiratory Distress Syndrome							
Respiratory Distress Syndrome	94	102	92.2%	58,649	72.9%	63.0%	87.0%
Pneumothorax							
Your Center	7	102	6.9%	58,669	4.1%	0.0%	5.6%
Any Location	7	102	6.9%	58,671	4.4%	0.0%	5.9%
Outcomes at 28 Days							
Oxygen	38	88	43.2%	47,651	46.0%	30.2%	54.3%
Outcomes at 36 Weeks							
Oxygen	17	86	19.8%	41,150	30.3%	13.9%	36.9%
Chronic Lung Disease	17	92	18.5%	51,418	25.1%	11.1%	30.6%
CLD: Infants < 33 Weeks	17	84	20.2%	47,179	26.7%	11.4%	32.8%
Conventional Ventilation	3	86	3.5%	41,144	3.5%	0.0%	4.0%
High Frequency Ventilation	0	86	0.0%	41,150	0.7%	0.0%	0.0%
High Flow Nasal Cannula	8	86	9.3%	41,144	14.9%	2.0%	21.3%
Nasal IMV or SIMV	4	86	4.7%	41,146	2.2%	0.0%	2.6%
Nasal CPAP	5	86	5.8%	41,141	6.5%	0.0%	7.7%

Hospital Value-Based Purchasing (VBP) is part of the Centers for Medicare & Medicaid Services' (CMS') long-standing effort to link Medicare's payment system to a value-based system to improve healthcare quality, including the quality of care provided in the inpatient hospital setting.

- The program attaches value-based purchasing to the payment system that accounts for the largest share of Medicare spending, affecting payment for inpatient stays in over 3,500 hospitals across the country.
- Participating hospitals are paid for inpatient acute care services based on the quality of care, not just quantity of the services they provide.

Value Based Purchasing (data source CMS.gov)	FY2014 *	FY2015	FY2016	
SPUH Total Performance Score *	62.51	34.6	33.89	SPUH has ranked higher than NJ average
NJ average Total Performance Score	47.66	33.6	32.00	SPUH has ranked higher than NJ average
SPUH Percentile Rank (higher is better)	NA	43%	48%	Using the current data FY 2017 projection is 91% per advisory board calculator** 

*FY2014 criteria was different (Total Performance Score FY2014 was process and experience only) FY2015 and FY 2016 the Total Performance Score is a comparison with process, experience, outcomes and efficiency metrics.

**The advisory board calculator is a customized Medicare Value Based Purchasing Impact Modeler that allows an individual hospital to concurrently evaluate their Value Based Purchasing Impact

SPUH has shown consistent growth and commitment to value based care versus fee based care evidenced by

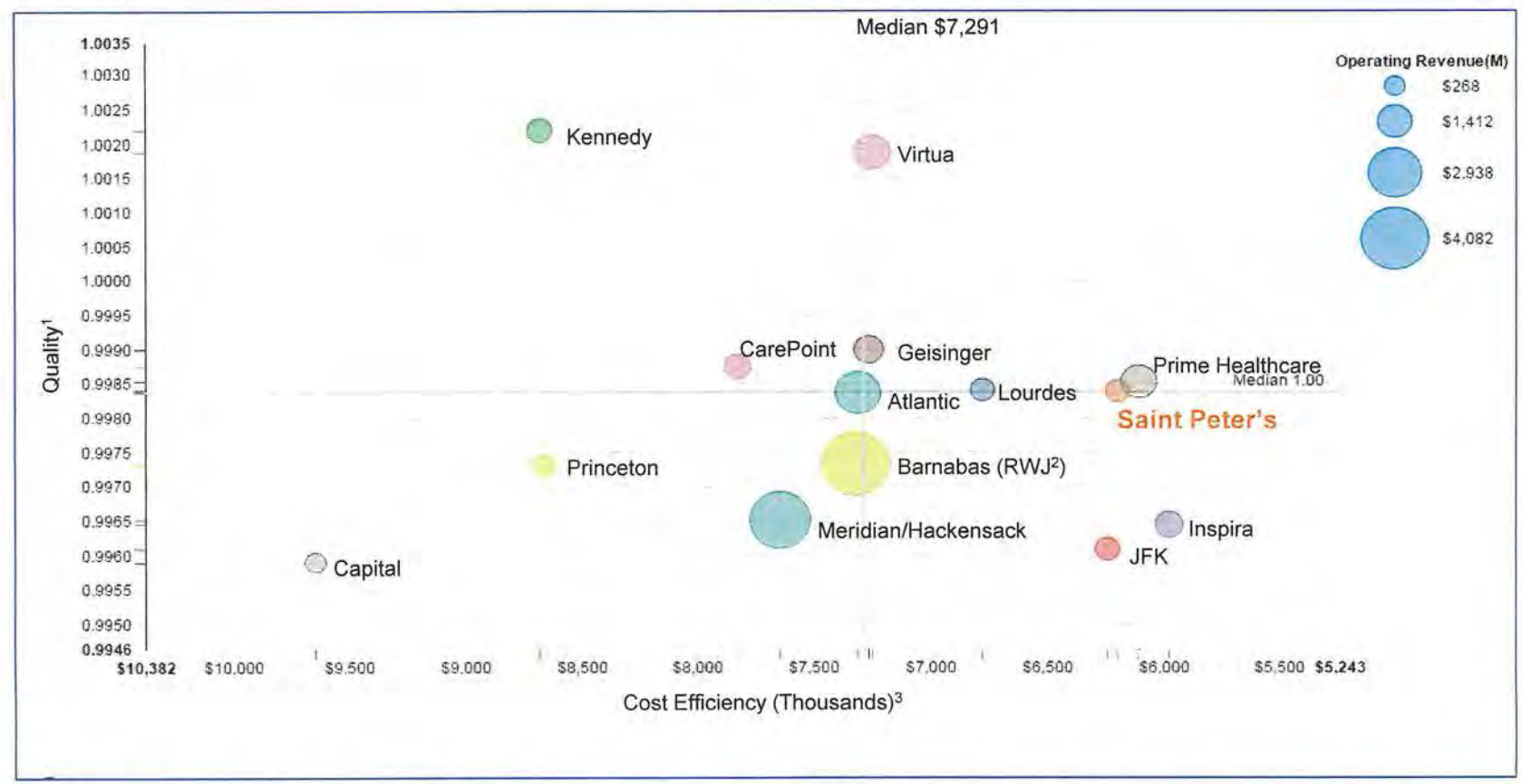
- Total performance score which has outperformed the NJ statewide average FY2014-FY2016
- The percentile ranking increase by 5% from FY2015 to FY2016

Hospital	Total Performance Score FY2015 (higher is better)
SPUH	34.6
RWJ NB	26.48 
Princeton	31.7 
Overlook	29.7 
Morristown	35.94 
St. Barnabas	38.82 
Newark Beth Israel	21.05 
Hackensack	36.61 

SPUH total Performance score is higher than all service area

Quality: Cost of Care Comparison

Saint Peter's Quality is higher than most of their competitors, including several of the larger players in the market, while their cost profile is very favorable and among the highest quartile



¹ Quality - CMS Value Based Purchasing Scores, Released on annual basis and based on a ranking, CMS defines twelve measures for process of care, five measures for mortality, one measure for efficiency, and nine measures for patient satisfaction, ² RWJ included in Barnabas numbers, ³ CMS Cost Reports (expense per adjusted admission Area Wage Index (AWI) CMI)
 Source: AHD.com, CMS

According to the New Solutions Statewide Databank, in 2013 the below volumes of patients show a large attribution to SPUH.

Statewide Discharges and rank in NJ 2013

Overall largest volume in area attributed to SPUH

Hospital	Neonate	Epilepsy	Pediatrics	Obstetrics
SPUH	1142 (2)	588 (3)	3036 (5)	6521 (1)
RWJ-NB	517	411	3236	2487
Princeton	295	151	641	2047
St. Barnabas	881	1096	2376	5948
Newark Beth Israel	865	344	2946	3535
Morristown	658	347	2088	4587
Monmouth	572	193	2066	4820
Overlook	246	528	759	2715

Saint Peter's University Hospital

Payor Name	Service	Count	Payments	Potential Payment Movement to OMNIA*
HORIZON BLUE CROSS ACA	Inpatient	128	\$766,861	
HORIZON BLUE CROSS INDEMNITY	Inpatient	51	\$894,112	
HORIZON BLUE CROSS HMO	Inpatient	150	\$1,243,148	\$1,243,148
HORIZON BLUE CROSS POS	Inpatient	1,952	\$22,250,019	\$22,250,019
HORIZON BLUE CROSS PPO	Inpatient	2,457	\$24,189,010	
	Inpatient Total	4,738	\$49,343,150	\$23,493,167
HORIZON BLUE CROSS ACA	Outpatient	180	\$203,366	
HORIZON BLUE CROSS INDEMNITY	Outpatient	375	\$706,373	
HORIZON BLUE CROSS HMO	Outpatient	1,115	\$677,957	\$677,957
HORIZON BLUE CROSS POS	Outpatient	7,470	\$11,938,493	\$11,938,493
HORIZON BLUE CROSS PPO	Outpatient	18,404	\$16,372,808	
	Outpatient Total	27,544	\$29,898,998	\$12,616,451
	Grand Total	32,282	\$79,242,148	\$36,109,618

Horizon Plan Membership	Membership Count	Potential Membership Movement to OMNIA*
HORIZON BLUE CROSS ACA	223	
HORIZON BLUE CROSS HMO	695	695
HORIZON BLUE CROSS INDEMNITY	225	
HORIZON BLUE CROSS POS	5,827	5,827
HORIZON BLUE CROSS PPO	9,871	
Grand Total:	16,841	6,522

* If full implementation of OMNIA Plan occurs

TIERED PHYSICIAN NETWORKS: A NEW TWIST ON AN OLD ISSUE

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Over the last few years, there has been a flurry of activity involving the design and implementation of tiered physician networks, challenges to the legality of such networks, and regulating these networks. Although the tiered network initiative is relatively new, the underlying concept of categorizing physicians for coverage purposes is not. Similarly, challenging and regulating such categorization is nothing new. This member briefing examines the origin of tiered physician networks, the legal challenges managed care organizations (MCOs) face from physicians and others in implementing such networks, and state efforts to regulate tiered network programs and the performance-based evaluations used to establish these programs.

At its core, a tiered network program offers financial incentives (e.g., lower out-of-pocket costs) to MCO enrollees to obtain healthcare services from physicians in a preferred or higher tier (i.e., tier one). The tiering initiative is an evolution of the basic tiering mechanism that has long been fundamental to health maintenance organizations (HMOs) and other MCOs—the division between participating providers and non-participating providers. Aside from signifying a provider's willingness to contract on terms acceptable to the MCO, inclusion of a provider in an MCO's provider directory also signifies that a provider has met the credentialing criteria and other qualifications used by the MCO in selecting providers. Having separate tiers of

participating providers is a refinement of that basic model, permitting MCOs to recognize quality and cost-effectiveness and provide signals and incentives to consumers to utilize providers who are so recognized. Such programs may also incentivize providers to work to satisfy the screening criteria used to qualify for preferred tiered status.

There are several forces that are driving tiered networks and the performance-based evaluations that underlie them. One force is employers who seek to control the costs of providing health benefits to employees while still providing employees with access to quality healthcare services. Another force is consumer-directed healthcare and consumers' need for information to make quality and cost-minded decisions. A third force is the federal government, which has sponsored and otherwise encourages pay-for-performance initiatives that reward the provision of quality care in a cost-effective way.¹

Potential Bases for Challenge

Before tiered networks, physicians and other healthcare providers sought relief in the courts for their exclusion or termination from MCO participating provider networks. A key case in this area is *Harper v. Healthsource, Inc.*² In *Harper*, a physician who participated in the Healthsource HMO as a surgeon and primary care physician challenged the HMO's decision to terminate his participating surgeon status for failure to meet credentialing criteria. Healthsource members accounted for approximately 40% of the physician's patient panel. Among his many allegations, Dr. Harper claimed that the termination without cause provision in the participating agreement, or the termination in his case, was void as against public policy, and that the HMO violated state law in refusing to provide him with certain records related to the credentialing decision.³ The court held that Dr. Harper was entitled to proceed upon the merits of his claim that the

¹ CMS Press Release, "Medicare 'Pay For Performance (P4P)' Initiatives," (Jan. 31, 2005).

² 674 A.2d 962 (N.H. 1996). See also *Potvin v. Metropolitan Life Ins. Co.*, 54 Cal. App. 4th 936; 63 Cal. Rptr. 2d 202 (1997) affirmed and superseded by 22 Cal. 4th 1060, 95 Cal. Rptr. 2d 496, 997 P.2d 1153 (2000).

³ Dr. Harper claimed that Healthsource was "manipulating and skewing the records of treatment he had provided to several of his patients and that such inaccuracies adversely affected other subsequent reports." 674 A.2d at 963.

HMO's decision to terminate its relationship with him was made in bad faith or violated public policy.⁴ According to the court, "[i]f a physician's relationship is terminated without cause and the physician believes that the decision to terminate was made in bad faith or based upon some factor that would render the decision contrary to public policy, then the physician is entitled to review of the decision."⁵ The court further noted that the public has a substantial interest in the relationship between an HMO and their preferred provider physicians because this relationship is perhaps the most important factor in linking a particular physician with a particular patient. "We conclude that the public interest and fundamental fairness demand that a health maintenance organization's decision to terminate its relationship with a particular physician provider must comport with the covenant of good faith and fair dealing and may not be made for a reason that is contrary to public policy."⁶

Why Does Provider Tiering Pose New Legal Challenges?

Unlike the initial decision not to contract with a particular physician or the subsequent decision to terminate a physician's participation status, physicians who are placed in a less advantageous tier are nevertheless allowed to remain in the MCO's participating provider network. So what is all the fuss about? One reason is the public availability of a physician's tiered status as well as the general or specific basis for the tier assignment. MCO marketing and benefit materials as well as provider directories include some sort of description of the tiered network, the basis for assigning a physician to one tier versus another, and the advantages to the consumer for seeking care from a physician in a higher tier. A related reason is that MCOs actively market tiered networks to employers. Thus, being a preferred tier presents better opportunities to grow and maintain a physician's patient panel. Conversely, being in a higher-cost tier

⁴ In his petition, Dr. Harper asserted that his efforts to correct errors made in patient records played a role in Healthsource's decision, and he argued on appeal that public policy should condemn "an insurance company which, upon receipt of a letter from a medical provider asking for assistance in correcting . . . records of patient treatments, terminates the doctor's services." 674 A.2d at 966-967.

⁵ 674 A.2d at 966.

⁶ *Id.*

could result in patient panel reductions. Finally, there is the concern for the potential interference with existing physician-patient relationships caused by tiered networks.

As the lawsuits and other challenges that have been brought to date regarding tiered networks demonstrate, regardless of the force behind the tiered network initiative, these programs expose MCOs to potential liability. The features (or flaws) that are areas of exposure to liability include:

- Lack of transparency with providers, members, and the general public in the measurement methodology and process
- Failure to include providers and members in developing methodology
- Errors in data/wrong data used
- Over-reliance on cost measures
- Questionable quality measurement methodology
- Wrongful inclusion or exclusion in tiered provider network based on rankings
- Communications to patients and providers
- Lack of or failure to adequately implement dispute remedies
- Sharing information

Potential Causes of Action

As with exclusion and termination decisions, there are a number of avenues by which tiering programs could become legally risky. Claims could potentially be made by aggrieved providers, by law enforcement officials, or MCO regulatory bodies, or in some instances by enrollees themselves. The grounds for possible challenges are many:

1. Breach of Contract. Participating but disaffected physicians could claim that exclusion from the MCO's top tier or ranking is a breach of the physician's provider agreement with the MCO. At a very basic level, a physician could claim that the provider agreement contains an implicit, even if not explicit, commitment by the MCO to give the

physician the full benefits of “participating provider” status. A physician could seek to claim that a commitment to give equally preferred status to all participating providers, in contrast to non-participating providers, was a fundamental *quid pro quo* for any price discount or concession given by the physician to the MCO. In short, the physician would claim that the “steerage” advantages of participating provider status were part of the consideration from the MCO in exchange for price concessions by the physician. There may also be specific contract language or other evidence to support such a claim.

2. Defamation/Libel. A physician could claim that communications to enrollees or other providers of his placement in a lower tier constitutes defamation or libel. In essence, the physician would claim that the MCO had wrongfully labeled the physician as providing poorer quality care than other providers.⁷

Taking Pennsylvania⁸ as an example, in order to make a *prima facie* case for defamation against the MCO, a plaintiff provider must prove: (1) the defamatory character of the communication; (2) its publication by the defendant; (3) its application to the plaintiff; (4) the understanding by the recipient of its defamatory meaning; (5) the understanding by the recipient of it as intended to be applied to the plaintiff; (6) special harm resulting to the plaintiff from its publication; (7) abuse of a conditionally privileged occasion.⁹

3. State Unfair Trade Practices and Consumer Protection Law. A state Attorney General could claim that communications made in connection with the development and implementation of a tiering program constitutes an unfair method of competition or unfair or deceptive act or practice in violation of the state’s unfair trade

⁷ State law will determine whether the implication, not just the literal statement, can be the basis for a claim. For example, under Pennsylvania law, a publisher can be held liable “for the implications of what he has said or written, not merely the specific, literal statements made.” *Dunlap v. Philadelphia Newspapers, Inc.*, 448 A.2d 6, 15 (Pa. Super. Ct. 1982).

⁸ 42 Pa. Cons. Stats. § 8343 (2007).

⁹ See also *Offen v. Brenner*, 402 Md. 191; 935 A.2d 719 (2007). Under Maryland law, to present a *prima facie* case of defamation, a plaintiff must establish four elements: (1) that the defendant made a defamatory statement to a third person, (2) that the statement was false, (3) that the defendant was legally at fault in making the statement, and (4) that the plaintiff thereby suffered harm. A defamatory statement is one which tends to expose a person to public scorn, hatred, contempt or ridicule, thereby discouraging others in the community from having a good opinion of, or associating with, that person.

practices and consumer protection law. These laws typically prohibit, among other things, disparaging the goods, services, or business of another by false or misleading representations of fact, making a statement that is false or maliciously critical of or derogatory to the financial condition of any person, and that is calculated to injure such person, or engaging in any other fraudulent or deceptive conduct that creates a likelihood of confusion or of misunderstanding. Specifically, for example, a state Attorney General could claim that the MCO engaged in unfair and deceptive practices by making misleading implied representations to members or referring providers that physicians not in the top tier or ranking render inferior healthcare services compared to physicians listed in a higher tier or ranking. A state Attorney General could claim that the tiering or ranking methodology employed by the MCO, as presented, conveys a relative quality representation and that the methodology is flawed and does not accurately measure the quality of a provider's care or the provider's efficiency.¹⁰

4. Unfair Insurance Practices Act. These state laws, which are enforced by the state commissioners of insurance, bar an MCO from making, publishing, issuing, or circulating any estimate, illustration, circular, statement, sales presentation, omission or comparison, advertisement, or announcement, that is untrue, deceptive or misleading, that misrepresents the benefits, advantages, conditions, or terms of any coverage policy or that misrepresents the financial condition of any person.¹¹

5. Tortious Interference with Contractual Relations. Providers could claim that the tiering initiative communications wrongfully interfere with their business and contractual relations with patients. In order to succeed on a claim of tortious interference with contractual relations, a provider must prove: (1) the existence of a contractual or beneficial relationship, (2) the defendants' knowledge of that relationship, (3) the defendants' intent to interfere with the relationship, (4) the interference was tortious, and a loss suffered by the plaintiff that was caused by the defendants' tortious conduct.

¹⁰ See Complaint at 3, 5, *Washington State Medical Association v. Regence Blue Shield* (Wash. Super. Ct., No. 06-230665-1SEA).

¹¹ See Cal Ins Code § 790.03 (2008). Misleading communications about the tiering initiative could be targeted as misleading consumers about their benefits, if consumers are misled about the criteria on which providers are assigned to the tiers used for determining benefit levels.

Unlike other torts in which liability gives rise to nominal damages even in the absence of proof of actual loss it is an essential element of the tort of unlawful interference with business relations that the plaintiff suffers an actual loss.¹²

6. Fraud. A physician could make a fraud claim in the event that the provider is induced to contract with the MCO or to participate in the tiering initiative on false pretenses. Thus, if the physician relies on a false statement by the MCO to his detriment he could pursue a fraud claim against the MCO.

7. Conspiracy. In general, in order to succeed on a claim of civil conspiracy, a provider "must show that two or more persons combined or agreed with intent to do an unlawful act or to do an otherwise lawful act by unlawful means."¹³ Unlike a claim for tortious interference with contractual relations, "[p]roof of malice, i.e., an intent to injure, is essential in proof of a conspiracy."¹⁴ To the extent an MCO collaborates with providers and/or consultants in developing a tiering or ranking system, excluded and/or disaffected providers could try to use that interaction to support a conspiracy claim. In one instance, providers have claimed that a health plan conspired with other insurers to create an improper provider ranking program.¹⁵

The above legal grounds could be asserted in support of demands for monetary damages or for injunctive relief.

Legal Actions Addressing Provider Tiering

Both private plaintiffs and state law enforcement officials have brought actions against particular provider tiering programs.

¹² *Nextmedia Outdoor, Inc. v. McClary et al.*, 2007 Conn. Super. LEXIS 1997.

¹³ *Skipworth by Williams v. Lead Indus. Ass'n*, 690 A.2d 169, 174 (Pa. 1997).

¹⁴ *Id.* See also *Williams v. Aetna Fin. Co.*, 83 Ohio St. 3d 464, 700 N.E.2d 859, 868 (1998). Under Ohio law, the element of "malice" required to establish a civil conspiracy is defined as, "that state of mind under which a person does a wrongful act purposely, without a reasonable lawful excuse, to the injury of another."

¹⁵ Complaint at 34-35, *Fairfield County Medical Association v. Cigna Corp.*, No. CV-075002943 (Conn. Super. Ct., filed July 26, 2007).

1. Washington Regence litigation. In *Washington State Medical Association v. Regence Blue Shield*,¹⁶ the plaintiffs sued after Regence excluded nearly 500 doctors from its “Select Network,” which provided services to Boeing employees and their families.¹⁷ Plaintiffs sought monetary damages and an injunction to prevent Regence from implementing a plan alleged to have used a “flawed methodology,” relied on old data, and focused on the amount charged rather than patient medical records to determine quality and efficiency.¹⁸ On August 8, 2007, the parties reached a settlement agreement to implement a performance measurement program that includes the “meaningful input” of providers, relies on timely and relevant data, gives providers advance notice of their scores, and allows providers to appeal their score. The plaintiffs had alleged a violation of Washington State’s Consumer Protection Act, defamation, libel, intentional interference with contract, and breach of contract.

2. Connecticut CIGNA litigation. In *Fairfield County Medical Association v. Cigna Corp.*,¹⁹ plaintiffs alleged that CIGNA and its co-defendants conspired in the “unilateral implementation of purported ‘elite’ physician designation programs.”²⁰ The plaintiffs seek monetary damages and injunctive relief claiming that defendants excluded them from the “elite” provider designation programs based on inaccurate data that does not actually measure quality of care.²¹ Plaintiffs allege that this tiered network constitutes a breach of their contract with the defendant MCOs, tortious interference with their contractual relations with their patients, libel, and violation of the Connecticut Unfair Trade Practices Act. The litigation remains ongoing.

3. New York State Attorney General’s Office (OAG) Actions & Agreements.
The New York Attorney General has made public announcements of concerns

¹⁶ (Wash. Sup’r. Ct., No. 06-230665-1SEA) (complaint filed Sept. 21, 2006).

¹⁷ See Complaint at 2-3, *Washington State Medical Association v. Regence Blue Shield* (Wash. Super. Ct., No. 06-230665-1SEA).

¹⁸ *Id.* at 3-5.

¹⁹ No. CV-075002943 (Conn. Sup’r. Ct., filed July 26, 2007).

²⁰ Complaint at 2, *Fairfield County Medical Association v. Cigna Corp.*, No. CV-075002943 (Conn. Super. Ct., filed July 26, 2007)

²¹ *Id.* at 4.5.

regarding specific plans' tiering initiatives and has reached settlements with CIGNA, Aetna, Empire, United HealthCare, and GHI/HIP about their programs.

Attorney General Andrew Cuomo publicly warned United HealthCare, Aetna, and CIGNA to cancel their plans to release "quality of care" provider rankings or face legal action, including the threat of injunction.²² The OAG indicated concern that consumers were being steered to "Premium Designation" providers based on faulty data and criteria and encouraged to select inexpensive doctors rather than quality doctors, and that the insurance companies' profit motives would have an adverse impact on the accuracy of their quality rankings.²³

Attorney General Cuomo announced that his office was conducting an "industry-wide inquiry" of insurance companies' existing and planned tiering programs, specifically "CIGNA Care Network," "Aetna Aexcel," Empire's "Blue Precision," and United Healthcare's "Premium Designation Program." The OAG's investigation included a review of documents, meetings with representatives from various insurers, medical societies and organizations, and experts in the field of measuring physician performance.²⁴

In a similar letter to Preferred Care, dated October 18, 2007, the OAG requested that Preferred Care, a subsidiary of MVP Healthcare, "refrain" from launching its

²² See Letter from Linda A. Lacewell, Counsel for Economic and Social Justice, State of New York Office of the Attorney General, to Thomas J. McGuire, Esq., Regional Deputy General Counsel, United Healthcare (July 13, 2007).

²³ *Id.*

²⁴ See In the Matter of Connecticut General Life Insurance Company And Cigna Healthcare Of New York, Inc: Agreement Concerning Physician Performance Measurement, Reporting And Tiering Programs Pursuant To Executive Law Section 63, Subdivision 15 at 3 (effective date, October 29, 2007)(*available at* www.oag.state.ny.us/press/2007/oct/CIGNA%20Settlement%20Final.pdf); In the Matter of Aetna Life Insurance Company and Aetna Health Inc.: Agreement Concerning Physician Performance Measurement, Reporting And Tiering Programs Pursuant To Executive Law Section 63, Subdivision 15 at 3 (effective date, November 13, 2007) (*available at* www.oag.state.ny.us/press/2007/nov/Aetna%20Life%20Insurance%20Company.pdf); Attorney General of the State of New York, Agreement Concerning Physician Performance Measurement, Reporting and Tiering Programs at 2 (effective date November 14, 2007)(*available at* www.oag.state.ny.us/press/2007/nov/agreement_11_14.pdf); In the Matter of United Healthcare Of New York, Inc., United Healthcare Insurance Company Of New York, Oxford Health Plans, Inc., Oxford Health Insurance, Inc.: Agreement Concerning Physician Performance Measurement, Reporting And Tiering Programs, at 2 (effective date, November 15, 2007)(*available at* www.oag.state.ny.us/press/2007/nov/United%20Final%20Executed.pdf).

proposed physician-ranking program.²⁵ OAG questioned Preferred Care's methodology for assessing patient satisfaction, failure to adequately use patient questionnaires about physician performance, sample size, and reliance on cost measures in its quality and efficiency rankings.²⁶ The OAG also requested that GHI/HIP, which had not yet implemented a physician ranking program, "submit any proposed physician-ranking program for [] review ...[to] ensure that consumers are not deceived or misled even inadvertently."²⁷

On October 29, 2007, Attorney General Cuomo announced that CIGNA had reached a settlement agreement with the OAG establishing standards to ensure the accuracy and transparency of its tiered programs and to further develop a physician ranking program that was not based solely on cost.²⁸ Aetna and Empire entered into substantially similar agreements with the OAG on November 13, 2007 and November 14, 2007, respectively. United HealthCare and GHI/HIP also entered into substantially similar agreements on November 15, 2007 and November 20, 2007. Under these agreements, CIGNA, Aetna, Empire, United HealthCare, and GHI/HIP (hereinafter, the Settling MCOs) will maintain insurance programs that rely on national standards to measure quality, will be able to rely on cost measurements and comparisons, take measures to ensure more accurate provider comparisons, disclose to both providers and consumers how the program is designed (and any changes to the program), and establish independent appeals and compliance mechanisms.²⁹

According to the OAG, the principal objectives of these settlement agreements are to establish and maintain "*accuracy and transparency of information, and oversight*"

²⁵ See Letter from Linda A. Lacewell, Counsel for Economic and Social Justice, State of New York Office of the Attorney General, to Denise Gonick, Esq., Executive Vice-President and Chief Legal Officer, MVP Health Care and Preferred Care (October 18, 2007) (*available at* www.oag.state.ny.us/press/2007/oct/Preferred%20Care%20Final.pdf).

²⁶ *Id.* at 2-4.

²⁷ See Letter from Linda A. Lacewell, Counsel for Economic and Social Justice, State of New York Office of the Attorney General, to Nicholas P. Kambolis, Associate General Counsel, HIP Health Plan of New York and Timothy F. Smith, Assistant Vice President, Legal Services, GHI, at 2 (October 18, 2007) (*available at* www.oag.state.ny.us/press/2007/oct/GHI%20HIP%20Final.pdf).

²⁸ See generally, *id.*; In the Matter of Health Insurance Plan of Greater New York and Group Health Incorporated: Agreement Concerning Physician Performance Measurement, Reporting And Tiering Programs (effective date November 20, 2007).

²⁹ *Id.*

of the insurance companies' physician performance measurement, reporting, or tiering programs.³⁰

Under the terms of the agreements with CIGNA and Aetna, those Settling MCOs did not admit to the Attorney General's Findings, and the Attorney General accepted the agreements in lieu of commencing a statutory or other proceeding against the Settling MCOs pursuant to New York State Executive Law § 63(12).³¹ CIGNA and Aetna voluntarily accepted the terms and conditions of the agreements and waived any right to challenge them in a proceeding pursuant to New York law.³² The Empire, United HealthCare, and GHI/HIP agreements do not contain similar provisions. However, none of the agreements limits the Attorney General's power to "investigate or take other action with respect to any non-compliance at any time by [the insurer] with respect to this Agreement."³³ The agreements also do not and should not be construed to "deprive any consumer or other person or entity of any private right under the law."³⁴ If CIGNA, Aetna, or Empire violate the terms of their respective agreements, evidence of such violation will be "prima facie proof of a violation of General Business Law § 349 in any civil action or proceeding thereafter commenced by the Attorney General."³⁵ The United HealthCare and GHI/HIP agreements contain no such provision regarding the effect of a breach.

In order to ensure compliance with the terms of their respective agreements, and facilitate the collection and presentation of relevant information to consumers and physicians, the Settling MCOs must appoint an independent Ratings Examiner (Rx) to conduct oversight.³⁶ The Rx must be a nationally-recognized standard-setting

³⁰ See Cigna Agreement at 4; Aetna Agreement at 3; Empire Agreement at 3; United Healthcare Agreement at 3; GHI/HIP Agreement at 2 (emphasis added).

³¹ See Cigna Agreement at 3; Aetna Agreement at 3.

³² See Cigna Agreement at 11; Aetna Agreement at 11.

³³ Cigna Agreement at 11; Aetna Agreement at 11; Empire Agreement at 11; United Healthcare Agreement at 9; GHI/HIP Agreement at 11.

³⁴ Cigna Agreement at 13; Aetna Agreement at 12; Empire Agreement at 12; United Healthcare Agreement at 10; GHI/HIP Agreement at 12.

³⁵ See Cigna Agreement at 13; Aetna Agreement at 12; Empire Agreement at 13.

³⁶ See Cigna Agreement at 10; Aetna Agreement at 9; Empire Agreement at 9; United Healthcare Agreement at 8; GHI/HIP Agreement at 9.

organization, nominated and paid for by the Settling MCO, and approved by the OAG.³⁷ The Settling MCOs must promptly complete and maintain their physician performance measurement and reporting process with the Rx.³⁸ The Settling MCOs with existing tiered programs must hire their oversight monitor within 30 days of entering into the agreement.³⁹ For future tiered programs, at the time the program is made public, each Settling MCO must document that it has already completed or has applied to complete a review by the oversight monitor.⁴⁰ The Settling MCOs must also “directly and prominently” display this information on their websites and other appropriate locations.⁴¹

The Settling MCOs’ agreements outline specific procedures relevant to each of the stated objectives: accuracy and transparency in developing performance measurements, use of data, and oversight.⁴² Performance ratings may include “quality of performance” and “cost-efficiency” measurements.⁴³ The agreements also set standards for data collection, including that the Settling MCOs must “use the most current claims or other data to measure physician performance, consistent with the time period needed to attain adequate sample sizes and to comply with the requirements of [the agreement].”⁴⁴ The Settling MCOs must utilize their best efforts to ensure that their data is accurate, including establishing a process for medical record verification, if necessary.⁴⁵ In determining a physician’s performance for quality and cost-efficiency,

³⁷ See Cigna Agreement at 10; Aetna Agreement at 9; Empire Agreement at 9; United Healthcare Agreement at 8; GHI/HIP Agreement at 9-10.

³⁸ See Cigna Agreement at 10; Aetna Agreement at 9; Empire Agreement at 10; United Healthcare Agreement at 8; GHI/HIP Agreement at 10.

³⁹ See Cigna Agreement at 7; Aetna Agreement at 6; United Healthcare Agreement at 7; GHI/HIP Agreement at 7-8.

⁴⁰ See Cigna Agreement at 8; Aetna Agreement at 7; Empire Agreement at 7; United Healthcare Agreement at 7; GHI/HIP Agreement at 8.

⁴¹ Cigna Agreement at 8; Aetna Agreement at 7; Empire Agreement at 7; United Healthcare Agreement at 6; GHI/HIP Agreement at 7.

⁴² See *generally*, Cigna Agreement; Aetna Agreement; Empire Agreement; United Healthcare Agreement; GHI/HIP Agreement.

⁴³ See Cigna Agreement at 4; Aetna Agreement at 3-4; Empire Agreement at 3; United Healthcare Agreement at 3; GHI/HIP Agreement at 3.

⁴⁴ Cigna Agreement at 10; Aetna Agreement at 9; Empire Agreement at 9; United Healthcare Agreement at 7-8; GHI/HIP Agreement at 9.

⁴⁵ See Cigna Agreement at 10; Aetna Agreement at 9; Empire Agreement at 9; United Healthcare Agreement at 8; GHI/HIP Agreement at 9.

the Settling MCOs are required to use appropriate risk adjustment to account for the characteristics of the physician's patient population.⁴⁶

The Settling MCOs' agreements take numerous steps to ensure that quality and cost efficiency measures are not conflated. Any public information must separately calculate and disclose measures of cost-efficiency and measures of quality of performance.⁴⁷ If individual scores for quality of performance and cost efficiency are combined for a total ranking, the proportion of each measure must be clearly disclosed.⁴⁸ The Settling MCOs must include patient experience as a factor in measurements.⁴⁹ CIGNA, Aetna, and Empire must rely on nationally-recognized evidence and quality standards from entities whose work in the area of physician quality performance is "generally accepted in the healthcare industry" such as National Quality Forum (NQF) or the AQA.⁵⁰ They also must disclose the extent to which their ratings rely on any or all of these guidelines.⁵¹

Disclosure and notice to both consumers and providers are important components of the agreements as well. The Settling MCOs must disclose to consumers where physician performance ratings for their existing programs can be found, explain the methodology for the ratings system, encourage consumers to consult with their own doctor when deciding about changes in their healthcare package, and indicate how the consumer may register a complaint with the insurer and the oversight monitor.⁵² For any of the Settling MCOs' existing programs, this disclosure must occur within 30 days of

⁴⁶ See Cigna Agreement at 5; Aetna Agreement at 5; Empire Agreement at 5; United Healthcare Agreement at 4; GHI/HIP Agreement at 4.

⁴⁷ See Cigna Agreement at 4; Aetna Agreement at 4; Empire Agreement at 3; United Healthcare Agreement at 3; GHI/HIP Agreement at 3.

⁴⁸ See Cigna Agreement at 4; Aetna Agreement at 4; Empire Agreement at 3-4; United Healthcare Agreement at 3; GHI/HIP Agreement at 3.

⁴⁹ See Cigna Agreement at 5; Aetna Agreement at 4; Empire Agreement at 4; United Healthcare Agreement at 3; GHI/HIP Agreement at 3.

⁵⁰ Cigna Agreement at 5; Aetna Agreement at 4; Empire Agreement at 4; United Healthcare Agreement at 3; GHI/HIP Agreement at 3.

⁵¹ See Cigna Agreement at 5; Aetna Agreement at 4; Empire Agreement at 4; United Healthcare Agreement at 4; GHI/HIP Agreement at 4.

⁵² See Cigna Agreement at 7-8; Aetna Agreement at 6-7; Empire Agreement at 7; United Healthcare Agreement at 6; GHI/HIP Agreement at 6-7.

the company entering its agreement.⁵³ For future programs, disclosure must occur prior to implementation of the tiered program.⁵⁴

At least 45 days before making available to consumers any new or revised quality or cost-efficiency or tiering, the Settling MCOs must notify their providers of the proposed change, explain the methodology and data used for particular providers, and inform providers of their right to make corrections and appeal.⁵⁵ At least 45 days prior to implementation of a material change to one of the Settling MCOs' programs, the company must inform its providers of the change and explain the new measures or other criteria for determining quality performance, cost-efficiency, or placement in a performance network.⁵⁶

Under the terms of their respective agreements the Settling MCOs must allow their providers to submit supplemental materials relevant to the rankings process, correct errors, review data, and promptly appeal their rankings.⁵⁷ If a provider makes a timely appeal, the insurers are barred from changing the provider's quality and cost-efficiency rankings or designation until the appeal is completed.⁵⁸ The oversight monitor shall have oversight and review of the provider appeals process.⁵⁹

The agreements also include provisions requiring the Settling MCOs to participate in any summit meetings the Attorney General convenes related to evaluating provider performance.⁶⁰

⁵³ See Cigna Agreement at 7-8; Aetna Agreement at 6-7; United Healthcare Agreement at 6; GHI/HIP Agreement at 6-7.

⁵⁴ See Empire Agreement at 7.

⁵⁵ See Cigna Agreement at 9; Aetna Agreement at 8; Empire Agreement at 8; United Healthcare Agreement at 7; GHI/HIP Agreement at 8.

⁵⁶ See Cigna Agreement at 5; Aetna Agreement at 5; Empire Agreement at 4-5; United Healthcare Agreement at 4; GHI/HIP Agreement at 4.

⁵⁷ See Cigna Agreement at 9; Aetna Agreement at 8; Empire Agreement at 8; United Healthcare Agreement at 7; GHI/HIP Agreement at 8.

⁵⁸ See Cigna Agreement at 9; Aetna Agreement at 8; Empire Agreement at 8; United Healthcare Agreement at 7; GHI/HIP Agreement at 8-9.

⁵⁹ See Cigna Agreement at 9; Aetna Agreement at 8; Empire Agreement at 8; United Healthcare Agreement at 7; GHI/HIP Agreement at 9.

⁶⁰ See Cigna Agreement at 11; Aetna Agreement at 10; Empire Agreement at 10-11; United Healthcare Agreement at 9; GHI/HIP Agreement at 10.

Although they are not identical, there are only a handful of notable differences among the Settling MCOs' agreements. The GHI/HIP agreement makes no mention of a specific tiered network plan or of an inquiry conducted by OAG; the agreement only refers to an "industry-wide inquiry" conducted by OAG.⁶¹ At the time Empire entered its agreement, the "Blue Precision" program was only in its planning stages. Thus, Empire's agreement does not contain provisions regarding disclosures for existing programs. In addition, each company is required to submit a plan for the aggregation or pooling of data, as a supplement to test its own data to its oversight examiner.⁶² However, CIGNA, Aetna, United HealthCare, and GHI/HIP are required to complete this task within three months of entering their respective agreements.⁶³ Empire must make this submission three months prior to the use of "Blue Precision."⁶⁴ Unlike CIGNA and Aetna, Empire, United HealthCare, and GHI/HIP were not required to pay a sum up to \$100,000 to a nonprofit 501(c)(3) organization, insurer nominated and approved by the OAG, to facilitate consumers' meaningful participation in medical decisions.⁶⁵

The requirements of these settlement agreements are not necessarily needed to be in compliance with the law, but they do provide guidance as to what at least certain authorities and perhaps providers would hope to find in an MCO's tiering program.

State Legislative Activity

Tiered networks and their underlying performance-based evaluations have and continue to be a source of state legislative activity. While there is no model law, there are several common elements of these laws including:

1. The MCO must make available to the physician his economic profile including the written criteria by which the physician's performance is measured.⁶⁶

⁶¹ GHI/HIP Agreement at 1.

⁶² See Cigna Agreement at 10; Aetna Agreement at 9; Empire Agreement at 8-9; United Healthcare Agreement at 8; GHI/HIP Agreement at 9.

⁶³ See Cigna Agreement at 10; Aetna Agreement at 9.

⁶⁴ See Empire Agreement at 9.

⁶⁵ See Cigna Agreement at 11; Aetna Agreement at 10.

⁶⁶ See e.g., Miss. Code Ann. § 83-41-409 (2007); Tenn. Ann. Code § 56-32-230(e) (2007); CRIR 14-000-022 §5.7.4 (2007); and Tex. Ins. Code § 1301.058 (2007).

2. The MCO must give the physician an opportunity to review data and to submit corrections and additions of explanations.⁶⁷

3. The MCO must adjust the physician's economic profile to recognize characteristics of the physician's practice that may account for variations from expected costs. State law may also dictate the specific factors or characteristics to be considered, including, but not limited to:⁶⁸

- Specialty utilization
- Practice patterns
- Information comparing the physician to his/her peers in the same specialty
- Case mix
- Severity of illness
- Age of patients

4. Meaningful provider involvement in the development of profile methodology including collection methods, formatting methods, means for release, and dissemination.⁶⁹

5. Periodically reevaluate the quality and accuracy of practice profiles, data sources, and methodologies.⁷⁰

Possible Federal Preemption of State Law Challenges

As tiering and related activities are being challenged at the state level, MCOs might pause to consider the legal basis for the challenge and what is being challenged. Depending on the answers to those questions, such challenges and/or the basis for the challenge may be preempted by federal law. Preemption also may be an increasingly

⁶⁷ See e.g., Tenn. Ann. Code § 56-32-230(e) (2007).

⁶⁸ See e.g., Ca. Ins. Code § 10123.36(a)(2007); Conn. Gen. Stat. § 38a-478f (2007); KRS § 304.17A-525(1) (2008); ORC Ann. § 1735.05 (2008); CRIR 14-000-022 §5.7.3 (2007); and Tex. Ins. Code § 1301.058 (2007).

⁶⁹ See e.g., N.D. Cent. Code § 26.1-36-41(2) (2007) and Tenn. Code Ann. § 56-32-230(e)(1) (2007).

⁷⁰ See e.g., N.D. Cent. Code § 26.1-36-41(2) (2007).

important issue as the federal government as a customer/purchaser focuses on quality and efficiency.

ERISA Preemption

The Employee Retirement Income Security Act (ERISA)⁷¹ broadly preempts “any and all State laws insofar as they may now or hereafter relate to any employee benefit plan....”⁷² State causes of action are also preempted. By virtue of ERISA’s “savings clause” states can regulate “the business of insurance.”⁷³ However, through its so-called “deemer clause,” ERISA prevents states from regulating self-funded employee benefit plans.⁷⁴ Thus, in the context of employee benefit plans, ERISA permits states to regulate tiered network programs to the extent that the state regulation is in the form of insurance regulation. However, ERISA’s savings clause does not extend to self-funded plans, which often times are administered by state-licensed MCOs.

Applying an ERISA preemption analysis to challenges brought by the New York Attorney General, the first question to consider is the basis for the investigation. Although the target MCOs were asked to explain how they complied with certain provisions of the New York insurance code focused on provider rights, the underlying basis for the investigation appeared to be New York’s consumer protection law and not enforcing New York’s insurance laws. Moreover, although New York law gives the Attorney General the authority to enforce some portions of the insurance code, the question is raised whether that is in fact what the attorney general was doing. If not, and he was acting pursuant to state consumer protection laws or other non-insurance law, was there an ERISA preemption argument?⁷⁵ The complicating factor with respect to an ERISA preemption argument is that where an MCO both insures and administers

⁷¹ 29 U.S.C. § 1001 *et seq.*

⁷² 29 U.S.C. § 1144(a).

⁷³ 29 U.S.C. § 1144(b)(2)(A). See *Metropolitan Life Ins. Co. v. Mass.*, 471 U.S. 724 (1985).

⁷⁴ 29 U.S.C. § 1144(b)(2)(B). See *FMC Corp. v. Holliday*, 498 U.S. 52 (1990).

⁷⁵ It should be noted that the laws in other states may differ as regards to the authority of the attorney general to bring enforcement actions based on provisions of the insurance code.

employee benefit plans that utilize tiered networks, separating the two activities may not be practical or worth the effort in order to assert ERISA preemption.⁷⁶

Preemption under the Medicare Modernization Act of 2003

The Medicare Modernization Act broadened the scope of federal preemption with respect to the Medicare Advantage program. Federal law provides that “[t]he standards established under this part [Part C, Medicare Advantage program] shall supersede any State law or regulation (other than State licensing laws or State laws relating to plan solvency) with respect to MA [Medicare Advantage] plans which are offered by MA organizations under this part.”⁷⁷ The legislative history confirms the breadth of federal preemption: “The conference agreement clarifies that the MA program is a federal program operated under Federal rules. State laws, do not, and should not apply, with the exception of state licensing laws or state laws related to plan solvency.”⁷⁸ With respect to preemption generally, the Centers for Medicare & Medicaid Services (CMS) clarified that there must be a federal standard in order for a state standard to be preempted:

The preemption in section 1860D–12(g) of the [Social Security] Act is a preemption that operates only when CMS actually creates standards in the area regulated. To the extent we do not create any standards whatsoever in a particular area, we do not believe preemption would be warranted.⁷⁹

Although the full scope of the MMA’s preemption is not yet clear, key to the question of whether there is preemption is identifying any federal standards in the area. With respect to tiered physician networks and the quality analyses that underlie them, several federal standards are relevant:

⁷⁶ See Rosenbaum, Knornblet and Borzi, *An Assessment of Legal Issues Raised in “High Performing” Health Plan Quality and Efficiency Tiering Arrangements: Can the Patient Be Saved?* (Sept. 2007) available at www.rwjf.org/programareas/resources/product.jsp?id=22571&pid=1142

⁷⁷ 42 U.S.C. § 1395w-26(b)(3). See also 42 C.F.R. § 422.402.

⁷⁸ H.R. Conf. Rep. No. 108-391, at 557 (2003).

⁷⁹ 70 Fed. Reg. 4194 at 4320 (Jan. 28, 2005).

1. While federal regulations prohibit discrimination against providers, these regulations do not prohibit:

- Use of different reimbursement amounts for different specialties or for different practitioners in the same specialty, or
- Implementation of measures designed to maintain quality and control costs consistent with MA organization's responsibilities.⁸⁰

2. CMS has permitted tier cost-sharing based on provider. However,

- All members must be charged the same amount for the same service with the same provider, and
- All members must have reasonable access to providers at the lowest tier of cost-sharing.

3. CMS indicated that all parties—providers, patients, insurance plans, and payers—should participate in arrangements that reward both those who offer and those who purchase high-quality, competitively-priced healthcare.⁸¹

Whether these standards are sufficient to carry a preemption argument remains to be seen.

Recommendations

Given the current enforcement environment and heightened level of physician scrutiny, MCOs should develop their tiering program mindful of the potential legal risks. To minimize potential legal risk, MCOs should consider adhering to principles that can be distilled from other MCOs' experience and the litigation and enforcement activity summarized above. Adherence to all of the points listed below may not be required, insofar as the negotiated resolutions may reflect in part what the enforcement officials would consider corrective or prophylactic actions, but each MCO should thoughtfully

⁸⁰ 42 C.F.R. § 422.206.

⁸¹ Memorandum from Abby L. Block, Director, Center of Beneficiary Choices, to Medicare Advantage Organizations *et al* (Sept. 19, 2007).

assess its ability to follow these strictures without undermining the efficacy of the program or adding undue delay or administrative expense or hassle.

1. Prior to implementing any new performance methodology, consider the viability of seeking meaningful input from the provider community and/or its participating providers on the data to be used for tiering and ranking, the methods used to compare provider performance, and the methods of communicating ratings, scores, and rankings.

2. Be explicit on which measurement elements are based on quality considerations, irrespective of cost measures, and which are based more fundamentally on cost-related factors.

3. Be careful to assure that all aspects of the program are considered and adopted by the MCO unilaterally, to mitigate any concerns that the MCO has conspired with other MCOs on the criteria, weighting factors, or benefit distinctions, or has conspired with one set of providers to disadvantage another. Thus, the MCO should be clear that while it is consulting with the affected provider community and with national standards for quality measurement, it is making its own decisions.

4. Except where justified and explained by specific plan needs, use a tiering or ranking methodology that relies on generally accepted national standards of quality and that employs appropriate risk adjustment and sampling mechanisms.

5. Assess whether the MCO's provider contracts pose any obstacle to, or authorization for, a provider tiering and ranking program. Consider adding language about the tiering program in the provider manual to enhance provider understanding and also to improve contractual defensibility of the initiative, insofar as compliance with the provider manual may be included in the provider agreement language.

6. Plan for the disclosure to providers of the nature and timing of the tiers, rankings, and criteria, and how they are designed and amended over time and for plain explanations of provider reimbursement mechanisms and member benefit levels, as they vary by tier or ranking.

7. Consider posting scores, rankings, and/or tiers in electronic format, along with an explanation of the tiering or ranking methodology, the source of data relied on, and the type of patients included in the calculation of the score.

8. Plan for disclosing to customer groups and enrollees how the program and criteria are designed and how providers are ranked. Consider adopting a process through which consumers could voice comments, concerns, and complaints about the program.

9. In communications with providers, clients, and enrollees alike, give strong consideration to use of prominent and carefully worded disclaimers and/or statements that describe the program, but disavow any implication that providers who are not included in a higher tier or ranking are inefficient or provide lower quality services. MCOs may wish to temper the degree and character of their explanations, to mitigate risk that they are making a definitive statement of relative quality or efficiency. MCOs should consider indicating that the tiers and rankings are based on specific measurement indicia and are by necessity imprecise, while doing so in a manner that does not undermine the propriety of its using them.

10. Consider whether to grant physicians an opportunity to make a timely, internal appeal of any initial and/or revised tiering, ranking, or scoring. MCOs might consider utilizing an independent external reviewer for the resolution of such appeals. Consider employing language that permits the internal review, but that does not create a contractual right for judicial review, particularly not on a de novo basis.

11. Consider retaining an independent rating ombudsman to monitor compliance with aspects of the new tiering or ranking program. The ratings ombudsman could provide compliance reports on a regular basis.

Conclusion

Whether tiered networks will provide the desired results in terms of quality and efficiency remains to be seen. What we do know is that tiered networks and the related performance-based evaluations pose significant challenges for MCOs, healthcare purchasers, and providers.

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September 9, 2015

Kevin Conlin
Executive Vice President,
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East
Newark, NJ 07105

Dear Mr. Conlin,

I'm writing today in regards to the status of our current contract negotiations and to address some statements made in our discussions regarding Horizon Blue Cross Blue Shield's tiered commercial product being offered in New Jersey. As you prepare to announce Horizon's new narrow network for commercial members – and publicize the Tier 1 and Tier 2 providers – it's critical that Horizon understands our position. I want to be sure that our organization's position is crystal clear. We believe that in-network access to Lourdes Health System in Camden and St. Francis Medical Center in Trenton are too important to be jeopardized by any misunderstanding.

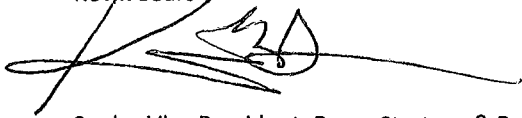
We are fully committed to providing the same level of value, quality and service as other provider organizations in Tier 1. However, without knowing the criteria for tier designation, we can only assume that all factors were considered, including quality of service, cost of service, network adequacy and service areas, among other things. Given that St. Francis was recently awarded top honors and rated number one by Horizon as the highest quality and lowest cost provider, we have clearly demonstrated that our hospitals are able to create value for all Horizon customers. Furthermore, the quality care at Lourdes and St. Francis ensures that our rates and contract terms create more value for Horizon's customers across the state. We also know that total cost of care is a primary concern for your customers, and it's a prime focus for us, too.

Our hospitals are safety net providers and are in the unique position of delivering much needed care to the citizens of Mercer County. Should access to our hospitals be restricted, residents of our underserved communities would be required to travel upwards of twenty miles outside their neighborhood to receive the same care that's currently available in their own backyards. We know Horizon values access preservation for our urban communities, just like we do, and have considered all areas when making the decision on tier designation.

We take our responsibility to the people of New Jersey extremely seriously. There is not a complete Tier 1 provider network in New Jersey without adequate access for people in all communities. We stand ready to provide that access at rates and terms commensurate with those offered by other Tier 1 provider organizations in the state – effectively increasing choice and access for your members with all the cost savings of a narrower network.

We want to reiterate our willingness and interest in the narrow network, but it will require from Horizon a similar willingness to move forward in a collaborative manner to bring better and more affordable care to your members and our patients. We seek Horizon's partnership in achieving improved health of the communities we serve and hope to continue providing exceptional service to your members. I look forward to any suggestions or steps you might suggest to ensure adequate access for all Horizon members.

Kevin Sears

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

Senior Vice President, Payer Strategy & Product Development
Trinity Health

cc: Alex Hatala

Senate Commerce Committee and
Health, Human Services and Senior Citizens Committee
Joint Meeting, Monday, October 5, 2015

St. Francis Medical Center and Lourdes Health System Testimony

Thank you, Senator Gill, Senator Vitale and all the members of the two committees meeting here today, for your leadership on this important issue facing our state, and for extending us an invitation to testify before you today. We greatly appreciate your effort to examine the potential impact that Horizon's OMNIA Health Alliance will have on the healthcare landscape in New Jersey. And we appreciate those of you who have already spoken out on this important public health issue. We hope Horizon is hearing you and will hear you today.

On behalf of Trinity Health, St. Francis Medical Center and the Lourdes Health System I would like to say that we are committed to being a people-centered healthcare system that enables better health, better care and lower costs. Our organization embraces value-based agreements and the goals that a tiered network aims to provide. As a faith-based health system, ethics and social responsibility are central to our culture and mission. We recognize the sensitivities and access barriers the community may face, and have always had the utmost commitment to providing convenient, quality care to our patients.

Yet Horizon Blue Cross, the state's largest commercial insurer has created a preferred Tier 1 network without ever sharing any information or criteria for how it made its decision about which hospitals to include and which to exclude, showing a complete lack of transparency in its decision making process. Here is what Horizon has revealed about their criteria:

Hospitals were chosen for quality

I ask you what were those quality metrics? We have always known Horizon to recognize quality based on Leapfrog scores. St. Francis was awarded Horizon's own High Performing Hospital Award because of its top scores on Leapfrog, and most recently receiving an A. Our Lady of Lourdes received an A grade from Leapfrog, as did 58% of the Tier 2

hospitals in the Horizon network. What percentage of the Tier 1 hospitals got an A on Leapfrog – only 40%.

Hospitals were chosen based on their willingness to embrace a different pay structure, their commitment to rewarding value

How exactly was this metric evaluated? Lourdes and St. Francis were the first two hospitals in the state to establish PACE programs, which are all-inclusive care programs for the elderly. Because we support and embrace different pay structures, we agreed to a monthly capitated fee from Medicare/Medicaid.

Further, our ACO, LHS Health Network, had one of the first shared savings programs in the state with Horizon, which was established in 2013. In addition, both St. Francis and Lourdes are members of the state's newly established Medicaid ACO pilot programs through the Trenton Health Team and the Camden Coalition of Healthcare Providers. This three-year pilot program began July 1, 2015, with the goal being to decrease the state's Medicaid spending. Our participation in these programs shows our commitment to delivering innovative, value-based care.

I think these are clear indications that we embrace payment reform and pay-for-performance structures, as well as support the growing need for population health models.

Hospitals were chosen based on their location

Trenton, our state's capital city, does not have one Tier 1 hospital. Burlington County, our state's largest county in geographic size, does not have one Tier 1 hospital. Consider a woman with a high-risk pregnancy living in Burlington County. Is it realistic to ask her to travel 45 minutes to Camden when there's a high-risk perinatal center in her community? What about someone suffering a heart attack? Does it make sense to travel 30 minutes to access a cardiac surgery center when time is of the essence? We don't think so.

How can the state's largest commercial insurer claim their goal is to reward value, but not let the providers know how they are being measured? Medicare rewards value through its Value Based Purchasing program and the metrics and formulas are crystal clear.

Representatives from St. Francis and Lourdes met with Horizon leaders to understand the selection criteria and get answers. Much to our dismay, we received none. We even sent a letter to Horizon stating that we are willing to meet the specific requirements of the network and still received no response. Despite our requests, Horizon has not been forthcoming with the details of their selection criteria or offered any providers the opportunity to meet their requirements and participate. This makes no sense to us. Since when is providing broader access to the residents of New Jersey a bad thing?

Obviously, we are terribly concerned about Horizon's alliance because it has the potential to shift a significant number of commercially insured patients away from our hospitals. Since Horizon has excluded us from its preferred network, it has essentially shrunk the number of insured patients we will serve, which could have a direct impact on our hospitals' financial health. In the City of Trenton, it will threaten the "health safety net" that has been established by this Legislature and the Department of Health to protect the health of citizens. I would ask that the Legislature exercise its oversight responsibilities by examining how Horizon OMNIA affects state health planning, particularly when it comes to cardiac care, high-risk deliveries and trauma.

Horizon claims its network will not shift much business, and we completely disagree. Variables such as the rising cost of healthcare and new healthcare reform regulations are causing employers to shift more of the financial responsibility to its employees. And plans like this will cause employers and consumers to switch providers.

The hospitals in the state that are most negatively impacted by a non-transparent process by the leading commercial payer are those who disproportionately serve the most needy in our state. As the state's partner, and part of the delivery of care



for urban areas, we want to emphasize the role our safety-net hospitals, and all safety-net hospitals, play in delivering care to our poorer community members.

Our bottom lines are tight. Many of us don't enjoy the margins that the hospitals in the Tier 1 networks have. Thus anything that erodes our commercial base impacts our future viability. We believe that Medicare DSH hospitals should be included in the Tier 1 network.

We will continue our efforts to push Horizon to reconsider its position and give all providers in the state the opportunity to qualify for its alliance.

September 24, 2015

Mr. Robert A. Marino
President & CEO
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East
Newark, NJ 07105

RE: OMNIA

Dear Mr. Marino:

As a Tier 2 hospital, it has come to our attention that criteria mentioned in conversations with various Tier 2 hospitals have been vague and inconsistent. Horizon officials have refused to share definition of your criteria or put any explanation into writing, despite, in a letter from Ms. Basiakos stating that, "Horizon conducted an extensive evaluation to determine tier status."

A brief telephone call was granted us by Horizon staff, but no details were offered. We are entitled to some transparency.

Various and vague criteria mentioned by Horizon to different Tier 2 hospitals appear to fall into the following categories, and had CentraState been given the opportunity to participate, this is what we would have responded.

1. Population Health Management

CentraState's primary care practice has been a Horizon Patient-Centered Medical Home (PCMH) participant for several years and has been awarded performance bonuses by Horizon, based upon the management of Horizon's beneficiaries. CentraState is also an NCQA Level III PCMH, demonstrating consistently high quality scores, low cost and efficient utilization.

We just completed three years in a Barnabas Health joint venture on a Medicare Accountable Care Organization (ACO), managing approximately 18,000 covered lives. The ACO improved quality and saved money but not enough to qualify for a distribution. (Barnabas elected to terminate this ACO, acknowledging its inability to manage it effectively.) We continue, however, to participate in a Medicare ACO, having joined together with Partners in Care, a 600 physician member organization spread across central New Jersey.

Further, CentraState has a 290 member PHO actively managing about 5,000 covered lives, not counting our experience with the ACO.

The above population health management efforts are built upon lessons learned from the management of our own employee workforce benefit plan of over 3,000 lives for more than a decade, demonstrating savings of \$35 million (as compared to Kaiser best practice standards) while maintaining platinum-level benefits and improving the risk profile of our own workforce.

And we were 1 of only 12 New Jersey hospitals in the original Medicare gainsharing project, demonstrating effective tools to work with physicians in managing care more efficiently.

Thus, CentraState and our physicians have already demonstrated experience managing population health.

But we were not asked.

2. Risk

Risk comes in many forms. CentraState has built infrastructure to assume increasing levels of risk in the form of shared savings models and value based purchasing, and soon to be bundled care for total joint replacements. As stated earlier, through our 18 member Primary Care Group, CentraState has successfully managed Horizon beneficiaries via its Patient Centered Medical Home contract for several years. We also have successfully managed utilization risk through delegated status, and successfully managed malpractice risk via ownership and management of two captive insurance companies.

Accordingly, CentraState has already developed tools needed to accept the types of risk being contemplated.

But we were not asked.

3. Employed Physicians

Some Tier 2 hospitals allegedly were told that having a large number of employed physicians was a factor. This was not mentioned to CentraState. If it is true, it's difficult to reconcile such a criterion with the nationally reported magnitude of financial losses accruing to physician employment, and thus why this should be mentioned at all. Is it Horizon's position that physicians should be compelled to be employees of larger entities? Our PHO has a solid base of primary care physicians, without having to absorb substantial financial losses accruing to employment.

But we were not asked.

4. Value Based

If this is, in fact, a criterion, we would applaud its use and question why it wasn't applied to CentraState. Per 2014 year-end FAST reports, CentraState is, at the very least, 15% less expensive per admission (acuity adjusted) than any hospital surrounding it. The range, on average, is from 15% to 46% less expensive. Thus, directing patients to nearby institutions will cost Horizon significantly more money.

Value, as you know, is a function of more than just cost. In addition, CentraState has always demonstrated good quality on process and outcomes, and consistently high patient satisfaction, routinely above the 90th percentile in Press Ganey surveys.

Thus, CentraState has the most efficient hospital, providing the best value in our region to Horizon members.

If value were a criterion, it is hard to understand our exclusion from Tier 1. Was there a particular litmus test that applied?

5. A Strategic Decision by Horizon

This criterion, suggested to some Tier 2 hospitals, probably comes closest to explaining Horizon's actions. By aligning with the largest of the emerging systems in New Jersey, it is signaling its disinterest in maintaining a competitive marketplace in favor of the anti-competitive nature of New Jersey's largest systems. This will inevitably result in a diminished and less competitive market for both health insurance and provider networks, as lower cost, non-system providers get progressively excluded from both.

Could it be that Horizon has decided on its own that New Jersey is over-bedded? Could it be that by aligning with a few large systems on a product that would artificially and temporarily, lower cost, certain large systems could sustain losses long enough to drive smaller providers out of business? If this were the case, it hasn't been thought through to its logical conclusion. Such a high concentration of market share in so few hands will ultimately drive prices higher, as is becoming very apparent in those markets that have allowed this concentration to happen.

Could it also be a long term method for Horizon to progressively migrate beneficiaries from existing products, in which contract terms have been negotiated at the bargaining table, into this new product for the sole purpose of diminishing the value of those contracts to providers who had negotiated them in good faith? Because this occurred in the past, and in the past Horizon has refused to give such assurances.

6. IT Infrastructure

Again, this was alluded to as a criterion in some, but not all, conversations with Tier 2 providers. CentraState has been recognized as a Top Wired Hospital in the country for six years running by Health and Hospitals magazine and HIMMS. Managing population health requires data that is only available through the payor, which must be made available in a timely and accurate manner, two prerequisites that Horizon has historically struggled with. When we receive the information, the clinical infrastructure assembled at CentraState has performed.

CentraState has the IT infrastructure to provide superior results for Horizon members.

But again, we were not asked.

7. Location

Geographic access is a critical success factor in the design of any insurance product, and western Monmouth County, for one, is completely ignored. The closest Monmouth County hospital to CentraState offering obstetrical and emergency pediatric services can be almost 40 minutes away, depending on time, traffic and mode of transport. There are significant gaps throughout the state for this product, including both urban and suburban populations. Access to care in this product will be highly discriminatory.

8. Quality

Together with cost, quality should be a prominent criterion. If your quality criteria were made public, CentraState could demonstrate its fine performance in many areas of quality and safety. But there has been no transparency. Nobody knows what standards you have chosen. It is hard to determine the use of quality as a decision point when entire health systems are included with no apparent regard for the performance of individual hospitals within that system. This would argue that quality, as a criterion, was less important than controlling market share.

9. Cost

If cost were a true criterion, it is particularly hard to explain CentraState's exclusion from Tier 1. Ultimately, a hospital's total revenue per admission is a good measure of a payor's cost. Horizon will pay hospitals on CentraState's periphery anywhere from 15% more per adjusted admission to a whopping 46% more (and on an acuity adjusted basis) than they would at CentraState. This factor, alone, undermines your public rationale for this product.

Besides the above purported criteria, Horizon's actions raise other troubling concerns. Access to services across the state will be disrupted in ways Horizon is not prepared to address. For example, CentraState offers one of the very few programs in New Jersey for the treatment of patients suffering from Multiple Sclerosis. These are patients with significant mobility challenges. Suddenly forced to choose between their therapy and high deductibles and co-pays, where are these patients to go?

CentraState also offers an inpatient psychiatric program for all of western Monmouth County. Mental health treatment programs in New Jersey are woefully inadequate as it is, and removing our program from Tier 1 will only make matters worse. There are several other mental health programs that will be relegated to Tier 2, not just CentraState's.

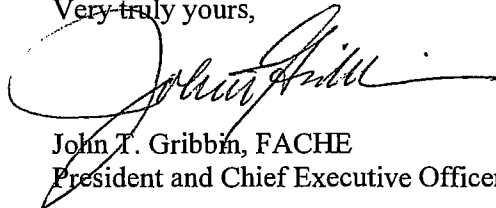
Yet another consequence of Horizon's action will be to create a situation in which numerous Tier 2 hospitals will be forced to consider going out of network in order to convince Horizon to deal with them in a direct and fair manner. This

would take place at a time in which all parties are seeking ways to address out-of-network concerns created for patients. And yet efforts to ban using out-of-network as a targeted remedy, in specific instances, for demanding fair treatment by insurers would expose providers to exactly the kind of discriminatory action now forced upon hospitals by Horizon.

And finally, the impact this will have on our physician community will be both significant and arbitrary. Physicians at all Tier 2 hospitals will face the dilemma of sending patients to unfamiliar hospitals, medical consultants and programs, or else saddle patients with high out-of-pocket costs. For some physicians this will be little more than a nuisance, while for others it will mean a further breakdown in the doctor/patient relationship if they are not active at that distant Tier 1 hospital. At a minimum, communications and coordination of care could be severely compromised. Horizon's plan will pit hospitals and doctors against each other, undermining our efforts to better coordinate care across the continuum.

In view of all this, we are insisting that Horizon disclose and define the criteria by which they supposedly "conducted an extensive evaluation", and give all hospitals the courtesy and opportunity to participate fully in the product to the extent they can meet legitimate criteria. Horizon should not attempt to go to market with such a poorly conceived product, hurriedly introduced to consumers in a manner that will sow doubt and confusion.

Very truly yours,



John T. Gribbin, FACHE
President and Chief Executive Officer

JTG:s

Cc: Kim Guadagno
Lieutenant Governor/Secretary of State
Cathleen D. Bennett
Acting Commissioner of Health
Richard J. Badolato
Acting Commissioner of NJ Banking & Insurance
Senator Jennifer Beck
Assemblywoman Mary Pat Angelini
Assemblywoman Caroline Casagrande
Senator Joseph F. Vitale
Senator Nia H. Gill, Esq.
Mayor Stuart A. Fierstein, Borough of Allentown
Mayor James C. Schatzle, Township of Colts Neck
Mayor Thomas Reynolds, Borough of Englishtown
Mayor John Morgan, Borough of Farmingdale
Mayor Nolan Higgins, Borough of Freehold
Mayor Thomas L. Cook, Township of Freehold
Mayor William Gotto, Township of Howell
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Assemblyman Ronald S. Dancer

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Assemblywoman Amy H. Handlin
Assemblyman Declan J. O'Scanlon
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Freeholder Serena DiMaso, Deputy Director Monmouth County
Freeholder John Curley, Monmouth County
Freeholder Thomas Arnone, Monmouth County
Freeholder Lillian Burry, Monmouth County
Sheriff Shaun Golden, Monmouth County

Horizon OMNIA Alliance Performance Results

	Net Patient Service Revenue Per Adj. Admission (CMI Adj)*	ALOS Adult & Peds (CMI Adj)*	CMS Hospital Compare Star Ranking
OMNIA Alliance Facilities			
Chilton Memorial Hospital (Atlantic Health)		3.2	3
Morristown Memorial Hospital		3.2	3
Newton Memorial Hospital		3.2	3
Overlook Hospital Summit		3.2	
Clara Maass Medical Center (Barnabas Health)			
Community Med Center			
Jersey City Medical Center			
Monmouth Medical Center Southern Campus Lakewood			
Monmouth Medical Center Long Branch			3
Newark Beth Israel			
St. Barnabas Medical Center Livingston			3
Robert Wood Johnson University Hospital Hamilton			3
Robert Wood Johnson University Hospital New Brunswick, and Somerset			3,3
Robert Wood Johnson University Hospital Rahway	N/A	N/A	3
Hackensack UMC Pascack Valley	N/A	N/A	
Hackensack UMC Mountainside		3.2	3
Hackensack UMC			4
Hackettstown Reg. Medical Center (if Atlantic Health Sys. Acquisition is completed)			
Hunterdon Medical Center		3.3	3
Inspira (Elmer, Vineland and Woodbury)			4,3,2

Tier One Facilities (Not in Alliance)

Bayshore Community Hospital (Meridian)			3
Ocean Medical Center			3
Jersey Shore University Medical Center			3
Riverview Medical Center			3
Southern Ocean Medical Center			3
St. Joseph's Regional Medical Center			
St. Joseph's Wayne Hospital			
Cape Regional Medical Center, Cape May	7,494	3.2	3
Cooper University Health Care in Camden		2.8	3
Englewood Hospital			3
Atlanticare Reg Medical Centers in Atlantic City and Galloway		3	3
Shore Memorial Hospital		2.9	3
UMC of Princeton at Plainsboro		3.1	3

*NJHA FAST 1st Qtr 2015

ContraState Medical Center	7,308	3.3	3
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Facilities with unfavorable performance rankings compared to ContraState



Health System Key	
	Atlantic Health
	Barnabas Health
	Robert Wood Johnson
	Meridian Health
	St. Josephs Healthcare

Testimony before the joint meeting of the Senate Commerce Committee and Senate Health and Senior Services Committee

Ray Fredericks, President & CEO JFK Health and
Dr. Rajesh Patel, Family Practice Physician

October 5, 2015 at 10 am
State House Annex, Trenton

Good morning Chairman Gill, Chairman Vitale and members of the joint committee. I am Ray Fredericks, President and CEO of JFK Health and JFK Medical Center. Joining me today is Dr. Rajesh Patel a member of the JFK Medical Center Medical Staff and the JFK Medical Center Accountable Care Organization. We appreciate this opportunity to express our concerns with Horizon Blue Cross Blue Shield of New Jersey's Omnia health plan.

JFK Medical Center has embraced the healthcare Triple Aim: to reduce the costs of care, improve care quality and provide a good patient experience. We are a Medicare Shared Savings Program hospital, and have commercial Accountable Care Organization contracts with Horizon and Qualcare.

JFK supports the concept of tiered health plans. In fact, JFK offers a tiered network in our employee health plan and has had great success in reducing the costs of care while improving care quality by incentivizing employees to seek care at lower-cost, higher-quality providers. However, we have concerns that the Omnia's Tier One was not developed to provide value as it is described on the company's web site. If that were the case, Tier 1 would have included Middlesex County's only hospital rated "A" by the LeapFrog Group for patient safety, JFK Medical Center. The LeapFrog score is widely considered the most reliable measure of patient safety, and is used by Horizon in many of its quality-based programs, including its ACO. According to NJ Spotlight, only 36 percent of Horizon Tier 1 hospitals received an "A" from the Leapfrog Group, while 57 percent of Tier 2 hospitals received an "A" rating.

In addition, we have doubts that Tier 1 was developed to reduce costs since it does not include many of the state's lower-cost facilities. We believe that JFK Medical Center is one of the lowest cost hospitals in our region, although the confidential nature of managed care contracts and rates prohibits JFK from being able to compare its rates against other facilities. Horizon's Chief Strategy Officer, Minalkumar Patel, was quoted by Philly.com saying, "Cost was not an input" in determining Omnia Tier 1 facilities.

JFK has invested millions of dollars in our accountable care organization, and has signed a five year ACO contract with Horizon to manage patients' care under this program. The ACO incentivizes the hospital and participating physicians with bonus payments to reduce costs by avoiding unnecessary care and improving outcomes. We believe that JFK's high-quality, low cost and experience with ACOs make the hospital an ideal Tier 1 facility in the Omnia Network.

JFK recommends that the Legislature consider requiring health plans to provide transparency about the qualifications that it used to determine which providers can participate in its preferred tiers, and require that any willing provider willing to meet those qualifications be placed in the top tier. These criteria should include: minimal quality scores as measured by objective third parties like Leapfrog; reimbursement rates; and incentive payments to reward

value. The State should closely regulate these criteria to ensure that health plans do not use tiered networks to exclude small physician practices, hospitals and health systems.

Horizon has gone to great expense to convince policy makers that Omnia will have little short term impact on Tier 2 hospitals, but the fact is that healthcare planning and investment does not happen overnight. Hospitals and doctors that are left out of what we see as a promising new tool to drive change at this time will be less likely to make investments to drive change in the future. Particularly if they see this product forcing them into other business models like out-of-network care.

I would like to introduce Dr. Rajesh Patel. Dr. Patel is a family practice physician, a member of the JFK Medical Staff, a member of our Accountable Care Organization and is not an employee of the hospital.

Dr. Patel:

Good morning, my name is Dr. Rajesh Patel. I am a family practice physician with an office in Plainfield. I participate in the JFK ACO, where I receive incentive payments for meeting established quality and cost goals with my patients. I believe in the ACO care model, which helps to compensate my practice for taking the extra steps necessary to improve patient care that were previously unreimbursed under the traditional fee for service care model. Today, I work with other ACO physicians, JFK Medical Center, its care managers and after hours call center to reduce readmissions to the hospital, avoid unnecessary ED visits, and identify patients' medical issues before they become serious enough to require expensive inpatient admissions. Although it is too soon to declare this model a success, I have seen early anecdotal evidence that the ACO model is having a positive impact on the health of many of my patients.

I have been informed by Horizon that my practice will be placed in Tier 1 of the Omnia Network, but my hospital of choice to admit most of my Horizon patients, JFK Medical Center, is in Tier 2. I am very concerned that Horizon's decision not to include JFK Medical Center in Tier 1 of Omnia could have a detrimental impact on the JFK ACO and my ACO patients as the Omnia plan grows in market share. Moreover, I believe that it will be impossible for JFK to be held accountable for the care of Omnia patients in our ACO if they are incentivized to seek care at other hospitals through significant discounts in their cost-sharing obligation.

I support JFK's recommendations to require tiered network transparency and to allow any willing provider that can meet health plans' minimal qualifications for Tier 1 participation to join that tier. This would provide qualified doctors and hospitals immediate access to Tier 1, and would give others clear goals to work toward to join the tier in the future. This will allow all providers to work toward improving healthcare in New Jersey through innovative care and payment models.

Testimony before the joint meeting of the Senate Commerce Committee and Senate Health and Senior Services Committee

Ray Fredericks, President & CEO JFK Health and
Dr. Rajesh Patel, Family Practice Physician

October 5, 2015 at 10 am
State House Annex, Trenton

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I would like to introduce Dr. Rajesh Patel. Dr. Patel is a family practice physician, a member of the JFK Medical Staff, a member of our Accountable Care Organization and is not an employee of the hospital.

Dr. Patel:

Good morning, my name is Dr. Rajesh Patel. I am a family practice physician with an office in Plainfield. I participate in the JFK ACO, where I receive incentive payments for meeting established quality and cost goals with my patients. I believe in the ACO care model, which helps to compensate my practice for taking the extra steps necessary to improve patient care that were previously unreimbursed under the traditional fee for service care model. Today, I work with other ACO physicians, JFK Medical Center, its care managers and after hours call center to reduce readmissions to the hospital, avoid unnecessary ED visits, and identify patients' medical issues before they become serious enough to require expensive inpatient admissions. Although it is too soon to declare this model a success, I have seen early anecdotal evidence that the ACO model is having a positive impact on the health of many of my patients.

I have been informed by Horizon that my practice will be placed in Tier 1 of the Omnia Network, but my hospital of choice to admit most of my Horizon patients, JFK Medical Center, is in Tier 2. I am very concerned that Horizon's decision not to include JFK Medical Center in Tier 1 of Omnia could have a detrimental impact on the JFK ACO and my ACO patients as the Omnia plan grows in market share. Moreover, I believe that it will be impossible for JFK to be held accountable for the care of Omnia patients in our ACO if they are incentivized to seek care at other hospitals through significant discounts in their cost-sharing obligation.

I support JFK's recommendations to require tiered network transparency and to allow any willing provider that can meet health plans' minimal qualifications for Tier 1 participation to join that tier. This would provide qualified doctors and hospitals immediate access to Tier 1, and would give others clear goals to work toward to join the tier in the future. This will allow all providers to work toward improving healthcare in New Jersey through innovative care and payment models.

Testimony before the joint meeting of the Senate Commerce Committee and Senate Health and Senior Services Committee

Ray Fredericks, President & CEO JFK Health and
Dr. Rajesh Patel, Family Practice Physician

October 5, 2015 at 10 am
State House Annex, Trenton

Good morning Chairman Gill, Chairman Vitale and members of the joint committee. I am Ray Fredericks, President and CEO of JFK Health and JFK Medical Center. Joining me today is Dr. Rajesh Patel a member of the JFK Medical Center Medical Staff and the JFK Medical Center Accountable Care Organization. We appreciate this opportunity to express our concerns with Horizon Blue Cross Blue Shield of New Jersey's Omnia health plan.

JFK Medical Center has embraced the healthcare Triple Aim: to reduce the costs of care, improve care quality and provide a good patient experience. We are a Medicare Shared Savings Program hospital, and have commercial Accountable Care Organization contracts with Horizon and Qualcare.

JFK supports the concept of tiered health plans. In fact, JFK offers a tiered network in our employee health plan and has had great success in reducing the costs of care while improving care quality by incentivizing employees to seek care at lower-cost, higher-quality providers. However, we have concerns that the Omnia's Tier One was not developed to provide value as it is described on the company's web site. If that were the case, Tier 1 would have included Middlesex County's only hospital rated "A" by the LeapFrog Group for patient safety, JFK Medical Center. The LeapFrog score is widely considered the most reliable measure of patient safety, and is used by Horizon in many of its quality-based programs, including its ACO. According to NJ Spotlight, only 36 percent of Horizon Tier 1 hospitals received an "A" from the Leapfrog Group, while 57 percent of Tier 2 hospitals received an "A" rating.

In addition, we have doubts that Tier 1 was developed to reduce costs since it does not include many of the state's lower-cost facilities. We believe that JFK Medical Center is one of the lowest cost hospitals in our region, although the confidential nature of managed care contracts and rates prohibits JFK from being able to compare its rates against other facilities. Horizon's Chief Strategy Officer, Minalkumar Patel, was quoted by Philly.com saying, "Cost was not an input" in determining Omnia Tier 1 facilities.

JFK has invested millions of dollars in our accountable care organization, and has signed a five year ACO contract with Horizon to manage patients' care under this program. The ACO incentivizes the hospital and participating physicians with bonus payments to reduce costs by avoiding unnecessary care and improving outcomes. We believe that JFK's high-quality, low cost and experience with ACOs make the hospital an ideal Tier 1 facility in the Omnia Network.

JFK recommends that the Legislature consider requiring health plans to provide transparency about the qualifications that it used to determine which providers can participate in its preferred tiers, and require that any willing provider willing to meet those qualifications be placed in the top tier. These criteria should include: minimal quality scores as measured by objective third parties like Leapfrog; reimbursement rates; and incentive payments to reward

value. The State should closely regulate these criteria to ensure that health plans do not use tiered networks to exclude small physician practices, hospitals and health systems.

Horizon has gone to great expense to convince policy makers that Omnia will have little short term impact on Tier 2 hospitals, but the fact is that healthcare planning and investment does not happen overnight. Hospitals and doctors that are left out of what we see as a promising new tool to drive change at this time will be less likely to make investments to drive change in the future. Particularly if they see this product forcing them into other business models like out-of-network care.

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Barnabas Health

MARC E. BERSON
Chairman

BARRY H. OSTROWSKY
President and Chief Executive Officer
Barnabas Health

MICHELLENE DAVIS
Executive Vice President for Corporate Affairs

October 1, 2015

The Honorable Nia H. Gill, Esq.
The Honorable Joseph F. Vitale
State House Annex
PO Box 068
Trenton, NJ 08625-0068

Dear Senator Gill and Senator Vitale,

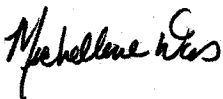
On behalf of Barry Ostrowsky, President and Chief Executive Officer of Barnabas Health, I would like to extend our appreciation to you for the invitation to present testimony at a joint meeting of the Senate Commerce and Senate Health, Human Services, and Senior Citizens Committees, scheduled for Monday, October 5, 2015, at 10:00am, regarding the recently announced OMNIA Health Alliance, formed by Horizon Blue Cross Blue Shield of New Jersey ("Horizon").

Barnabas Health believes in health care delivery models that focus on improved integration of care among all providers involved in an individual's care, aligned incentives that improve quality and reduce costs, and that are based on evidenced-based clinical models that reduce errors and unnecessary variations in care. Managed care products that reduce costs to employers and individuals must obligate everyone, including a patient, to be involved in his or her care, including decisions as to where that care should be delivered, with transparency regarding costs.

New Jersey must move forward in developing programs to truly reduce the total cost of health care as part of the nation's migration to population health management, which will likely result in the omission of some providers. Those decisions should be based upon value, quality, and cost. The current out-of-network activity in New Jersey, which results in two of the highest priced hospitals in the United States, is indicative of the lack of innovation in our state's health care delivery models, and must be addressed to reduce the high costs of health care in New Jersey. Innovative insurance products, such as the OMNIA Health Plans, are an attempt to change a very high cost structure that has minimal ties to quality or efficiency.

Barnabas Health is one of several in-network, contracted providers in the OMNIA Health Plans and cannot comment upon the specifics of Horizon's product design or its network construction. We are currently in negotiations with Horizon, a component of which is participation in the OMNIA Health Alliance. Consequently, we are unable to participate and provide testimony regarding the OMNIA Health Alliance at this time.

Sincerely,



Michellene Davis, Esq.
Executive Vice President, Corporate Affairs
Barnabas Health

INTERNATIONAL UNION OF OPERATING ENGINEERS

LOCAL 68 AND ITS BRANCHES



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West Caldwell, NJ 07006
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Fax: (973) 227-3785
Web Site: www.local68.org

BRANCH
4425 Atlantic Avenue
Atlantic City, NJ 08401
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Testimony of Assemblyman Thomas Giblin, Business Manager, Operating Engineers Local 68 Senate Joint Committee Hearing on Horizon's OMNIA Health Alliance

I thank my colleagues, Senators Vitale and Gill, as well as the rest of the members of the committees for the opportunity today to talk about something that is of the utmost importance to the men and women I represent as Business Manager of Operating Engineers Local 68: our state's healthcare system.

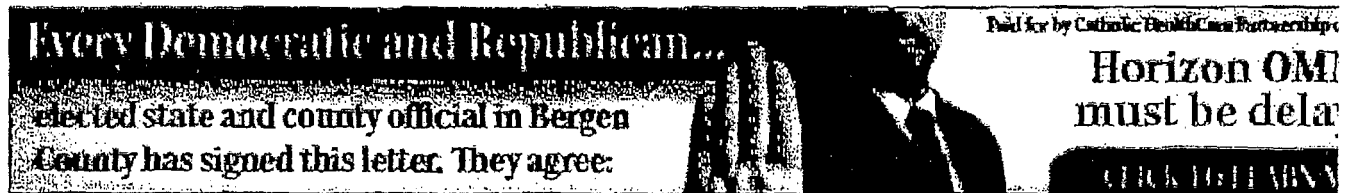
What you are seeing and hearing before you today is an idea whose time has long since come: The notion of moving this state's healthcare system from one that provides incentives for keeping patients in hospitals longer to one that rewards doctors for actually keeping people healthier. This is a common sense change. It will change the healthcare landscape in a positive way, particularly for organizations such as mine.

It cannot be stated strongly enough how the incredibly high cost of healthcare in New Jersey hinders private sector unions, like mine, and the employers we support from being competitive. Healthcare costs are one of, if not, the biggest impediment to the marketability of our members' products and services. We need a change to the status quo. We need to lower healthcare costs.

Horizon through the OMNIA Health Alliance is attempting to lower costs by working with hospitals and doctors to improve quality of care we receive. We need this type of collaboration. And their new health plans, we understand, will have lower premiums. This will give us additional, not fewer, affordable options in providing coverage for our union members.

I ask my colleagues to consider how Horizon's new Alliance and new health plans may work to lower healthcare costs to the benefit of consumers, businesses, and unions, such as mine, as you deliberate. Thank you.





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PRESS RELEASE

Position of the Union side of the State Health Benefits Plan Design Committee

By Joshua Henne | 10/05/15 8:36am

Position of the Union side of the State Health Benefits Plan Design Committee on Tiered Network Plans being developed by Horizon and AETNA

(Trenton, NJ) – Every year, the State Health Benefits Plan (SHBP) Design Committee reviews the plans that are offered to the hundreds of thousands of participants. This year, the Union side of the Plan Design Committee supported two major innovations: a) a lower cost Tiered Network, and b) an “add on” Direct Primary Care Medical Home (DPCMH) program that we designed in concert with Senate President Steve Sweeney.

Below, please find a statement from Union leaders on the SHBP Design Committee on Tiered Network Plans being developed by Horizon and Aetna. It is signed by Hetty Rosenstein (CWA), Kevin Lyons (NJPBA), Dave Jones (NJSTA), Mary Meeker (AFSCME), Patrick Nowlan, (AAUP/AFT) and Abdur Yasin (NJFMBA):

“While there may be some continued issues with Horizon about which hospitals they designated as Tier 1, we believe the program they’ve laid out will provide some of our members with the option we were looking for with a Tiered Network plan. We also note that some of the hospitals – not covered by Horizon – will be covered by the new AETNA tiered network, and we think that competition in this situation will benefit our members and the State. We never believed this was a Plan from which all of our members would benefit. However, the Tiered Network option is an important part of the package of options that the Plan Design developed, and we are anxious to implement them.

“The pilot Direct Primary Care Medical Home program that we developed with Senator Steve Sweeney, as well as a Tiered Network program, are two innovative options to provide quality healthcare while substantially reducing costs for both the public and for our members. Bidding is taking place on the

10/5/2015

Position of the Union side of the State Health Benefits Plan Design Committee | New Jersey News, Politics, Opinion, and Analysis

DCPMH program and Horizon has rolled out its OMNIA Tiered Network and AETNA is also developing a Tiered Network."

The Union side of the Plan Design Committee supported developing a Tiered Network program that would be an option for our members that would provide the following:

1. A premium savings of 25% or more over the most popular Preferred Provider Organization (PPO) plans.
2. An extensive choice of primary care physicians, including all of the physicians that will be in the pilot Direct Primary Care Medical Homes.
3. A narrower network of hospitals – called Tier 1 hospitals – where there would be no co-pays and deductibles or balanced billing, as well as provide for a second tier of hospitals that would be the same as the hospitals covered in the current PPO plans, that would have some co-pays and deductibles, but would have an Out of Pocket Maximum.
4. Provide for 100% coverage if a participant is out of state or someplace where they must receive emergency or urgent care.

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and Republican...**



223 North Van Dien Avenue
Ridgewood, NJ 07450-2736

October 2, 2015

The Honorable Joseph Vitale
Chair, Senate Health Committee
569 Rahway Avenue
Woodbridge, New Jersey 07095

The Honorable Nia Gill
Chair, State Commerce Committee
425 Bloomfield Avenue
Montclair, New Jersey 07042

Dear Senators Vitale and Gill:

On behalf of the Valley Health System, which has been serving the residents of northern New Jersey for over 60 years, I am writing to express my deep concern with the formation of Horizon Blue Cross and Blue Shield's OMNIA Health Alliance.

We recognize that healthcare is changing and we are not opposed to innovative methods for reducing the cost of care. What we do object to is the manner in which the OMNIA Alliance was formed; the selection process was directed by the state's largest insurer and shrouded in secrecy and devoid of any logical criteria for participation or exclusion.

Of the state's 8.9 million residents, 22% of them are enrolled in HMOs with Horizon controlling over 42% of the HMO market. According to the Department of Banking and Insurance, Horizon controls an overwhelming 62% of the individual market, which by all accounts is expected to grow exponentially as healthcare reform initiatives continue to evolve. This dominant insurer chose a limited number of hospitals from the 72 acute care hospitals operating in New Jersey, which greatly limits network adequacy and ultimately access to care. One of the more extreme examples involves obstetrical care where a woman may have to travel greater distances to access a Tier 1 hospital.

While Horizon justifies its selection process by touting the "quality" and "value" of its limited Alliance network, many Magnet and A rated Leapfrog hospitals, such as Valley, were excluded from the network while hospitals without these prestigious awards and distinctions were included. Even more puzzling is the exclusion of many hospitals acknowledged by Horizon's own quality recognition program just this past spring, while others not so recognized were included as Tier 1 hospitals. Given these disparities, one may infer that Horizon agreed to exclude its Alliance partners' largest competitors as a *quid pro quo* to garner concessions from Tier 1 hospitals on lower reimbursement rates in exchange for increased patients, thereby increasing its profitability as well as its already dominant market share.

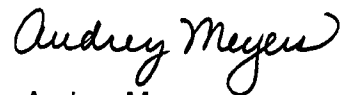
The OMNIA Alliance is bad for New Jersey consumers. It disregards the value of continuity of care and patient accountability, which are fundamental components of population health management. Through the use of significant economic incentives, OMNIA will direct volume to Tier 1 hospitals and separate patients from their trusted physicians and hospitals. This jeopardizes the health and wellbeing of New Jersey's citizens.

Another consequence of the plan is that Physicians at Tier 2 hospitals will seek privileges at Tier 1 hospitals to follow their patients. This will cause significant shifts in overall patient volume. A busy physician is not likely to care for a Horizon patient at a Tier 1 hospital and admit his or her other patients to a Tier 2 hospital. Thus, Tier 2 hospitals that have served their communities with distinction for decades will lose more than just OMNIA patients. Horizon has, in effect, selected a limited hospital network for all payers in New Jersey.

In closing, we urge you to work with the Department of Banking and Insurance to ensure a fair and transparent process that safeguards quality, access and affordable care for all New Jersey consumers. A dominant insurer should not be allowed to act in a reckless manner adversely impacting patient care throughout the state, nor should it be permitted to unilaterally decide the fate of New Jersey's hospitals by allowing certain select hospitals to dictate which of their competitors participate in preferred networks.

Thank you for your consideration.

Sincerely,



Audrey Meyers
President and CEO

Copy: Members of the Senate Health Committee
Members of the Senate Commerce Committee

Robert P. Wise
President and CEO
Hunterdon Healthcare

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Thank you to Chairs Vitale and Gill, and all committee members, for the opportunity to present this testimony on the issue of how we provide health care in New Jersey.

My name is Robert P. Wise and I have the honor of serving as President and CEO of Hunterdon Healthcare. Hunterdon, I am proud to say, has a history of taking the initiative to effectuate change. Our flagship hospital, Hunterdon Medical Center, came into existence because we were the only county in New Jersey without a hospital. Members of the community banded together and through their hard work and dedication, Hunterdon Medical Center came into existence as a comprehensive community-focused health delivery system.

Today, Hunterdon Healthcare treats over 8,600 inpatients annually, with 33,000 Emergency Department visits and over 292,000 outpatient visits per year. The 178-bed teaching hospital provides a full range of preventive, diagnostic and therapeutic inpatient and outpatient hospital and community health services. It boasts a unique equal balance of primary and specialty physicians among its 250 staff members.

Hunterdon has a long tradition of providing high value services – high quality at the best cost. Along with that tradition, we strive to help our patients and community lower the cost of their healthcare. Hunterdon Healthcare has invested in information technology, care management and alternatives to typical “sick care” services in order to achieve this result. An example of our investment includes a common and integrated medical record that allows specialists and primary care physicians to access the same patient record to improve quality and continuity of care and to allow them to avoid repetitive and costly testing. We have significant investment in a primary care network and preventive services.

Recognizing the importance of having good relationships with the insurance companies held by our residents, we foster participation in narrow networks and shared savings programs, that enable us to help our community lower the cost of healthcare. By incentivizing members to utilize Hunterdon Healthcare and partnering with payers and plan sponsors on technology, we will be able to further lower costs. This can be achieved by technologically enhanced coordination of care, greater focus on preventive services and reduction of non-medically necessary services. Products like Horizon’s OMNIA Health Alliance will accelerate delivery of patient-centered, coordinated care. By partnering to put more resources into helping our patients stay well, and coordinating and elevating the level of care when they get sick, we, along with plans like the OMNIA Health Alliance, can create a system where consumers are paying less and getting better health care quality. This is consistent with Hunterdon Healthcare’s tradition of care.



**Senate Health, Human Services & Senior Citizens Committee
Senate Commerce Committee
Joint Legislative Hearing on Horizon BCBSNJ OMNIA Health Plan
October 5, 2015**

***Richard P. Miller
President & Chief Executive Officer, Virtua***

Chairwoman Gill, Chairman Vitale and Members of the Committees:

Thank you for your leadership in conducting this hearing to get answers about how Horizon developed the OMNIA Health Alliance and the impact that it will have on our state's residents and the providers that serve their healthcare needs.

I am Richard Miller, President and CEO of Virtua, which is one of the largest health systems in the state. We offer a broad continuum of healthcare services. In fact, more people select Virtua for their care than any other hospital in South Jersey. We provide more than two million patient and customer encounters a year. So we would have appreciated it if Horizon gave us an opportunity to participate in OMNIA as a Tier 1 provider. We are greatly concerned about what this could mean to the more than 1.3 million people in our South Jersey service area.

Let me make clear at the outset – at Virtua, we fully support the transformation of our healthcare system to one that rewards all providers – hospitals, physicians and others – for delivering value and favorable outcomes for our patients. In the words of Harvard Business School Professor Michael Porter, “Value is health outcomes achieved per dollar of cost compared to peers.” (*Redefining Health Care* by Michael E. Porter and Elizabeth Olmstead Teisberg, 2006)

For more than a decade, we at Virtua have been a statewide leader with our initiatives to transform our healthcare delivery model to one that will lead the way to delivering value – providing high quality care, maintaining patient safety at an affordable cost.

True to our mission to “help people be well, get well and stay well,” we have built a system to help people lead healthier lives and avoid hospitalizations whenever possible. In fact, last year, more than 55% of our revenue came from services outside of acute care – a figure unheard of just a few years ago.

We know that new insurance products with narrow networks and tiers will become more common and, yes, we support that direction.

Horizon states that the OMNIA plans will “allow consumers to use all current network hospitals and doctors.” That’s true, but they have structured the plans with such significant patient out-of-pocket cost differentials that it will drive patients to Tier 1 providers and away from Tier 2 providers. While professing to offer access, the financial incentives will, in reality, limit access, especially in our part of the state.

Let me give you two dramatic examples about how OMNIA limits access in our region of the state.

First, let me point out a startling fact: The Horizon OMNIA plan has just one Tier 1 hospital to serve nearly one million residents of Camden and Burlington counties.

There are no Tier 1 hospitals in Burlington County, the state’s largest county by area. There is only one Tier 1 hospital in Camden County. For the rest of the state, on average, there is one Tier 1 hospital for every 200,000 people. Isn’t there something wrong with this picture? Even Horizon’s own map of Tier 1 providers reveals this huge, gaping geographic hole in our part of the state.

Another startling fact: Together, Burlington and Mercer counties have no Tier 1 hospitals that provide maternity services. Under this plan, a woman – and her family – residing in Burlington County would have to travel 40 to 50 minutes out of their home county to the City of Camden or to the Township of Plainsboro in Middlesex County to use a Tier 1 hospital.

Not only is that an unreasonable amount of time when a patient is in labor, but also during the entire course of her pregnancy, a woman typically travels frequently to her hospital and her physician for check-ups, diagnostic tests and childbirth classes.

Virtua delivers more than 8,000 babies a year at its Mt. Holly and Voorhees hospitals. At Virtua Memorial, we are a state-designated Level 2 Maternity Service. At Virtua Voorhees, we are designated as a Regional Perinatal Center with a Neonatal Intensive Care Unit. But Horizon did not talk to us about OMNIA.

Horizon has exceptional responsibilities to New Jersey and its residents as the leading health services corporation covering nearly half of all residents. That's all the more reason that transparency about the OMNIA family of insurance products is essential.

Why not us?

We were surprised when Horizon suddenly launched OMNIA, especially since we have enjoyed an excellent relationship with Horizon for a number of years.

We have looked closely at the criteria that Horizon has said it used to select OMNIA providers that covers clinical quality, commitment to value-based care, consumer preference, and the system's size and scale across the continuum of care. We believe that we measure up.

In the interest of time, I'll touch on a few points related to these criteria.

Virtua has about 55,000 lives in some form of care coordination program. We participate in Horizon's Patient Centered Medical Home program – ours is Horizon's largest program in the area of Burlington and Camden Counties. Virtua has 13,000 Horizon members, adults and children, cared for by Virtua Medical Group primary care physicians. In fact, Horizon has rewarded us for achieving quality measure targets each program year.

In July, Horizon executives presented Virtua with quality awards for the performance of our three acute care hospitals in the areas of patient safety, quality and cost-of-care measures.

Leapfrog is a highly respected national organization that rates hospitals on a number of metrics. Virtua's three hospitals have all earned Leapfrog "A" scores, with our Voorhees hospital rated by Leapfrog as one of the top seven percent of hospitals in the country.

In other ways, Virtua has demonstrated its commitment to and capabilities in value-based approaches to providing and coordinating care.

- We formed and operate a Medicare ACO, VirtuaCare.
- And we participate in the CMS joint replacement bundling demonstration project.
- Virtua employs 22 community-based care managers who work with our patients, physicians and community providers.
- Over the past 10 years, Virtua has invested close to \$200 million in health information technologies, electronic medical records and communications.
- For more than 10 years, Virtua has been a leader in our state in deploying a range of telemedicine technologies.

Speaking to consumer preference, quite simply, more people select Virtua for their care than any other hospital in South Jersey.

In regard to our size and scale, we provide a broad continuum of healthcare services from health and wellness services, to primary and specialty physicians through to long-term care and rehabilitation centers and a home care program. I refer you to my written statement for more details about the breadth and depth of our services.

In conclusion, our chief concern is that the way Horizon created the OMNIA Health Alliance will adversely impact NJ residents' access to high quality, affordable healthcare, particularly from the hospitals and physicians that Horizon did not include in Tier 1 in this plan.

Thank you.

ADDENDUM: About Virtua

As one of New Jersey's largest health systems, Virtua helps people be well, get well and stay well through a comprehensive range of health care services. Services are delivered through three health and wellness centers, two major ambulatory care centers, three fitness centers, three acute care hospitals, primary and specialty physician practices with 287 physicians plus 87 additional practitioners, three urgent care centers, 11 ambulatory surgery centers, home health services, two long-term care and rehabilitation centers, 12 paramedic units and a wide range of outpatient services.

A leader in maternal and child health services, Virtua delivers more than 8,000 babies a year. Virtua also provides employment and wellness services to 1,700 businesses and corporations.

An innovator in clinical and information technology such as electronic medical records, Virtua is recognized for its groundbreaking partnerships with GE Healthcare and Children's Hospital of Philadelphia (CHOP).

Virtua employs more than 8,700 people and has been honored as the #1 Best Place to Work in the Delaware Valley every year since 2007. It is the recipient of the Consumer Choice Award from the National Research Corporation. For more information, visit www.virtua.org or www.virtuabroadcastnetwork.org.



David Bollard, DO
President Premier Health Associates
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is David Bollard, DO. I am the managing partner for Premier Health Associates, one of NJ's leading primary care focused medical groups. Premier Health has been a member of Horizon's Patient-Centered Medical Home program for the past three years. It has been our goal, in this program, to both increase the quality of care our patients receive while controlling the ever-increasing costs for our patients to receive that care. We have found that much of that cost of care has little to do with the quality of care the patients receive but more of where that care was provided.

Over the past several weeks Horizon BCBSNJ has come under fire for their alliance with several leading health systems to create a new system of delivery designed to lower cost while rewarding the system for improving the quality of care patients receive. A crucial aspect of this is to reward patients for choosing a higher quality lower cost system with a tiered premium plan. The patient is rewarded for choosing a higher quality lower cost system with savings in premiums and or copays.

I personally applaud Horizon BCBSNJ for continued leadership in improving the health care delivery for our patients in the state. Premier Health is dedicated to working with Horizon to improve quality and lower cost. We are dedicated to having our patients receive the right care, at the right time, in the right place. This is something all physicians in the state should support.

Premier Health is working with Horizon to create a sustainable model that rewards the extra time and effort needed to lower our patient's costs. We believe care coordination, patient centered medical homes, best practices, transitional care, evidence-based outcomes, and rewarding the provider(s) who do the work is crucial; and with Horizon we have had a partner who believes the same.

We strongly support the OMNIA health initiative, not because it will be an end all cure to our current system of growing costs at costlier places of service, rather because it is a bold start to reward quality over mass quantity.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Bollard', is written over a light blue horizontal line.

David Bollard, DO
President Premier Health Associates
Sussex County, NJ



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Desmond Slattery
Legislative Chairperson
NJ Association of Health Underwriters
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Chairman Vitale, Chairwoman Gill and members of the committees, thank you for the opportunity to submit this written testimony for today's hearing.

My name is Desmond Slattery and I am the Legislative Chairperson for the NJ Association of Health Underwriters. NJAHU is a statewide consumer advocacy organization of health insurance professionals who work to improve our members' ability to provide affordable and accessible health insurance to all New Jersey residents through education, legislative advocacy and professional development. We are staunch advocates for individual and business consumers dedicated to educating employers and individuals about plan choices best suited for their needs along with marketplace, legislative and regulatory issues affecting them.

As you all know New Jersey has some of the highest health care costs in the country. Deductibles, co-pays, co-insurance, premiums, and out-of-pocket costs continue to increase at a level that is unsustainable. This is a national problem, but it is even more acute here in New Jersey. All of this despite the quality of care rankings being just average.

NJAHU welcomes any insurance carrier initiative to address these concerns. Many of the carriers have tiered their provider networks in the past in an effort to offer lower cost health care alternatives and those products either succeeded or not on their own merit. We embrace these efforts.

Recently Horizon Blue Cross Blue Shield of New Jersey announced that they have created the Omnia Health Alliance, a statewide network of high value providers within their entire current network. Consumers and businesses that choose this optional plan will have the opportunity to have lower premiums and out-of-pocket costs while still being able to utilize the entire network of BCBS providers. In addition to this new option, consumers and small businesses can continue to offer the other BCBS plans

currently available. NJAHU members and the entire broker community work closely with consumers and small business owners to make sure that the plans being offered address the client's needs in terms of plan design/networks and cost. This is whether it is a BCBS plan or from another carrier such as Aetna, Oxford, United Healthcare, Cigna, Amerihealth, Health Republic, or Qualcare. I apologize to any carrier I might have left out!

NJAHU applauds Horizon (as we would with any of the aforementioned carriers) on this initiative and hopes that this new program succeeds in lowering costs while increasing quality.



CARING FOR YOU AND YOUR FAMILY

Comprehensive Family Medicine, PA

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Eric Brezina, DO
Comprehensive Family Medicine, PA
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

Improved quality of care. Enhanced patient experience. Lower total cost of care. This is what Horizon Blue Cross Blue Shield of New Jersey is trying to achieve for New Jersey residents with the launch of the OMNIA Health Alliance. And they're collaborating with several leading health systems and physicians throughout the state to do this through value-based, patient-centered care → a concept they have already enjoyed success with through their existing Patient-Centered Medical Home, Accountable Care Organization and Episode of Care models.

This should be an encouraging development towards improving a reeling health care system in New Jersey, where costs are rising at a rate that far exceeds inflation, while the quality of the care our residents receive fails to measure up to those costs. We should be embracing Horizon's vision to further its move towards more *value*-based purchasing and away from *volume*-based fee for service payments.

As a physician who has been part of Horizon's efforts to move the needle towards value-based care, I have seen firsthand how their patient-centered programs have led to improvements in the way care is being delivered in New Jersey. Patients participating in these programs are getting healthier, while their costs are getting lower. The data doesn't lie.

Unfortunately, Horizon has come under fire for the OMNIA Health Alliance and its new line of OMNIA products, as fears that its new products' tiered networks will limit access to the lowest cost health care professionals in their networks. I hope that those who are criticizing Horizon's efforts will take the time to learn more about how the tiered networks actually provide more options to lower-cost, high-quality care before condoning the OMNIA Health Alliance as anything less than an effort to transform health care in New Jersey for the benefit of all of the state's residents.

I have seen how Horizon's patient-centered care models can effectively improve the quality of care, enhance the patient's experience and lower the total cost of care, and strongly support their efforts to make this model of care more widespread and accessible. Their new OMNIA health plans may not be right for everyone, but they are furthering a much-needed effort to improve the way health care is delivered and paid for in New Jersey.

Sincerely,

Eric Brezina, DO



Jeffrey Scheininger
President
Flexline Inc.

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I thank Chairman Vitale, Chairwoman Gill and members of the committees for the opportunity to submit this written testimony for today's hearing.

My name is Jeffrey Scheininger. I am president of Flexline Incorporated of Kenilworth, New Jersey -- a 65-year-old small manufacturing company. I previously served as chairman of the New Jersey Chamber of Commerce and as Chairman of the Platform for Progress Healthcare Reform Initiative.

For several weeks, I have followed closely the debate over an innovative collaboration for health care delivery involving Horizon BCBSNJ and a number of our state's leading health systems. My understanding is Horizon plans to give consumers, including businesses like mine, new choices for lower premium health plans in addition to their current broad selection of other products. This appears to me to be the rare occasion where price, choice and quality are offered in our health care delivery system. I applaud their efforts.

I have a first-hand understanding of how rising health care costs burden businesses and their employees. My insurance premiums have soared and the Affordable Care Act has accelerated those increases. Health insurance is now one of my top three total expenditures each year.

Much of the conversation around the new delivery mechanism for the OMNIA Health Alliance is missing the voices of business owners and consumers who have been struggling to pay the constant increases in premiums. Let me tell you, the current increases are unsustainable.

Although I pay 100 percent of my workers' coverage, many of my employees don't go to the doctor. They fear hidden costs and the never-ending stream of bills that come with any doctor's visit. It's clear the current fee-for-service health care system is not working, even for folks that have insurance.

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Each year one of the worst days of my work year is the day that my renewal comes and I realize that I cannot afford to continue our current plan and have to frantically work to find coverage we can afford. No wonder only 44 percent of employers with three to nine workers provide health insurance, down from 52 percent more than a decade ago.

Criticism of Horizon's strategy to provide consumers more choices and lower costs by working in close collaboration with providers of healthcare by paying for the quality, not the quantity, of care delivered, is wrong. Horizon is trying to do what most health care policy experts have said is needed. What Senator Kennedy said was needed. And what the President has said is needed. Much of the furor over Horizon's plan to offer new plans seems directed at tiered networks. This makes no sense.

Tiered networks are not new. Tiered networks and have been operating in New Jersey and around the country for several years. They're familiar to businesses; they're familiar to consumers and they're familiar to the doctors and hospitals that have operated successfully within them for several years.

Every business owner I know is looking for more options for more access to quality affordable health insurance. Criticizing Horizon for its leadership in confronting New Jersey's healthcare cost problem, before it has even unveiled its new, lower-premium health plans, seems unreasonable to me. Horizon's new program might not work for everyone, but having more affordable choices is a great thing particularly if the new plans increase choice, deliver sustainable lower cost plans and make my employees healthier.

Thank you for your consideration.



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TOWNSHIP OF PISCATAWAY

Testimony of Jim Hercek, Human Resource Manager, Piscataway Township
Senate Joint Committee Hearing on Horizon's OMNIA Health Alliance

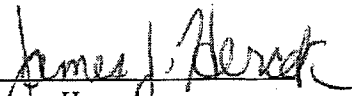
Chairman Vitale, Chairwoman Gill and members of the committees, thank you for the opportunity to submit this written testimony for today's hearing.

My name is Jim Hercek, and I serve as the Human Resource Manager for Piscataway Township. Piscataway, even with Rutgers, is a town of little less than 60,000 hard working people in Middlesex County. It is like many towns across New Jersey in its make up, its character, and its charm. Like many other towns, it has also struggled with how to pay for increasing health care costs, whether it be for Township employees or the families that must deal with increasing costs in the private sector.

As the human resource manager for the town, I see every day the impact healthcare costs have. The costs of providing care take up a significant amount of township resources. This forces towns like Piscataway – and others – to make difficult choices between providing adequate healthcare for our employees, making cuts in services, or raising revenues.

These choices are not pleasant and they have real impacts. What is even more unfortunate is that the system that forces these kinds of decisions has remained largely unchanged. As long as that is the case, health care costs will continue to rise and force towns to make difficult decisions.

What is being discussed before the committee today is a possible first step in creating a solution to this problem. Horizon Blue Cross Blue Shield is proposing new health plans with tiered networks, which means lower costs for seeking value-based care. Actually paying for the care that meets the best quality metrics, rather than just the amount of care, can be a game changer for towns and residents across New Jersey. Not only will it mean better care for our employees, it will help towns control the costs of healthcare and reduce the pain of having to make difficult budgetary decisions. I support Horizon in their efforts and thank them for their innovation.


James Hercek
H.R. Manager
Piscataway Township



Statement on behalf of Inspira Health Network

Monday, October 5, 2015

Submitted by: John DiAngelo, Inspira Health Network President and CEO

Horizon's OMNIA Health Alliance Will Enhance Care and Lower Costs

Inspira Health Network recently announced its participation in Horizon's new OMNIA Health Alliance. I would like to share with you how I believe it will benefit our neighbors and enhance health care here in South Jersey and across our state.

For families in New Jersey, the OMNIA Health Alliance will result in new, lower premium health insurance options this fall that will help to improve the quality and lower the cost of the health care that they receive in their communities. That's why Inspira decided to participate as a provider in the OMNIA Health Alliance.

A goal shared by all in the state is to move New Jersey away from the traditional fee-for-service health care system that cares for patients after they become sick. For years, health systems like Inspira and the physicians that work with them have been paid for the amount of services they provide to patients.

To put it into context here in our state, New Jersey has the fourth highest health care costs in the nation. This is unsustainable for consumers and employers and demands the need for change. Nearly all health care policy experts and economists agree that fee-for-service health care drives costs higher and does little to improve the quality of care.

The OMNIA Health Alliance is dedicated to changing the health care system by developing new approaches to keep individuals healthy. Additionally, health care consumers will benefit from increased population health management and more integrated, coordinated care that rewards better health outcomes.

In other words, health care providers will be rewarded for providing the best possible outcomes and keeping their patients healthy. And when hospitals and doctors focus on the value, not the volume, of health care provided, our patients will benefit by receiving higher quality care, a better patient experience, and lower costs.

At Inspira, we already have experience providing this type of population health care in our community. In fact, we're operating a model of care in our primary care offices called a patient-centered medical home for Medicare patients. This program is effectively managing a large population of our patients in the region by focusing on wellness and the proactive management of chronic disease. We're seeing very positive results from these efforts, especially in our ability to reduce our patients' re-admissions to our hospitals, a major factor in improving the overall health of our neighbors.

I believe our participation in the OMNIA Health Alliance will offer us an even greater opportunity to change how we provide health care to our patients for the better. And by working with Horizon, Inspira will be able to keep more individuals healthy by expanding our population health programs to improve the health and quality of life of many chronically ill patients.

Some people have expressed concern that they will be forced to switch their coverage to the new products that will soon be offered. That is not the case. The health plans are simply other health insurance options for consumers to consider. I am encouraging everyone to take a look at the new OMNIA plans when they are released this fall because they could offer significant out-of-pocket savings.

I'm excited that Inspira will be a part of the OMNIA Health Alliance because it will help us to provide even more coordinated care for our patients. We know that this results in better quality and better outcomes for everyone. Ultimately, everyone will benefit because coordinated care lowers costs and the out-of-pocket health care costs that consumers pay.

And what's more, Inspira will provide this care directly to our community in southern New Jersey. Our patients can rest assured that they are receiving care from a strong network in their neighborhood that they can trust. For us at Inspira, this is one more way we can support our mission of providing the best possible care for our patients in every setting throughout our network.

John DiAngelo
Inspira Health Network President and CEO



MARC FEINGOLD, MD
— WELLNESS FOCUSED PRIMARY CARE —

Marc Feingold, MD
Marc Feingold MD LLC
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is Dr. Marc Feingold of Marc Feingold MD LLC. I have been part of Horizon Blue Cross Blue Shield of New Jersey's Patient-Centered Medical Home program since January 2013. This program presents the tools and resources needed to focus on the care of each patient.

I am writing to share my support of the innovative change to our state's health care system that Horizon BCBSNJ and several leading health systems and physicians throughout the state have proposed with the launch of the OMNIA Health Alliance, and Horizon's introduction of its new OMNIA Health Plans.

As a primary care physician, I recognize the health care system needs change. Because of the current system, many practices focus on seeing as many patients as they can, rather than looking at the broader picture and taking time with each patient. The days of going to the doctor only when you are sick can't continue. I have seen firsthand how the shift to value-based, patient-centered care can improve the quality of the care we provide, enhance the patient's experience, and lower the total cost of care for everyone involved.

With Horizon BCBSNJ's support, primary care practices throughout New Jersey are transforming the care model to focus on patients getting and staying healthy. Horizon BCBSNJ has helped many practices throughout New Jersey concentrate on population health and patient engagement, and improve their practices' use of data and technology. My peers with Horizon BCBSNJ have created the foundation of a sustainable model that rewards value. We are also sharing in the development of population health management and strengthening care coordination through the sharing of data, technology and expertise.

I commend Horizon BCBSNJ on its focus to expand patient-centered care beyond Accountable Care Organizations, Patient-Centered Medical Home and Episode of Care models.

We remain committed to working with Horizon BCBSNJ to improve the health care system of New Jersey. The next step in this transformation is the OMNIA Health Alliance. The OMNIA Health Plans provide consumers with a value-based, tiered network that allows patients to achieve lower costs without limiting access. That will mean lower costs for patients with a greater focus on the quality of care provided.

The OMNIA Health Plans are proof that Horizon BCBSNJ is collaborating with doctors, hospitals and other health care leaders to create a health care system in New Jersey that achieves better health outcomes, a better patient experience and a lower cost of care.

I fully support Horizon BCBSNJ's efforts to move toward bringing a patient-centered care approach to New Jersey through the OMNIA health plans.

Sincerely,

Marc Feingold, MD



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Family and Internal Medicine

Marc Mayer, DO Mitchell F. Mayer, DO Neil Perilstein, MD Joseph Riggi, DO Alicia S. Lubin-Baskin, D.O.
Joann Colbert, PA-C Marina Grundman, PA-C Kristina Mancini, PA-C

Specialists:

Anjun Tanwir, MD; Khalil A. Kaid, MD – Cardiology Mayank D. Patel, MD – Gastroenterology David M. Feingold, DPM – Podiatry
Nicolai Markov, DO – Surgery Sang Ho Song, DO – Physical Medicine and Rehabilitation Aftab Husain, MD – Urology
Robert Czyzewski, MD – Nephrology Rebecca Metz, M.D - Gynecology

Marc Mayer, DO
Avenel Iselin Medical
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senator Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is Marc Mayer, D.O., and I am the owner within a Patient-Centered Medical Home (PCMH) practice that participates with Horizon Blue Cross Blue Shield of New Jersey. I am writing to share my support of the innovative change to our state's health care system that Horizon BCBSNJ and several leading health systems throughout the state have proposed with the launch of the OMNIA Health Alliance, and Horizon's introduction of its new OMNIA products.

I understand the need to address the rising costs of health care in our state for consumers and employers alike, and the tremendous challenge this represents. For this reason, I felt compelled to share my experiences with Horizon BCBSNJ in its attempt over the past several years to find solutions that transform how health care is delivered and paid for in New Jersey. Having owned within a participating PCMH for the past 6 years, I have seen firsthand how the shift to value-based, patient-centered care can improve the quality of the care we provide, enhance the patient's experience throughout the course of that care, and lower the total cost of care for everyone involved.

Horizon BCBSNJ has been instrumental in helping practices like ours across the state make the transition to a patient-centered program, like a PCMH, or an Accountable Care Organization. And the results of these programs speak for themselves. Horizon BCBSNJ members who are taking part in these programs are less likely to go an Emergency Room or be admitted to a hospital; are seeing improvements in the management of their chronic conditions; and are seeing their costs go down as a result.

The success of Horizon BCBSNJ's patient-centered practices enables the transition of our health care system from one where doctors and hospitals are paid for every service they provide, regardless of the outcomes, to a system where they are rewarded for the quality of care their patients receive. And it's helping to drive down costs for everyone, which is something everyone can agree is a result that is long overdue in New Jersey.

Much of the criticism I've seen about the new OMNIA plans is focused on the tiering of the doctors and hospitals. However, by offering products with tiered networks (as opposed to "narrow networks"), it occurs to me that Horizon is offering its members new cost-saving options that not only **don't** impact their current level of access to care, but also provide them with an incentive to become part of one these highly successful patient-centered programs. How can that be a bad thing?

I applaud Horizon BCBSNJ and the leading health systems they are collaborating with as part of the OMNIA Health Alliance, and am encouraged by the launch of the new OMNIA products. While I understand that these new plans may not work for everyone, I believe they will represent a giant breath of fresh air for many New Jersey residents, and at the very least, are a much-needed step in the right direction.

Sincerely,

Maria Mayrhofer

Meetinghouse Family Physicians



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Ronaldo deGuzman DO, A.O.B.F.P.
Farah Roomi, MD, A.B.F.P.

Sloan A. Robinson MD, A.B.F.P., A.B.G.M.
Ronaldo deGuzman DO, A.O.B.F.P.
Farah Roomi, MD A.B.F.P.
Meetinghouse Family Physicians
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

We would like to thank Senators Vitale and Gill and the members of both committees for allowing us to submit this testimony.

As a member of New Jersey's health care community, our practice has been following the recent media coverage, and subsequent political outcry, surrounding the launch of the OMNIA Health Alliance – which our state's largest health insurer, Horizon Blue Cross Blue Shield of New Jersey, described as an innovative collaboration between Horizon BCBSNJ and leading hospital and doctor groups around the state to provide a groundbreaking model of patient-centered, value-based care.

We are intrigued by the promise of such an initiative, and look forward to learning more about how this dramatic shift to the way health care is delivered and paid for in New Jersey would help lower costs for our residents, while improving the quality of the care they would receive. As those who are dedicated to providing patients with the health care they need in the most compassionate and financially responsible way we can, we were excited to learn that Horizon BCBSNJ was launching an effort to make this type of care more widespread and rewarding.

As practice/owners of a Patient-Centered Medical Home (PCMH) that participates with Horizon BCBSNJ, we have seen firsthand how their patient-centered programs can deliver on what they promise – better quality care, an improved patient experience and lower overall costs of care. Horizon's patient-centered programs have grown substantially over the past few years throughout the state, and the results speak for themselves. Patients enrolled in these programs are getting healthier, are spending less time in hospitals and Emergency Rooms, and are paying less for their care.

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Ronaldo deGuzman DO, A.O.B.F.P.
Farah Roomi, MD, A.B.F.P.

To our practice, this was all the more reason to embrace the level of enthusiasm Horizon had in launching this new alliance, as well as a new suite of tiered products that encourage people to take advantage of the improvements in care that come with these patient-centered programs.

Unfortunately, in the days following the launch of the OMNIA Health Alliance, the narrative of the story has changed, with politicians and others questioning Horizon BCBSNJ's true motives in launching these new plans. While we respect the need to have an open dialogue around the overall impact of the Alliance and the OMNIA products, we are hopeful that the parties involved enter these conversations with only the best of intentions, and with what's best for New Jersey's residents in mind.

Based on the positive results we have seen with patient-centered care over the past several years, as well as our practice's long-standing, successful relationship with Horizon, we support Horizon BCBSNJ with this important initiative. We believe that encouraging patient-centered care is the right path to address a struggling health care system, and that Horizon BCBSNJ, our state's largest insurer, is the right company to lead the way.

Sincerely,

Sloan A. Robinson, MD

Ronaldo deGuzman, DO

Farah Roomi, MD

Farah Roomi, MD



Michael J. Vostenak, SPHR

Senior Director, Radwell Human Resources
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October 2, 2015

Attention: Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

My name is Michael Vostenak. I have over 25 years of HR and benefits experience. Currently, I am the Senior Director of Human Resources for Radwell International, Inc. In my role, I see first-hand how rising health care costs impacts our business, our employees and their families.

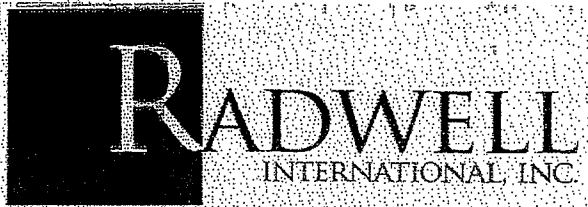
New Jersey has some of the highest health care costs in the nation, yet the quality of our care is rated significantly lower than many other states. Health care inflation continues to outpace overall inflation and we need to adopt a more successful and aggressive approaches to help fix the problem and bring New Jersey more in line with industry norms.

Here at Radwell, we are constantly evaluating strategic options to help control health care spend. Each year the time we dedicate reviewing claims information, administration costs, wellness options and plan design changes has increased and become much more challenging and difficult to navigate and comprehend. One strategy we are considering for our next renewal is Horizon's new OMNIA Health Alliance. This would allow us to pay providers for quality of care as opposed to just paying for each and every service. Then we will be able to rely and have confidence, once again, on doctors making sound medical decisions for their patients and not financial decisions. We also feel this makes good business sense and is an excellent approach to help control costs and improve the quality of care here in New Jersey. My understanding is that many other states as well as Medicare and Medicaid have adopted similar strategies; the initial numbers seem to be very encouraging.

Part of Radwell International's Mission Statement is to "develop products and services that lead in the marketplace" and to "use customer input to drive our products and services." This is central to how Radwell International does business, and, I believe, will align well with what Horizon is doing by launching their new health alliance with OMNIA for 2016. I support Horizon BCBSNJ's efforts to transform the quality of our health care here in New Jersey.

The landscape of the health insurance industry has changed significantly during my 25 years in Human Resources, but most dramatically during the last 6 years. The obstacles that businesses have to overcome with the Affordable Care Act are potentially crippling. The costs associated with ACA, which eventually get passed down to employees is staggering and not to mention the new reporting requirements is overwhelming and extremely confusing to employers.

Enough is enough. Business owners need health plan options that control costs and incent providers to encourage our employees and their families to lead healthy and productive lifestyles and to make smart



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healthcare choices. Instead of companies watering down benefits and increasing employee contributions as a strategy to control costs, we need to take control back of the healthcare in this state and country and give companies and their employee's healthcare options that they expect and deserve.

That's why we feel that Horizon's collaboration with providers is a step in the right direction leading us to more affordable and better quality health insurance.

Respectfully,

A handwritten signature in black ink, appearing to be 'M. Vostenak', written over a horizontal line.

Michael J. Vostenak
Sr. Director, Human Resources



Hackensack
University Health Network

Robert C. Garrett
President and Chief Executive Officer

Robert C. Garrett
President and CEO
Hackensack University Health Network
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

October 5, 2015

This testimony is submitted with thanks and appreciation to Senators Vitale, Gill, and the members of the joint committee.

Hackensack University Health Network strives to provide quality care to those we serve. We have 1,717 beds, nearly 11,000 employees and more than 3,300 credentialed medical staff members, making us one of the largest healthcare systems in New Jersey. This is not something we take lightly. We understand that we have a responsibility to always be working at and striving towards the best possible ways to provide patients the services they need. This includes examining new and creative ways to keep people healthy and to provide coordinated, cost effective care when they are sick.

Our desire to think outside the box and create new, positive outcomes is what drove us to participating in the OMNIA Health Alliance. The OMNIA Health Alliance will serve a guiding example of how doctors, hospitals and health insurers can work together to improve the quality of care and make care more cost effective. These tiered network plans are becoming common around the nation.

This change has been in the making for some time. The idea of moving toward patient-centered care has seen momentum across the country and Horizon has lead these efforts as an insurer in New Jersey. We appreciate Horizon taking the initiative to change the system and are proud to have partnered with them to begin a new chapter in this transformation.

Hackensack University Health Network's vision is clear: to take our place as a leading force in healthcare research and discovery, offering our patients and communities unparalleled advances in medicine, surgery, health promotion and illness prevention. We believe joining the OMNIA Health Alliance will help us achieve these goals and to the betterment of the people we serve.

Testimony of Robert Goodman
6 Oak Tree Court
Westampton, New Jersey 08060
609-636-9584

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

My name is Robert Goodman and I reside in Burlington County. I am submitting this testimony to the New Jersey State Senate because I feel the ability to pay for healthcare in this state is becoming increasingly difficult for middle class people like me.

New Jersey is a high cost of living state, that is no secret but I feel that many people have just shrugged their shoulders at this thought and figure there is no way to actually lower health care costs. I don't believe this is true. We must do something about health care costs and do it now. I think Horizon is trying to help make this change.

Like many people in New Jersey, we work hard to provide for our family. Every day, however, this becomes more difficult, because health care costs just keep going up. This forces families like mine and many others to make difficult decisions. Do we go to the doctor if we are not feeling well? Or does the cost of doing so make us think twice and stay home? If we stay home, are we going to get sicker and eventually have to deal with even higher health care costs due to an illness?

These are not hypothetical situations. These are real problems that families have to deal with all the time. We are not statistics, but proof that the current system does not work as well as it could.

As a Horizon Blue Cross Blue Shield of New Jersey customer, I am thankful that they will introduce new plans that will make it less expensive for me and my family to seek the care we need. Sometimes things seem too good to be true, this is not one of those times. I don't know if these new plans will work for me, but I am thankful that I will have a choice that might allow my family to spend less money on health care.

I think we should be encouraging Horizon's efforts in trying to lower the cost of health care for middle class families like mine. The Legislature should also be encouraging more of this kind of thinking.

Sarah Charrier
1554 Thornwood Drive
Mount Laurel, New Jersey 08054
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Good day to the chairs and members of the Senate Health, Human Services and Senior Citizens and Senate Commerce Committees.

In a recent story by the *Burlington County Times*, I was taken aback to read that members of the Legislature want to, quote, "delay the sale of new lower-cost health plans that reward consumers who use select doctors and hospitals." I fail to understand why any legislator would want to delay the availability of a plan that would offer lower premiums and lower out of pocket costs, while letting consumers pick a doctor who will do a more coordinated job with managing a patient's medical care. What am I missing?

Over the last few years, I have seen my health insurance premiums rise by hundreds of dollars per month. On top of these ridiculously high premiums, the amount I have had to pay to just meet my deductible has grown substantially. These expenses are already more than I can afford and I fear what may lurk around the corner when health coverage costs completely overwhelm household budgets. How will we be able to afford care to stay healthy or undergo a procedure that we may need to save our lives?

We literally cannot afford to delay some relief from high health insurance costs, and there is no reason why we should have to wait. I look forward to having the option to enroll in an OMNIA Alliance health plan.

Thank you.



Steve Kalafer

Chairman of the Flemington Car and Truck Country Family of Dealerships and the Somerset Patriots

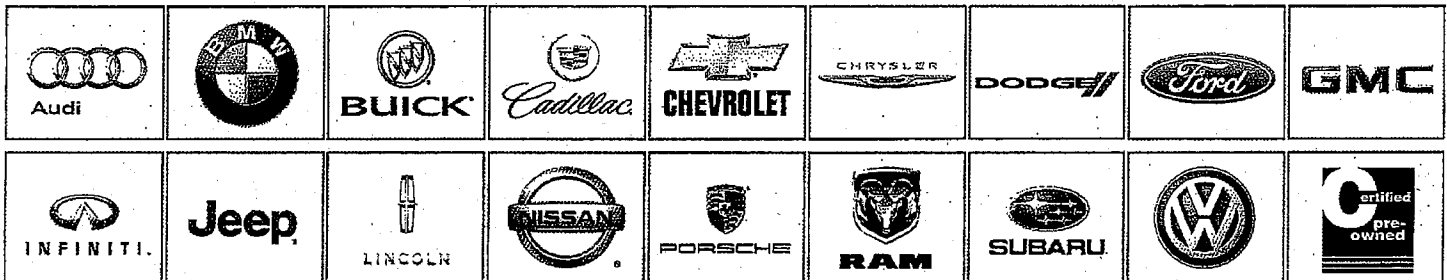
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

October 5, 2015

I thank Chairman Vitale, Chairwoman Gill and members of the committees for the opportunity to submit this written testimony for today's hearing.

As the CEO of a successful business that is in its 40th year of serving New Jersey, we have firsthand experience with the burden rising health care costs can place on a business and its employees. Health care costs continue to grow faster than inflation and make up other than personal expense, the largest portions of the annual budget of our business. For my company, providing health care for our employees continues to be a crushing burden and we are always looking for ways to provide our employees with access to quality, affordable health care.

I support Horizon Blue Cross Blue Shield of New Jersey in its effort to shift the paradigm and to advocate for value-based care. Their decision to collaborate with doctors and hospitals across New Jersey should be one that is applauded. Our state is among the highest in terms of health care costs, but we have historically fallen short when it comes to the quality of care our residents receive. As a business owner, we often provide feedback to Horizon about what we need for my employees – new and innovative models of care that can give my employees the quality care they need, but at a reasonable price.



Page 2

October 5, 2015

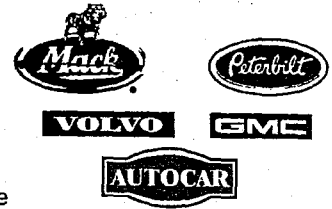
Horizon Blue Cross Blue Shield

What Horizon has managed to do is to get doctors and hospitals to be accountable for quality by improving health care in New Jersey. They are providing consumers with health care options that cost less and give them the power to save even more if they are proactive in managing the care they receive. We need everyone in the health care system to do their part if we are ever to achieve positive and sustainable change.

Horizon's goal of paying for the quality, not quantity of care provided makes sense to me as a business owner. It makes sense to me as an individual consumer. We can have better quality care that keeps me and my employees healthy at a lower cost. We have choices and we trust a company like Horizon who has been a part of New Jersey for more than 83 years. No other insurer is an integral part of our community, serving generations of families and businesses. No other insurer is New Jersey.

We are disappointed to see the criticism being leveled against a company who seems committed to making our state's health care system better. We urge legislators to step back and examine the facts before rushing to judgment and standing in the way of new ideas and action. It's clear what we currently have in New Jersey is broken. Let's try to work together to fix it for our employees or we will all continue paying for the status quo.

CAMBRIA AUTOMOTIVE COMPANIES, INC.



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(732) 491-2152 Sales Fax
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Tara Cambria
Cambria Automotive Companies
Senate Health, Human Services & Senior Citizens and Senate Commerce Committees
October 5, 2015

Senators Gill and Vitale and members of the joint Senate Committee, thank you for allowing me to express my views of the OMNIA Health Alliance and the Alliance-related products to be offered by Horizon Blue Cross Blue Shield of New Jersey for businesses and consumers.

My name is Tara Cambria, and I am the owner of Cambria Automotive companies, with locations in Edison and Elizabeth. My company's roots date back to 1923, and we are family owned and operated.

We are living in the Affordable Care Act era, but health care remains anything but affordable – to both workers and the businesses that employ them. As the owner of a small business in New Jersey, I can personally attest to the difficulty -- if not the economic impossibility – that many businesses face with offering their workers' health care coverage.

The Kaiser Family Foundation recently offered some sobering insights about where this costs crisis is headed with the release of its 2015 Employers Health Benefits Survey. The survey revealed that average premiums rose four percent for employer-sponsored health insurance in the last year. That pace sharply contrasts with the rate of general inflation, which dipped by 0.2 percent during the survey period, and with the pace of wage growth, which rose by only 1.9 percent. In short, health care costs are throwing any wages increases for employees right under the bus, or if you're in my business, beneath the tractor trailer.

The better news, according to Kaiser, is that the employers that could afford to offer health care coverage are still paying a large chunk of their workers' premiums, shouldering more than \$5,000 for a single plan and in excess of \$12,500 for a family plan. Employers need to continue to do this. Offering a health benefits plan is not only a key differentiator as a recruitment tool, it's simply the right thing to do for employees and their families.

Unfortunately, as health care costs continue their upward spiral – now close to \$3 trillion per year in the aggregate for the U.S. – businesses' ability to absorb increases will continue to erode. The unavoidable consequences of this trend include businesses' continued shift of more health care costs to overburdened employees or businesses' losing their capacity to offer insurance altogether.

It shouldn't take a radical transformation of the health care delivery system to bring down costs and make coverage more affordable – just some real leadership.

The OMNIA Alliance seems to be a genuine effort in this direction. Bringing hospitals and health systems together to achieve a united goal of improving the quality of care, while making health plans more affordable to businesses and consumers, would be a giant leap in the right direction.

At the very least, the OMNIA plans as I have been able to understand them, would give businesses and consumers a refreshing choice to shave premiums and out of pocket costs while at the same time, giving patients of participating doctors and hospitals, better, more coordinated and efficient care.

Everyone should keep an open mind and a close eye on this new approach to the health care delivery system in New Jersey. We all need relief. We need to know that insurers and providers can work together to help us get out from under the crushing weight of health insurance costs.

I personally want to look into the eyes of my employees and tell them that we have a better, more affordable health care option in our benefits menu. As a conscientious employer, I want to assure them that if they want to stay healthy or if they or their family members require medical care for a serious condition, they have a plan that will not financially overwhelm them. Loyal and dedicated workers deserve nothing less, and I urge the legislature to not lose sight of its responsibility to bring relief to our workers, your constituents and New Jersey as a whole. Thank you.

MARTIN

INSURANCE GROUP

Tracy Martin
President & CEO
Martin Insurance Group

Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

Thank you for the opportunity to address this joint committee as it explores the rationale and need to offer businesses and consumers new options for affordable health care coverage.

My name is Tracy Martin. I am president, CEO and founder of Martin Insurance Group of Princeton. Since 1983, my firm and I have been helping New Jersey families and businesses find quality, affordable health care coverage. Over the last three decades, Martin Insurance Group and our customers, predominantly from Mercer County, have witnessed and adapted to dramatic market changes in health insurance. The one constant among all these changes has been our firm's resolve to offer and furnish to our customers, insurance products they could afford and use to access health care.

At no time has this resolve ever been more tested than it is today. Health insurance has never been more expensive; health care has never been more costly to access and consequently, innovation to create more affordable options has never been more necessary.

For these reasons, I am at a loss to understand the criticism of Horizon Blue Cross Blue Shield's plan to introduce new, lower cost tiered products in addition to its standard health plans. Horizon will be offering all of its current products with access to all Mercer County hospitals, Trenton's included. If consumers want to keep their current policies they will be able to do so.

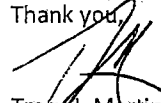
On the other hand, if consumers want to save money on their monthly premiums they will be able to choose the new products. They will be able to save additional out-of-pocket costs by seeking care at two county hospitals, RWJ Hamilton and Princeton University Hospital. The Trenton hospitals will still be in network, so they have that option as well. Users of these hospitals will still save, but won't have the extra savings that would be associated with a Tier 1 facility.

So allow me to be clear about this. Everyone saves with an OMNIA Alliance Health plan. Some people save more if they choose a Tier 1 hospital. Statements that this margin of savings will initiate a stampede away from quality hospitals in Mercer county already in -- and staying in -- Horizon's managed care network -- are simply absurd.

One other point, people generally visit their doctor more than a hospital. Horizon's new health plans will allow people to save significant money on copayments, coinsurance, and deductibles by using a number of Tier 1 doctors across Mercer County.

The sky is not falling, as Trenton hospitals would have you believe. In fact, many of my clients, who operate small businesses, will welcome Horizon's new lower cost health plans. We should be encouraging, not criticizing, innovative new health plans that help employers and consumers save money on health insurance.

Thank you,



Tracy J. Martin, President
Martin Insurance Group

P 800.353.5000

4 Independence Way, Suite 110 Princeton, NJ 08540

SAVOY ASSOCIATES

Wendy Ebner
Director, Business Development
Savoy Associates
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees
October 5, 2015

I would like to thank Senators Vitale and Gill and the members of both committees for allowing me to submit this testimony.

As the Director of Business Development for Savoy Associates, a premier, regional general agency offering comprehensive employer services consulting, I see the challenges rising health care costs place on businesses. I understand the need to address the rising costs of health care in our state for employers and consumers alike, and the tremendous challenge this represents.

Horizon Blue Cross Blue Shield of New Jersey is meeting that challenge with its patient-centered programs. Patient-centered programs enable the transition of our health care system from one where doctors and hospitals are paid for every service they provide, regardless of the outcomes, to a system where they are rewarded for the quality of care their patients receive. I have seen how the shift to value-based, patient-centered care can improve the quality of the care, enhance the patient's experience throughout the course of that care, and lower the total cost of care for everyone involved.

Recently, Horizon, our state's largest health insurer, announced the OMNIA Health Alliance, an innovative collaboration with hospitals and doctors to focus on higher quality care, a better patient experience and lower costs.

I have been following the coverage of the OMNIA Health Alliance and the speculation about Horizon's new health plan offerings for 2016. Much of the criticism I've seen about the new health plans is focused on the tiering of the doctors and hospitals. However, by offering products with tiered networks (as opposed to "narrow networks"), it occurs to me that Horizon is offering its customers new cost-saving options that not only do not impact their current level of access to care, but provides them with an incentive to become part of the highly successful patient-centered programs.

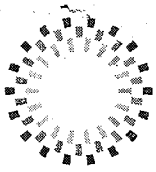
Business owners are looking for options for more affordable health insurance. Horizon's new health plans may not work for everyone, but they will give customers a much-needed option for coverage.

In this industry, it is essential to align with forward-thinking partners who share your commitment to customers. I applaud Horizon BCBSNJ and the leading health systems they are collaborating with as part of the OMNIA Health Alliance.

Sincerely,



Wendy Ebner
Director, Business Development
Savoy Associates



capitahealth

Honorable Nia Gill, Chairwoman, Senate Commerce Committee
Honorable Joseph Vitale, Chairman, Senate Health, Human Services
and Senior Citizens Committee
State House
Trenton, New Jersey 08625

October 2, 2015

Dear Senators Gill and Vitale,

Thank you for allowing us the opportunity to submit this written testimony regarding Horizon's recently unveiled OMNIA insurance product.

As you are no doubt aware, Capital Health has serious objections to Horizon's product which was developed quietly and secretly; bespeaks political alliances among a big payor and multi-hospital mega systems; and has exposed a glaring lack of oversight by the state Department of Banking and Insurance who should have the interest of patients at the forefront.

Our concerns are serious and the consequences of allowing OMNIA to move forward as it has been presented is essentially placing key policy decisions in the hands of a powerful payor and a select "alliance" of health systems, shifting power away from the state government and legislature. The future and viability of hospitals should be determined by many factors. A select group with deep and vested interests in which hospitals survive and which hospitals don't should NOT be making that determination.

First, the product does not meet State network adequacy requirements (N.J.A.C. 11:24). It neglects and abandons urban patients, as well as other patients, and prevents meaningful access to a host of services offered only at select hospitals including maternity care, perinatal services, comprehensive stroke care and other subspecialty services.

Horizon in its vast public relations efforts has tried to "clean up" the outrage over the plan by insisting that patients have access to both Tier 1 and Tier 2 providers. Unfortunately, many patients will not be able to afford the higher deductibles and out-of-pocket expenses to see a Tier 2 provider, particularly when using a Tier 2 provider means such significantly higher costs than a Tier 1 provider. To use the Tier 2 hospitals in arguing they have met network adequacy is disingenuous, if not worse. Essentially, Tier 2 hospitals look a lot like out-of-network hospitals in this plan.

Additionally, consider public transportation exception NJAC 11:24A-4.10(d). Capital Health is the only maternity provider in Mercer County. Patients from the Trenton/Ewing area would be forced to travel to Princeton HealthCare System for basic maternity care. In essence, OMNIA would require pregnant patients from Trenton to spend an hour and a half on public transportation to deliver their baby and receive other maternity care. That sounds like anything but what the adequacy requirements had in mind.

When the Department of Banking and Insurance was recently questioned about this and the above concerns were raised, they readily admitted they do not verify proposed plans such as Horizon's OMNIA. It is deeply troubling, and frankly outrageous, that there is no one serving as a watchdog over these plans.

Areas of the state have been completely overlooked and, despite sweeping video of the state capitol building in Horizon's promotional video, the 2 New Jersey safety net hospitals in Trenton were completely ignored, which is hardly adequate.

Continued

Second, Horizon has displayed a troubling lack of transparency in developing and explaining this plan.

The tiering system used, despite radio and newspaper ads and significant public relations efforts by Horizon, still lacks clarity with respect to criteria and how hospitals were selected as Tier 1 providers. As a whole, the plan has lacked transparency from the beginning, both to hospitals and to the physicians and healthcare providers who have patients who rely on them for their ongoing healthcare needs.

On their website, Horizon indicates that the Alliance demonstrates "A commitment to value-based care, strong clinical quality, consumer preference and multiple service offerings." However, any patient who wants to understand what differentiates a Tier 1 from a Tier 2 is unable to find any information that explains it.

In the last couple weeks since the plan began garnering attention, Horizon has consistently demonstrated its inconsistent responses regarding the tiering criteria. Not only were the criteria kept secret, they also apparently change with frequency.

First, Horizon told us hospitals were selected based on quality, commitment to population health, and lower costs. But requests for specifics and the ability to apply for Tier 1 status were denied. We are perplexed at how Horizon could determine if we belonged in Tier 1 without us being given the opportunity to provide information on how we meet their "criteria."

In a Philadelphia Inquirer story, Horizon's chief strategy officer said "cost was not an input. Quality was an input. Did it top the scale across the board? Probably not, the real lynchpin here is the ability for these organizations to move into the future to a value-based reimbursement environment."

Horizon has intimated that network tiering decisions have been based on a hospital's commitment to population health. Capital Health has made a profound commitment to population health, but has never received any request for information from Horizon about our programs. We are perplexed on how Horizon measured hospitals' commitment to population health if they did not ask for, or have access to, this information. One publicly available data point is participation in Medicare Shared Savings Program (MSSP). Capital Health is a participant. Only about half of the Tier 1 systems participate in MSSP. We are also a founding member of the Trenton Health Team (THT) which focuses on care management for high risk patients, and lowering costs through the development of the health information exchange. THT was recently named as one of the three Medicaid Accountable Care Organizations in New Jersey.

Our DSRIP programs have been cited as great examples of addressing population health needs.

We have developed a pediatric wellness and obesity prevention initiative and hired staff to work in schools to teach students and parents about food choices and exercise and have had some great outcomes.

We have also focused on substance abuse prevention and have hired staff to screen for previously unrecognized substance abuse and have brought counselors to the bedside to begin the process of rehab. Also, we have coordinated post discharge navigation to assure patients get into treatment programs.

Criteria based on quality and multiple service offerings? Based on the CMS Hospital Compare quality and efficiency ratings, it appears that Capital Health is on par or exceeds the ratings of many Tier 1 providers as well as the Tier 1 providers in our region.

We also are the only provider in our county and broader region providing certain services. Capital Health is the only maternity service provider, including the highest level of neonatal intensive care unit available, in Mercer County. And, yet, it is not a Tier 1 hospital under OMNIA. In the area of maternity, when Mercer County's "Tier 1" hospital decided to close its maternity program Capital Health stepped up. Between 2014 and 2015 we expect a nearly 20 percent increase in deliveries – almost 3,500 babies expected this year. OB clinic visits, we expect a 23 percent increase to over 15,000 and nearly 1,400 clinic deliveries - an

Continued

increase of 30 percent. This gives you some perspective on the reliance on Capital Health's maternity program and the critical nature of our services. Capital Health is also the Regional Perinatal Center and is the hospital in our area licensed to handle deliveries under 28 weeks which are the highest risk deliveries. So, if we are not Tier 1, what is expected of women with high risk deliveries?

Capital Health also offers the only Joint Commission Comprehensive Stroke Program in the greater region, and in fact is one of only 5 certified as such in the entire state. However, it is not available to patients as a Tier 1 hospital. Add to that other subspecialty programs unique to our hospital and again we are perplexed as to the criteria in this area that would leave us without even the opportunity to provide information.

In a recent article in the Daily Record in southern New Jersey, Horizon CEO Robert Marino said the OMNIA Alliance is "making a long-term commitment with a new level of trust, cooperation, and energy." We would argue the way this plan has been developed and rolled out does everything but engender a sense of trust.

Finally, in healthcare, particularly for high risk and vulnerable patients, continuity of care is critical. Patients enrolled in this plan that have longstanding relationships with physicians may have the continuity of their care disrupted. Physicians, who partner with hospitals, will have patients who can come to them as a Tier 1 provider but cannot then go to the hospitals they choose to affiliate with because it's going to cost them more than if they went to a Tier 1 hospital.

The plan also risks interrupting relationships between OB/GYNs and the patients who have long standing relationships with them. Women who have preferred providers and expect to deliver after January 1st will find their well thought out birth plans interrupted, and may find themselves with physicians not familiar with their particular circumstances.

Many state health benefit plan (SHBP) members and other citizens of NJ have very little disposable income and can only afford the least costly health plan option without having a negative impact on their families. As such, many will have little choice except to select OMNIA Tier 1 options. Many of these patients have long standing relationships with their Ob/Gyns, Cardiologists, PCPs and other physicians and under this plan they may not be able to afford to stay with them. This will compromise quality of care.

When all this is considered it is clear that the OMNIA plan requires greater scrutiny and its implementation should be halted. Horizon must demonstrate its criteria and it must meet the requirements set forth by the state that they meet adequacy requirements. As of today, Horizon has done neither and the best interests of patients are being overlooked.

Thank you for your time and the opportunity to provide this letter outlining our many concerns.

Sincerely,



Al Maghazehe, PhD, FACHE
President & Chief Executive Officer
Capital Health

Cc: Members of the Senate Commerce Committee
Members of the Senate Health, Human Services and Senior Citizens Committee



Hackensack
University Health Network

Robert C. Garrett
President and Chief Executive Officer

Robert C. Garrett
President and CEO
Hackensack University Health Network
Senate Health, Human Services and Senior Citizens and Senate Commerce Committees

October 5, 2015

This testimony is submitted with thanks and appreciation to Senators Vitale, Gill, and the members of the joint committee.

Hackensack University Health Network strives to provide quality care to those we serve. We have 1,717 beds, nearly 11,000 employees and more than 3,300 credentialed medical staff members, making us one of the largest healthcare systems in New Jersey. This is not something we take lightly. We understand that we have a responsibility to always be working at and striving towards the best possible ways to provide patients the services they need. This includes examining new and creative ways to keep people healthy and to provide coordinated, cost effective care when they are sick.

Our desire to think outside the box and create new, positive outcomes is what drove us to participating in the OMNIA Health Alliance. The OMNIA Health Alliance will serve a guiding example of how doctors, hospitals and health insurers can work together to improve the quality of care and make care more cost effective. These tiered network plans are becoming common around the nation.

This change has been in the making for some time. The idea of moving toward patient-centered care has seen momentum across the country and Horizon has lead these efforts as an insurer in New Jersey. We appreciate Horizon taking the initiative to change the system and are proud to have partnered with them to begin a new chapter in this transformation.

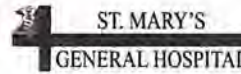
Hackensack University Health Network's vision is clear: to take our place as a leading force in healthcare research and discovery, offering our patients and communities unparalleled advances in medicine, surgery, health promotion and illness prevention. We believe joining the OMNIA Health Alliance will help us achieve these goals and to the betterment of the people we serve.



October 1, 2015



Catholic HealthCare
Partnership of New Jersey



Dear Legislator:

We are writing to respectfully request your immediate attention to steps that you can take to protect access to high quality, affordable healthcare services for all New Jersey residents and the future viability of all hospitals in the state.

Suddenly on Friday, September 11, Horizon Blue Cross and Blue Shield of New Jersey (Horizon) announced the formation of the OMNIA Health Alliance with a limited number of New Jersey hospitals and a physician group, Summit Medical Group – providers that the insurer selected. Horizon announced plans to begin marketing this insurance product on or about October 1.

Horizon's actions could have a devastating impact on New Jersey's healthcare system for years to come. This issue is especially critical given Horizon's market dominance, insuring nearly 50% of all New Jersey residents.

Out of New Jersey's approximately 71 acute care hospitals, Horizon included six health systems with 22 hospitals in the OMNIA Health Alliance and an additional 12 hospitals in the insurance product at a "Tier 1" level. The rest of New Jersey's hospitals – more than half – are in the insurance product at the "Tier 2" level or may not be in the plan at all.

Horizon's plan provides significant economic incentives to persons covered by the plan that will, in effect, direct them to the Tier 1 hospitals and away from all other hospitals. Consumers who select this insurance product and wish to have their care delivered at what they consider "their local hospital," albeit a Tier 2 hospital, will be forced to pay much more for those services than if they went to a Tier 1 hospital.

The full impact of Horizon's action cannot be overstated. Hospitals that have served their communities with distinction for decades will lose patients and experience the accompanying negative financial impact. Eventually, this could cause hospitals to close, causing irreparable harm to patients, employees and entire communities.

Furthermore, Horizon's approach to this plan could mislead consumers, leading them to unwittingly incur significantly higher out-of-pocket costs if they choose an "in-network hospital" that is at the Tier 2 level for their care. In addition, the product offers no coverage for care that insured persons might need at New York City or Philadelphia academic medical centers and specialty hospitals.

Horizon's selection process of the limited number of hospitals and a physician group was, at best, shrouded in mystery. While Horizon purported to choose hospitals based on quality, geography and range of clinical services, many high quality organizations were not selected – including a number of hospitals rated "A" by Leapfrog, a highly respected national organization. In addition, Horizon's plan leaves significant geographic gaps, particularly in urban areas with the most challenging socioeconomic demographics – certainly raising questions of network adequacy. As just one example, Horizon included no Tier 1 hospitals in all of Burlington County, the state's largest county by area. Similarly, there are significant geographic coverage gaps in areas throughout the state.

We are greatly concerned that the way Horizon created this network will adversely impact NJ residents' access to high quality, affordable healthcare at the hospitals that Horizon chose not to include as Tier 1 hospitals in this plan.

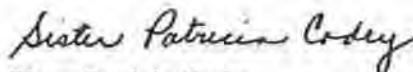
We would greatly appreciate your immediate attention to this matter. We encourage you to contact officials at the Department of Banking and Insurance, Horizon and within the Governor's office to voice your opposition to this plan.

Thank you in advance for your interest and support.

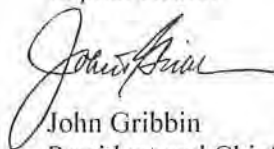
Sincerely,



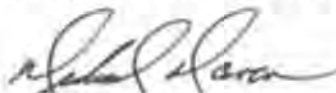
Al Maghazeh
President and CEO
Capital Health



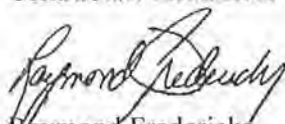
Sister Patricia Codey
President
Catholic HealthCare Partnership of New Jersey



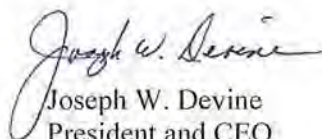
John Gribbin
President and Chief Executive Officer
CentraState Healthcare System



Michael Maron
President and Chief Executive Officer
Holy Name Medical Center



Raymond Fredericks
President and CEO
JFK Health



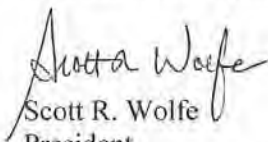
Joseph W. Devine
President and CEO
Kennedy Health



Alexander Hatala
President & Chief Executive Officer
Lourdes Health System



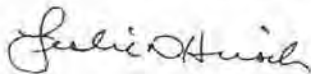
Felicia Karsos
Mon Sep 28 2015 11:30:19
Felicia Karsos
Chief Executive Officer
Meadowlands Hospital Medical Center



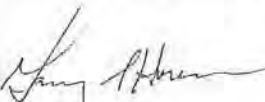
Scott R. Wolfe
President
St. Luke's Warren Hospital



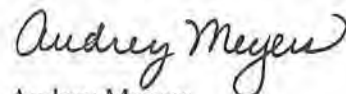
Edward J. Condit, President & CEO
St. Mary's General Hospital



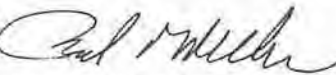
Leslie D. Hirsch
President
Saint Peter's Healthcare System



Gary S. Horan
President and CEO
Trinitas Regional Medical Center



Audrey Meyers
President and CEO
Valley Health System



Richard P. Miller
President & Chief Executive Officer
Virtua

TRENTON MUNICIPAL DEMOCRATIC COMMITTEE

P.O. Box 2335
Trenton, NJ 08607

RESOLUTION OF THE TRENTON MUNICIPAL DEMOCRATIC COMMITTEE

Whereas, Horizon Blue Cross Blue Shield of New Jersey, by its own description “the leading health insurer in the state” and “at the forefront of the changes related to health care reform,” has announced a new “Omnia” plan that divides New Jersey’s hospitals into two tiers, one whose care of patients will continue to be covered at minimum out-of-pocket costs, and the other not; and

Whereas, the effects of this discriminatory sorting of hospitals are seen in Mercer and Burlington counties by the relegation of all hospitals but one to second-tier status, at grave risk to their solvency and sustainability, and to the health needs of people in the communities that depend on them; and

Whereas, in the city of Trenton specifically, where St. Francis Medical Center and Capital Health Regional Medical Center provide essential health services to lower-income and immigrant communities far removed from most of the facilities “Omnia” would support as its Tier 1, and are in addition the largest non-governmental employers left in the city; and

Whereas, the New Jersey Department of Banking and Insurance is charged by the Legislature and administrative regulation with assuring that health insurance coverage meets the standards of “network adequacy” and being “within the public interest”; but

Whereas, the “Omnia” plan’s two-tier division of the State’s hospitals plainly subverts these core criteria, neither assuring “that covered persons are able to access services in-network” since the medical facilities closest to the largest number of people in this band of central New Jersey are excluded, nor advancing any public interest; and

Whereas, in its meek acquiescence in the Horizon scheme the Department of Banking and Insurance did not even solicit comment from major stakeholders within the State of New Jersey itself, such as the Department of Corrections, which depends on St. Francis to provide health care expeditiously to ailing persons in its custody at the State Prison, and whose costs—and risks to inmates’ health and lives—would be severely impacted when the hospital’s relegation to second-tier status leads to closure; and

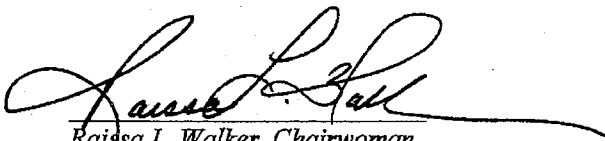
Whereas, the Catholic Hospitals Association of New Jersey has also joined in calling for withdrawal of the “Omnia” two-tier scheme, because of its discriminatory impact on Catholic hospitals throughout the State, which historically are concentrated in communities of need, as it is not the role of a private insurer to exclude hospitals from coverage;

Accordingly, we, the committeemen and committeewomen elected from our neighborhoods to the Trenton Municipal Democratic Committee,

Call upon the Governor and his department commissioner to compel immediate withdrawal of the insurer’s two-tier hospital scheme, and upon the Legislature to convene, through its standing committees on health and human/senior services, public hearings on the impacts for health care provision of insurers’ discrimination between “tiers” of hospitals; and

Direct the chairperson of the Committee to send this resolution to the Governor; the Commissioners of Banking and Insurance, of Health, and of Corrections; the President and majority and minority leaders of the Senate; the Speaker and majority and minority leaders of the Assembly; the members of the Senate Health and Human Services Committee and the Assembly Health and Senior Services Committee; 15th District legislators; the chairman of the Trenton municipal Republican committee; and local news media.

– Adopted September 26, 2015


Raissa L. Walker, Chairwoman
(rwalker636@aol.com)



NEW JERSEY GENERAL ASSEMBLY

COMMITTEES
CHAIR, REGULATORY OVERSIGHT
FINANCIAL INSTITUTIONS & INSURANCE
GOVERNOR'S ADVISORY COUNCIL
ON HIV/AIDS

REED GUSCIORA
DEPUTY MAJORITY LEADER
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October 5th, 2015

Written testimony submitted by Assemblyman Reed Gusciora of the 15th Legislative District to Honorable Chairwoman Nia Gill, Senate Commerce Committee, and Honorable Chairman Joseph Vitale, Senate Health, Human Services and Senior Citizens Committee regarding the hearings on Horizon BCBS's OMNIA Alliance and Tiered product plan.

Dear Honorable Chairs and Members of the Committee,

Thank you for allowing the opportunity to present this written testimony regarding Horizon's OMNIA Alliance and tiered product plan.

As you are aware, only less than a month ago, the largest state insurance payer, Horizon BCBS, announced a new tiered system alliance which, according to a September 15 press release provided by Horizon, will offer new, additional, health benefits plans in New Jersey beginning October, 2015 to "consumers, families, small businesses, and employers." Horizon's email states that: "The OMNIA Health Alliance is a realization of our promise to remake health care as leading health systems and physician groups are joining us in a unique alliance focused on the triple aim of improving the quality of health care, enhancing how patients experience care, and lowering the total cost of that care for New Jersey consumers."

These materials also state that the OMNIA health benefits plans offered as part of the Alliance will have tiered networks of hospitals and affiliated physicians. New Jersey residents who elect to be covered by an OMNIA plan can choose to obtain health care services at hospitals that are designated "Tier One" hospitals or at "Tier Two" hospitals. Out-of-pocket expenses would be lower for insureds receiving services at a Tier One hospital than if they receive services at a Tier Two hospital.

According to Horizon, insured members who choose OMNIA plans will be able to receive health care services at 34 Tier 1 hospitals and 38 Tier 2 hospitals. There are 22 hospitals that are Tier 1 hospitals and that are part of the Alliance and there are 12 additional hospitals that will not be part of the Alliance but Horizon will treat these hospitals as Tier 1 hospitals.

How these hospitals were chosen to receive Tier 1 status, while 34 other New Jersey hospitals were denied this status, is a mystery. Hospitals not chosen have been relegated to Tier 2 status, meaning that patients who utilize them will have higher co-pays and deductibles.

St. Francis Medical Center is one of two hospitals located in the capital city of Trenton, both of which have been excluded from the Alliance and Tier 1 status. The second hospital, Capital Health Regional Medical Center, a leader in population health management in Mercer County, was excluded without notification or explanation. This, as you may be aware, will have detrimental financial consequences for the two largest non-governmental employers in the Capital City.

The exclusion of both hospitals located in the Capital City of Trenton from participating in the plan or in the pricing and compensation structure of the Alliance members will leave many of our residents most in need of affordable health care unable to participate in the plan. Both of these hospitals provide specialty services: St. Francis holds the certificate of need for cardiac surgical care; Capital Health is a stroke center and only provider of neonatal and maternity care in the county. The only designated Tier 1 hospital in the county, Robert Wood Johnson University Hospital Hamilton, does not provide any of these services. Such gaps in service coverage calls into question the measurements used to meet the adequacy requirements under New Jersey's Network Adequacy Rule.

There is a great deal of information that has not been made available yet, but it is expected it will be provided in conjunction with open enrollment periods this fall. For example, to my knowledge, except for the State Health Benefits Plan, Horizon has not announced the difference in premium payments for consumers choosing the OMNIA plans and those choosing an existing Horizon plan. They also have not indicated the difference in cost sharing to plan members between services obtained from Tier 1 and Tier 2 providers. According to its September 15, 2015 press release, Horizon will release more details about the OMNIA plans in October. Accordingly, there is much that cannot presently be determined with respect to how these plans will work.

To learn more from the non-profit, myself, along with Assemblywoman Elizabeth Muoio, Senator Shirley Turner and Mayor Eric Jackson's office met on September 23rd with the Department of Banking and Insurance (DOBI) to understand the criteria and standards by which these selected Tier 1 hospitals were evaluated.

Furthermore, we requested of DOBI, under the Network Adequacy Rule and the Health Services Law, to intervene and seek a hold on this plan from taking effect until a more public airing of the benefits for this plan take place. Additionally, we requested that DOBI review the process under which Horizon met with certain hospitals and providers and excluded other hospitals such as Capital Health and St. Francis. Our request was not sufficiently met.

Following our meeting with DOBI, the 15th legislative district representatives met together on September 29th with Horizon BCBSNJ CEO, Robert Marino, Executive Vice President Kevin Conlin and other Horizon officials to discuss our concerns.

During our conversation, we learned that the plan is based on a financial model that, to be successful, requires driving market share to Tier 1 hospitals to offset reduced compensation rates. If the near and long term success of Horizon OMNIA Alliance is reliant upon such market

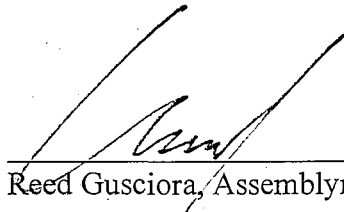
share shifts, what will happen if, over time, these Tier 2 hospitals (and others) are forced to reduce services or close their doors as result of lost market share to Tier 1 hospitals? This could result in reduced access to healthcare for our residents and have serious economic consequences for the City of Trenton and the region. Additionally, we asked that the insurer open up a dialogue with both hospitals regarding their position to either join the alliance, or be given the same opportunities as other non-alliance hospitals to participate in the pricing and compensation structure of the Alliance members. Since that date, no such dialogue has taken place.

Ultimately, Horizon is a non-profit health service corporation authorized and established pursuant to an act commonly known as the Health Service Corporations Act. The act provides certain authority to the DOBI with respect to various aspects of Horizon's operations. The act: (1) puts Horizon in a fiduciary position as it relates to its subscribers (insureds) and provides that Horizon shall be operated for the benefit of its subscribers; and (2) conditions Horizon's continued authority to operate in the State on the satisfaction of the Commissioner of Banking and Insurance that Horizon is in compliance with the act's requirements, and that its conditions or methods of operation would not render its operations hazardous to the public or to its subscribers, and would not be contrary to the public interest, **NJSA 17:48E-4**.

We have to consider the standard we are setting for our State by allowing this methodology and execution of such an impactful program. The OMNIA Alliance and its fellow Tier 1 subsidiaries are changing New Jersey's healthcare policy in one fell swoop. Allowing the largest payer in the State, allied with several of the largest systems, to create new products and programs without appropriate State oversight is a dangerous precedent which will lead to a non-competitive market and lack of our regional hospitals and NJ health care will be dominated by a small handful of mega-hospital systems with little attention to specific community needs, costs and patient satisfaction.

For this reason in particular, I ask that these committees hear the concerns of the 15th legislative district and act accordingly to put a hold to the Horizon OMNIA Alliance.

Thank you again for the opportunity to address this issue in a written testimony.



Reed Gusciora, Assemblyman



NEW JERSEY GENERAL ASSEMBLY

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COMMITTEES
REGULATED PROFESSIONS
WOMEN & CHILDREN

Written Testimony submitted by **Assemblywoman Elizabeth Maher Muoio, District 15**, to the State Commerce and Senate Health, Human Services and Senior Citizens Joint Meeting to hear testimony regarding OMNIA Health Alliance formed by Horizon Blue Cross Blue Shield

Honorable Nia Gill, Chairwoman, Senate Commerce Committee
Honorable Joseph Vitale, Chairman, Senate Health, Human Services and Senior Services Committee

Thank you for the opportunity to submit written testimony regarding the recently announced Horizon Omnia Health Alliance.

As you know, on Thursday, September 10, 2015, the largest health insurance company in the state, Horizon Blue Cross Blue Shield of New Jersey, announced a new alliance with a major multi-specialty physician group and prominent health systems called Horizon Omnia Health Alliance (the Alliance).

The stated goal of the Alliance is to reduce health care costs and improve patient outcomes. While these goals are laudable, I have several concerns, including the opaque and selective process by which the Alliance was formed and the narrow approach to government oversight used to review and approve the new plan by the Department of New Jersey Banking and Insurance (DOBI). The latter concern has only increased after having learned from Horizon BCBS executives during a meeting discussed below, that the financial model at the heart of the plan essentially depends on Horizon BCBS driving market share away from Tier 2 hospitals to Tier 1 hospitals.

According to the Horizon BCBS website, The Alliance includes;

... the following health systems (representing 22 hospitals), their aligned physicians, and a multispecialty physician group have joined Horizon BCBSNJ to form the OMNIA Health Alliance: Atlantic Health System, Barnabas Health, Hackensack University Health Network, Hunterdon Healthcare, Inspira Health Network, Robert Wood Johnson Health System, Summit Medical Group.

In addition, several hospitals not included in the Alliance will be granted Tier 1 status, allowing them to share in the pricing and compensation structure of the Alliance members.

How these hospitals were chosen to receive Tier 1 status, while 34 other New Jersey hospitals were denied this status, is a mystery. Information provided by Horizon BCBS states that quality of care is central to the Alliance's intent to "respond to marketplace demand for higher value care." However, one hospital, St. Francis Medical Center, which was the recipient of Horizon's own 2014 High Performing Hospital Reward, was denied the ability to apply for Tier 1 status. In fact, several calls made to Horizon BCBS from hospital executives requesting the opportunity to discuss participation as a Tier 1 provider prior to last week's announcement went unreturned.

St. Francis Medical Center is one of two hospitals located in the capital city of Trenton, both of which have been excluded from the Alliance and Tier 1 status. The second hospital, Capital Health Regional Medical Center, was never notified of Horizon BCBS's intention to exclude them from the Alliance and Tier 1 status.

By excluding both St. Francis Medical Center and Capital Health Regional Medical Center from Tier 1 status, the OMNIA Health Alliance and Horizon BCBS will leave a major gap in accessible, affordable healthcare coverage for residents in Trenton and the surrounding area. For example, once the new plan takes effect, there will be no Tier 1 hospital providing maternity care in all of Mercer County. These two hospitals are also the main providers of charity care in the region.

In a letter to the Acting Commissioner of the Department of Banking and Insurance from Assemblyman Gusciora, County Executive Brian Hughes, Trenton Mayor Eric Jackson and myself, we stated that it is imperative that Horizon BCBS and the OMNIA Health Alliance make available the criteria and standards by which these selected Tier 1 hospitals were evaluated in order to determine if the process:

1. was equitable to all stakeholders,
2. thoroughly evaluated the impact of implementing a narrow network of tiered providers, which in essence relegates non-Tier 1 hospitals to an "out of network" status while labeling them Tier 2,
3. considered the effect of this narrow network on consumer access to affordable, quality care,
4. analyzed the positive financial impact to the providers chosen, and consequently the negative financial impact to providers excluded from the Alliance or not granted Tier 1 status, and
5. evaluated the near and long term financial consequences of those hospitals and providers excluded from the Alliance and Tier 1 status, and the ability of these providers to remain viable and stable healthcare providers in their respective regions.

Following the receipt of this letter, we met with Acting Commissioner Badolato and those responsible for approving the plan. We were joined by Senator Shirley Turner and representatives from Capital Health Regional Medical Center and St. Francis hospital.

During this meeting, we were told that DOBI reviewed the plan, as is customary, for compliance with two main statutory requirements: adherence to the Affordable Care Act, and Network Adequacy requirements. This approach, which is at the discretion of DOBI, is a very narrow reading of the statute. I, and others, believe the statute, N.J.S.A 17:48E-1 et seq., which charges DOBI with powers to review such a plan to ensure it is not against the public interest, does not create a ceiling for DOBI's powers, as much as it sets a floor. In fact, DOBI commissioners at one point stated that they held Horizon BCBS to a higher standard than required by law, by asking them to provide proof of network adequacy for each tier separately, and not for the total network, as required by statute.

Regardless of our advocacy, our request for a reversal of DOBI's approval and a more thorough review of the Alliance plan was refused, but not before a disturbing revelation was made regarding DOBI's review process.

When questioned by the hospital representatives regarding the lack of Tier 1 hospitals offering maternity care in Mercer County, DOBI countered that the Tier 1 hospital for that service was RWJ Hamilton. DOBI officials seemed shocked to learn, from those of us in the room, that RWJ Hamilton had shut down its maternity ward. "When did they do that?" we were asked. How could the very people tasked with approving network adequacy be unaware of the services provided by the hospitals within the network under review? Such gaps in service coverage calls into question the measurements used to meet the adequacy requirements under New Jersey's Network Adequacy Rule.

In addition to meeting with DOBI, my colleagues and I met with Horizon BCBS CEO Robert Marino and members of his executive staff. During our conversation we learned that the plan is based on a financial model that, to be successful, requires driving market share to Tier 1 hospitals to offset reduced compensation rates and further, requires keeping the hospitals in Tier 1 to a minimum. This basically closes the door on any Tier 2 hospitals moving to Tier 1 status, even if they prove advancements in quality and efficiency similar to or even better than, current Tier 1 status hospitals.

We asked Mr. Marino in a follow-up letter, and now we ask the committee: If the near and long term success of Horizon OMNIA Alliance is reliant upon such market share shifts, what will happen if, over time, these Tier 2 hospitals (and others) are forced to reduce services or close their doors as result of lost market share to Tier 1 hospitals? This could result in reduced access to healthcare for our residents and have serious economic consequences for the City of Trenton, the region, and the state.

Recently, Horizon BCBS and the Alliance released the results of a poll which indicates that consumers want lower health insurance premiums and are not opposed to network plans. I appreciate that Horizon is responding to "consumer demand" for reduced costs of care. It makes complete sense that consumers would respond positively to the idea of reduced healthcare costs. However, by picking and choosing which hospitals will participate as Tier 1 providers, Horizon is also picking and choosing the consumers most likely to benefit from these reduced costs. By their own admission this plan will not reduce costs for all Horizon members. In fact, only a

fraction of their customers will partake in Tier 1 this year, and according to our conversation, they have no projections beyond the first year.

The exclusion of both hospitals located in the Capital City of Trenton, St. Francis Medical Center and Capital Health Regional Medical Center, from participating in the plan or in the pricing and compensation structure of the Alliance will leave many of our residents most in need of affordable health care unable to participate in the plan.

For the reasons stated above, I urge the committee to join in my request of the Governor to place a hold on the implementation of the Horizon Omnia Alliance plan until a thorough review and analysis of the plan and its long-term effects on healthcare in our region and throughout the state is completed.

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State of New Jersey

DEPARTMENT OF HUMAN SERVICES

P.O. Box 700
Trenton, NJ 08625-0700

CHRIS CHRISTIE
Governor

ELIZABETH CONNOLLY
Acting Commissioner

KIM GUADAGNO
Lt. Governor

October 2, 2015

The Honorable Nia H. Gill, Chair
Senate Commerce Committee
39 South Fullerton Ave.
2nd Floor, Suite 7
Montclair, NJ 07042

The Honorable Joseph F. Vitale, Chair
Senate Health, Human Services and
Senior Citizens Committee
569 Rahway Ave.
Woodbridge, NJ 07095

Dear Chairwoman Gill and Chairman Vitale:

Thank you for the invitation to attend a joint meeting of the Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee scheduled for Monday, October 5, 2015, at 10:00 a.m. I appreciate the Committees' expressed concerns about Horizon Blue Cross Blue Shield of New Jersey's "OMNIA" plan; however, the Department of Human Services ("DHS") has no role in the oversight or operations of this private health insurance product.

DHS currently contracts with five managed care organizations ("MCOs"), including Horizon, for the provision of Medicaid services to New Jersey residents. Our interaction with each MCO is solely related to their respective Medicaid plans. The OMNIA plan is not offered to Medicaid beneficiaries, and therefore is not under our purview. Moreover, DHS does not dictate to Medicaid MCOs which physicians, specialists or hospitals they must include in their plans. As such, the Department does not foresee any impact to Medicaid beneficiaries or to the network of Medicaid providers from the introduction of this plan.

I trust that the Committees will find this information helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Connolly".

Elizabeth Connolly
Acting Commissioner



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 360
TRENTON, N.J. 08625-0360
www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CATHLEEN D. BENNETT
Acting Commissioner

October 3, 2015

The Honorable Nia H. Gill
39 South Fullerton Ave.
2nd Floor, Suite 7
Montclair, NJ 07042

The Honorable Joseph F. Vitale
569 Rahway Ave.
Woodbridge, NJ 07095

Dear Senator Gill and Senator Vitale:

Thank you for inviting the Department of Health ("DOH") to testify at the joint committee hearing regarding the recently announced "OMNIA" Health Alliance formed by Horizon Blue Cross Blue Shield of New Jersey. I would like to take this opportunity to share with you some information which you may find relevant for the meeting.

As you may know, the DOH does not regulate the sale or purchase of health insurance or physician practices. However, we do regulate over 2,200 health care facilities through Certificate of Need (CN), licensing, inspection, and enforcement. The majority of licensed facilities regulated by the Department are hospitals, nursing homes, assisted living, and ambulatory care facilities that provide health care in every county throughout New Jersey. The Department's CN and Health Care Facility Licensing Program are responsible for overseeing the development of licensed health care facilities in New Jersey.

CNs are only issued if the proposed application satisfies certain criteria, including whether the CN (1) is necessary to provide health care in the area to be served; (2) can be financially accomplished and licensed in accordance with applicable licensing regulations; and (3) will not have an adverse impact on access to health care services in the region or Statewide, among other requirements. CNs also focus on ensuring access to care for low-income and medically underserved people, as well as contribute to the orderly development of adequate and effective health care services. To address

Senator Gill and Senator Vitale
Page 2

any potential unmet need, DOH administers a call schedule, and providers can petition the Department to issue a call for a particular CN. CNs are also required whenever hospitals transfer ownership.

DOH appreciates the Committees' concerns about access to health care, which obviously is of central importance to the Department as well. The Department will continue to monitor the health care market in New Jersey to ensure continued sufficient access to care for our fellow residents.

If you have further questions or seek any additional information, please do not hesitate to contact me at (609)292-4010.

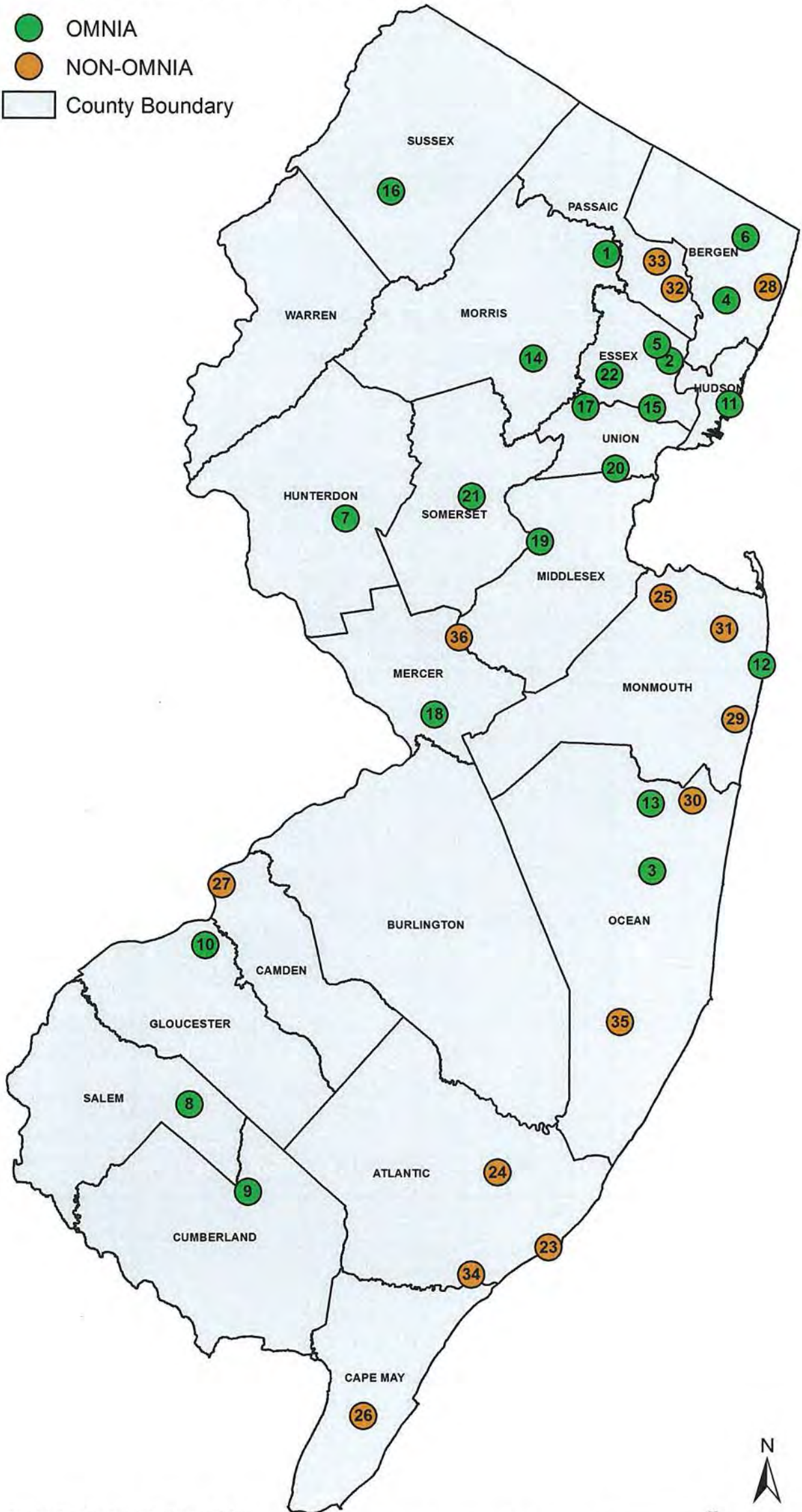
Sincerely,

/s/

Cathleen D. Bennett
Acting Commissioner
Department of Health

Horizon BCBSNJ - Tier 1 Hospitals

- OMNIA
- NON-OMNIA
- County Boundary



25 Miles

MAP KEY

OMNIA TIER 1

NUMBER	NAME	AFFILIATION	COUNTY	CITY
1	CHILTON MEDICAL CENTER	ATLANTIC HEALTH SYSTEM	MORRIS	POMPTON PLAINS
2	CLARA MAASS MEDICAL CENTER	BARNABAS	ESSEX	BELLEVILLE
3	COMMUNITY MEDICAL CENTER	BARNABAS	OCEAN	TOMS RIVER
4	HACKENSACK UMC	HACKENSACK	BERGEN	HACKENSACK
5	HACKENSACK UMC - MOUNTAINSIDE	HACKENSACK	ESSEX	GLEN RIDGE
6	HACKENSACK UMC - PASCACK VALLEY	HACKENSACK	BERGEN	WESTWOOD
7	HUNTERDON MEDICAL CENTER	HUNTERDON	HUNTERDON	FLEMINGTON
8	INSPIRA MEDICAL CENTER - ELMER	INSPIRA	SALEM	ELMER
9	INSPIRA MEDICAL CENTER - VINELAND	INSPIRA	CUMBERLAND	VINELAND
10	INSPIRA MEDICAL CENTER - WOODBURY	INSPIRA	GLOUCESTER	WOODBURY
11	JERSEY CITY MEDICAL CENTER	BARNABAS	HUDSON	JERSEY CITY
12	MONMOUTH MEDICAL CENTER	BARNABAS	MONMOUTH	LONG BRANCH
13	MONMOUTH MEDICAL CENTER - SOUTHERN CAMPUS	BARNABAS	OCEAN	LAKEWOOD
14	MORRISTOWN MEDICAL CENTER	ATLANTIC HEALTH SYSTEM	MORRIS	MORRISTOWN
15	NEWARK BETH ISRAEL MEDICAL CENTER	BARNABAS	ESSEX	NEWARK
16	NEWTON MEDICAL CENTER	ATLANTIC HEALTH SYSTEM	SUSSEX	NEWTON
17	OVERLOOK MEDICAL CENTER	ATLANTIC HEALTH SYSTEM	UNION	SUMMIT
18	RWJ UNIVERSITY HOSPITAL - HAMILTON	RWJ	MERCER	HAMILTON
19	RWJ UNIVERSITY HOSPITAL - NEW BRUNSWICK	RWJ	MIDDLESEX	NEW BRUNSWICK
20	RWJ UNIVERSITY HOSPITAL - RAHWAY	RWJ	UNION	RAHWAY
21	RWJ UNIVERSITY HOSPITAL - SOMERSET	RWJ	SOMERSET	SOMERVILLE
22	SAINT BARNABAS MEDICAL CENTER	BARNABAS	ESSEX	LIVINGSTON

NON-OMNIA TIER 1

NUMBER	NAME	AFFILIATION	COUNTY	CITY
23	ATLANTICARE REGIONAL MEDICAL CENTER	ATLANTICARE	ATLANTIC	ATLANTIC CITY
24	ATLANTICARE REGIONAL MEDICAL CENTER - MAINLAND	ATLANTICARE	ATLANTIC	POMONA
25	BAYSHORE COMMUNITY HOSPITAL	MERIDIAN	MONMOUTH	HOLMDEL
26	CAPE REGIONAL MEDICAL CENTER	CAPE REGIONAL	CAPE MAY	CAPE MAY COURT HOUSE
27	COOPER UNIVERSITY HOSPITAL	COOPER	CAMDEN	CAMDEN
28	ENGLEWOOD HOSPITAL AND MEDICAL CENTER	ENGLEWOOD	BERGEN	ENGLEWOOD
29	JERSEY SHORE UNIVERSITY MEDICAL CENTER	MERIDIAN	MONMOUTH	NEPTUNE
30	OCEAN MEDICAL CENTER	MERIDIAN	OCEAN	BRICK
31	RIVERVIEW MEDICAL CENTER	MERIDIAN	MONMOUTH	RED BANK
32	SAINT JOSEPHS REGIONAL MEDICAL CENTER	SAINT JOSEPHS	PASSAIC	PATERSON
33	SAINT JOSEPHS WAYNE HOSPITAL	SAINT JOSEPHS	PASSAIC	WAYNE
34	SHORE MEDICAL CENTER	SHORE	ATLANTIC	SOMERS POINT
35	SOUTHERN OCEAN MEDICAL CENTER	MERIDIAN	OCEAN	MANAHAWKIN
36	UNIVERSITY MEDICAL CENTER OF PRINCETON	PRINCETON	MIDDLESEX	PLAINSBORO



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE
PO Box 325
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PETER L. HARTT
Director

Good morning Chairwoman Gill, Chairman Vitale, and Members of the Senate Commerce Committee and the Senate Health, Human Services and Senior Citizens Committee. My name is Peter Hartt and I serve as the Director of Insurance for the Department of Banking and Insurance. I'm joined today by Assistant Director Kristine Maurer. Thank you for inviting the Department to testify here today.

The mission of the Department of Banking and Insurance (the Department) is to regulate the banking, insurance and real estate industries in a professional manner so as to protect and educate consumers, and to promote the growth, financial stability and efficiency of those industries in this State. Specific to health insurance, the Department, in conjunction with the Individual Health Coverage (IHC) and Small Employer Health (SEH) Program Boards, has been granted statutory authorities to regulate fully insured health benefit plans sold on the commercial markets in this State.

The Department has the sole authority to license insurers to transact health insurance business in this State after determining that they meet the standards set forth in our laws.¹ We conduct continuous, risk-focused monitoring and examinations of health insurers' financial

¹ See N.J.S.A. 17:48-1 (hospital service corporations); N.J.S.A. 17:48A-1 et seq. (medical service corporations); N.J.S.A. 17:48E-1 et seq. (health service corporations); N.J.S.A. 17B:17-1, 17B:18-1 et seq. and N.J.A.C. 11:2-1.1 et seq. (health insurers); N.J.S.A. 26:2J-1 et seq., Reorganization Plan No. 005-2005 at 37 N.J.R. 2737(a), and N.J.A.C. 11:24-2.1 et seq. and -11.1 et seq. (health maintenance organizations).

conditions to ensure that the companies have sufficient funds to provide health insurance coverage to New Jersey's consumers and pay claims to health care providers.² We review insurers' proposed premium rates for certain health insurance benefit plans in accordance with our statutory authority to ensure that the rates being charged are not inadequate, excessive, or unfairly discriminatory, and are in compliance with all other state and federal requirements.³

In addition to the above regulatory duties, the Department has an entire unit dedicated to consumer protection, entitled the Office of Consumer Protection Services. This unit receives and investigates complaints and inquiries from consumers, providers and others, provides assistance and guidance, reviews actions by Department licensees (insurers, producers, etc.) that are of concern or the subject of complaints for violations of our laws, and institutes enforcement actions against insurers that may be violating our consumer protection statutes and regulations. The Department has taken many enforcement actions to impose penalties against insurers for conduct that is determined to be serious and/or pervasive, and examples of such actions can be found on our website: www.dobi.nj.gov.

Our state laws establish important protections for consumers and providers concerning their relationship with health insurers.

Protections for consumers in our laws that are implemented and enforced by the Department include, but are not limited to:

- requiring insurers to meet network adequacy standards to ensure there are sufficient providers to serve the consumers of the insurer (N.J.A.C. 11:24-6.1 et seq. and N.J.A.C. 11:24A-4.10)

² See e.g. N.J.S.A. 17:23-20 et seq. and N.J.A.C. 11:1-36.1 et seq.; N.J.S.A. 17:27A-1 et seq. and N.J.A.C. 11:1-35.1 et seq.; N.J.S.A. 17:48-12.2 et seq.; N.J.S.A. 17:48A-19.2 et seq.; N.J.S.A. 17:48E-37.2 et seq.; N.J.S.A. 17B:18-70 et seq.; N.J.A.C. 11:2-39.1 et seq. and Department of Banking and Insurance Order A15-102.

³ N.J.S.A. 17:48-6.5, -6.9, -6.14, and -9; N.J.S.A. 17:48A-6.9, -7.5, -7.9, and -10; N.J.S.A. 17:48E-13, -22.2 and -26; N.J.S.A. 17B:26B-2; N.J.S.A. 17B:27A-25.8; and N.J.S.A. 26:2J-4.3, -8.

- requiring insurers to disclose: consumers' financial responsibilities under the health plan, where and in what manner coverage can be obtained, provider directories, pre-authorization requirements under the plan, the right to appeal medical services denied by the carrier, etc. (N.J.S.A. 26:2S-4 and -5);
- requiring insurers to have licensed physicians administering and making medical necessity determinations in their utilization management (UM) systems and such systems must be available 24 hours a day to respond to emergent and urgent needs for medical services (N.J.S.A. 26:2S-6);
- requiring the Department to establish and enforce parameters for UM systems and internal appeals of medical denials (N.J.A.C. 11:24A-3.4 and 11:24A-3.5);
- requiring continuity of care provisions for when a provider's contract is terminated by a health benefit plan (N.J.S.A. 26:2S-9.1);
- requiring the Department to establish and administer the Independent Health Care Appeals Program to enable consumers and providers to appeal denials, reductions or terminations of benefits (N.J.S.A. 26:2S-11 et seq.).

Examples of such protections for providers that are enforced by this Department include, but are not limited to:

- requiring review of applications for physician participation in a network by a committee of physicians and use of uniform credentialing and application forms (N.J.S.A. 26:2S-7 through -7.2);
- requiring establishment and notice of the insurer's policy governing the removal of providers from a network (N.J.S.A. 26:2S-8);
- requiring provisions in provider contracts with the insurers that prohibit penalizing providers for patient advocacy and bar any provisions that provide financial incentives to withholding covered health care services (N.J.S.A. 26:2S-9);
- requiring claims to be paid within 30 days and application of mandatory 12% interest payments (HCAPPA multiple sections); and
- establishing limits on the manner and timing of insurers' abilities to recoup payments from providers (HCAPPA multiple sections).

Of most importance to this Joint Committee is the Department's role in reviewing the adequacy of provider networks created by insurers and sold to New Jersey employers and residents through health benefit plans to ensure there is adequate access to care for consumers. New Jersey is a national leader in network adequacy requirements. Our standards are objective,

and stricter and better-defined than in most other states. To illustrate, the agency charged with accrediting each State's insurance department, known as the National Association of Insurance Commissioners, is developing a national, network adequacy model law whose standards would be less specific and not as protective of consumer access as we already have in place in our State. We believe it will be helpful to briefly trace the history of our network adequacy standards.

In recognition of the initial growth of managed care through HMOs, the Department of Health, in February 1997 and in consultation with the Department of Insurance, adopted the first set of standards for network adequacy after creation of an HMO Advisory Committee that engaged in 14 months of active discussion with stakeholders. See 28 N.J.R. 2456(a); 29 N.J.R. 625(a) (codified at N.J.A.C. 8:38-6.1 et seq.). In August 1999, the Health Care Quality Act (HCQA), P.L. 1997, c. 192, was the first statute in our State to require the establishment of network adequacy standards. The HCQA broadened the application of network adequacy requirements to all carriers and all managed care plans, not just HMOs. See N.J.S.A. 26:2S-2 (definitions of "carrier" and "managed care plan"). Specifically, the Commissioner of the Department of Health was directed, in consultation with the Commissioner of Banking and Insurance, to promulgate regulations for "adequacy of the provider network with respect to the scope and type of health care benefits provided by the carrier, the geographic service area covered by the provider network and access to medical specialists, when appropriate." N.J.S.A. 26:2S-18. In 1999, the Department of Health adopted network adequacy rules at N.J.A.C. 8:38A-4.10 for all carriers and managed care plans that established standards identical to the HMO adequacy rules. See 31 N.J.R. 953(a); 32 N.J.R. 1544(a). There are no other statutes that grant any State agency the authority to review managed care networks with regard to other parameters, such as the criteria a carrier uses when deciding to contract with a particular provider.

In 2005, pursuant to Reorganization Plan No. 005-2005 at 37 N.J.R. 2737(a), the responsibility for licensing HMOs, and the Office of Managed Care that was responsible for reviewing and enforcing network adequacy standards, were moved to the Department of Banking and Insurance. The rules as promulgated by DOH were recodified and have been continued by the Department with recent amendments that made changes with respect to standards for provider directories and provider contracts. N.J.A.C. 11:24-6.1 *et seq.* is applicable to HMOs and N.J.A.C. 11:24A-4.10 is applicable to networks created by all other carriers, but the standards are the same. Both provisions require all carriers offering managed care plans in this State to maintain an adequate network of primary care physicians [PCPs], certain specialists, and ancillary providers “to assure that covered persons are able to access services in-network and take full advantage of in-network benefits levels when the policy or contract specifies that there is a differential between the in-network and out-of-network benefits levels for one or more covered services, or the policy or contract is subject to a gatekeeper system.” N.J.A.C. 11:24A-4.10(a).

For PCPs, carriers shall demonstrate a sufficient number of physicians to assure that at least two physicians eligible to function as PCPs (adult, pediatric and primary ob/gyn providers) are “within 10 miles or 30 minutes driving time or public transit (if available), whichever is less, of 90 percent of the carrier’s covered persons.” N.J.A.C. 11:24A-4.10(b)(1). For medical specialists, carriers are required have a sufficient number, as applicable to the services covered in-network, to assure access within 45 miles or one hour driving time, whichever is less, of 90 percent of covered persons within each county or approved sub-county service area. N.J.A.C. 11:24A-4.10(b)(2). With regard to licensed acute care hospitals with licensed medical-surgical, pediatric, obstetrical and critical care services in any county or service area that is within 20 miles or 30 minutes driving time, whichever is less, for 90 percent of covered persons within the

county or service area. N.J.A.C. 11:24A-4.10(b)(3)(i). Similarly, the carrier is required have contracts or arrangements for services for its members with surgical facilities, including acute care hospitals, licensed ambulatory surgical facilities, and/or Medicare-certified physician surgical practices available in each county or service area that are no greater than 20 miles or 30 minutes driving time, whichever is less, from 90 percent of covered persons within the county or service area. N.J.A.C. 11:24A-4.10(b)(3)(ii).

Additionally, the carrier is required to have contracts for the following specialized services at in-network rates so that services will be available within 45 miles or 60 minutes driving time, whichever is less, of 90 percent of covered persons within each county or services area: a hospital providing regional perinatal services; a hospital offering tertiary pediatric services; in-patient psychiatric services; residential substance abuse treatment centers; diagnostic cardiac catheterization services in a hospital; specialty out-patient centers for HIV/AIDS, sickle cell disease, hemophilia, and cranio-facial and congenital anomalies; and comprehensive rehabilitation services. N.J.A.C. 11:24A-4.10(b)(3)(iv).

With regard to licensed long-term care facilities, therapeutic radiation, magnetic resonance imaging centers, diagnostic radiology (including x-ray, ultrasound, and CAT scan), emergency mental health service (including a short-term care facility for involuntary psychiatric admissions, and outpatient therapy for mental health and substance abuse conditions), and licensed renal dialysis, carriers must have a contract or arrangement for those specialized services to be provided at in-network benefit levels (if covered by one or more of the carrier's health benefits plans in-network, and determined to be medically necessary), and to be available within 20 miles or 30 minutes average driving time, whichever is less, of 90 percent of covered persons within each county or service area. N.J.A.C. 11:24A-4.10(b)(3)(v).

All of these time and distance requirements apply to each plan the carrier offers.

The Department reviews all networks to be used by insurers for fully insured health benefit plans sold on the commercial market and by Medicaid HMOs⁴ to ensure that these standards are met. The Department's network adequacy standards do not apply to self-funded plans, like the State Health Benefits Plan or Medicare plans. Over the past few years and coinciding with the advent of changes to health care caused by the federal Affordable Care Act and continuing upward pressure on the costs of health care and insurance, health insurers have been looking for ways to lower the costs of insured health products and to offer consumers more choice. As has been reported in the media, insurers throughout the nation have established limited or "narrow" networks and/or tiered network product offerings to achieve lower costs and more choice to consumers.

In New Jersey, over the past several years the Department has seen the introduction of tiered network products and some "narrow" network products. Almost every carrier in New Jersey has offered or is currently offering a tiered network product in the fully insured market. Tiered network products offer consumers comprehensive health benefits plans that provide two levels of cost-sharing (both in-network) depending on which tier of the network their provider is assigned to. Two-tiered networks must provide an adequate network of distinct providers in both Tier 1 and Tier 2, and if the consumer elects to use a Tier 1 provider then his or her cost-share is a lower amount than the standard Tier 2 cost-share. In other words, each tier of a network must meet Department network adequacy requirements independently, as if it was the only network being offered to the consumer. Thus, in a tiered network system, the consumer has access to at

⁴ Networks used by Medicaid HMOs are also subject to a separate network adequacy review by the Division of Medical Assistance and Human Services (DMAHS) in the Department of Human Services based upon DMAHS' standards.

least two different networks that each meets adequacy standards on its own. Also, to clear up any ambiguity, I must stress that both Tiers include all “in-network” providers that consumers may select from, albeit with different in-network cost sharing rates. Therefore, Tiering bears no relation to the “out-of-network” debate in which consumers are subject to much greater cost exposure when receiving services from a provider that is not part of the carrier’s contracted network.

Tiered networks were not envisioned when our standards were adopted. However, to ensure maximum consumer access to necessary health care at both cost-sharing levels, the Department undertakes the additional regulatory step of requiring each tier of the network to independently meet the network adequacy standards described above. Because of the “discount” in cost-sharing in Tier 1, carriers at times have argued that all tiers of a network should be reviewed in combination for network adequacy review. The Department has rejected these entreaties. We believe that requiring separate and distinct network adequacy at each tier of a tiered network is necessary to protect the public interest by ensuring fulsome access to needed medical care and to refute any consumer perception that the non-discounted Tier 2 cost-share is a “penalty.”

Health carriers offer consumers multiple plan options at different premium levels. Consumers who elect to purchase tiered network products are informed of the different cost-sharing levels and the resulting premium at the time of purchase, see N.J.S.A. 26:2S-4 and -5, and consumers have the ability to review the providers in each tier. Selection of tiered network products usually result in an upfront premium savings for the consumers when compared to full-network, non-tiered plans. Notwithstanding the recent attention the announcement of the OMNIA plan has received, tiered networks are now common in New Jersey and throughout the nation, and over 10 tiered networks have been filed with the Department over the past five years.

As previously noted, almost every carrier in New Jersey has offered or is currently offering a tiered network product in the fully insured market.

Horizon previously obtained approval of and in 2015 sold a tiered network product, known as Advance, in the individual health insurance market. However, reflecting consumers' cautious approach to purchasing plans comprised of tiered networks, Horizon's Advance tiered network products represented less than 3% of Horizon's total statewide enrollment in fully insured health benefits plans, with only 87,211 total Advance members out of Horizon's approximately 3.8 million members statewide.

Horizon has publicly stated that it intends the Omnia tiered network plans to: a) replace its Advance tiered network offerings in the fully insured market; and b) supplement the continuation of all of its full network (non-tiered) offerings in the fully insured market. Upon the filing of the Omnia tiered network, Department staff, over the course of several months, undertook a diligent review of the data submitted by Horizon in support of the network that included multiple tables of PCPs, specialists, and hospitals, and enrollment projections by geographic location. In September, the Department determined that the Omnia network meets the network adequacy requirements of N.J.A.C. 11:24A-4.10 and advised the Centers for Medicare and Medicaid Services (CMS) that the Department had no objection to CMS certifying the Omnia plans as Qualified Health Plans (QHPs) for 2016.

Omnia met the hospital network adequacy requirements for both tiers, with 35 hospitals in Tier 1 (as opposed to only 31 Tier 1 hospitals in the current Advance offering), and 32 additional in-network hospitals in Tier 2, that are within 20 minutes or 30 miles of driving for 90% or more of the Omnia product's projected enrollment in each county or service area.

Overall, in 2016, New Jersey consumers in both the individual and small employer insurance markets will have varied and plentiful choices among health benefits plan offerings. The Department's data for the individual insured market in 2016 indicates that 10 carriers will be offering a total of 99 health benefits plans with approximately 28 tiered network product offerings. Similarly, in the small employer insured market for 2016, 11 carriers will be offering a total of 362 health benefits plans with approximately 43 tiered network product offerings. Consumers will have many choices, and the opportunity to fully review and learn about the products and the features of each, enabling them to select a plan that meets their budget and healthcare needs.

We hope that this submission has provided a fuller understanding of the Department's regulatory role, our authorities and standards in reviewing network adequacy, and the facts of our review of Horizon's Omnia product. Thank you and we look forward to answering any questions that you may have.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE
PO Box 325
TRENTON, NJ 08625-0325

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

RICHARD J. BADOLATO
Acting Commissioner

PETER L. HARTT
Director

October 5, 2015

Via Hand Delivery


Hon. Senator Nia H. Gill
Hon. Senator Joseph F. Vitale
New Jersey Senate
P.O. Box 099
Trenton, New Jersey 08625-0099

Re: September 25th Request for Horizon Omnia documents

Dear Honorable Senators:

As requested in the above-referenced letter to the Commissioner of Banking and Insurance, enclosed please find the public documents that were "received from Horizon relating to the OMNIA Alliance and the new Tiered Network plans that were used in DOBI's network adequacy review." Please be advised that all records you requested are enclosed with the exception of one email and attached document because Horizon has asserted the information therein contains trade secrets and proprietary information. Other very limited information has been redacted on a single document because Horizon has represented that the information is highly confidential and would cause great competitive and reputational harm should the information become public at this time. The Department has made an independent determination that Horizon's proprietary assertions over these records are indeed valid. Thank you.

Respectfully submitted,


Peter L. Hartt
Director of Insurance

Enclosures.

c: Richard J. Badolato, Acting Commissioner (without enclosures).

Adequacy Detail By County

September 15, 2015

Employee Group
 Managed Care Members - Burlington
 Provider Group
 OSC Tier 1 Hospitals

- ¹ Access standards are based on the criteria defined per specialty.
- ² The average driving distance in miles to the first closest provider to each employee.
- ³ The average driving time in minutes to the first closest provider to each employee.

Employees Meeting and Not Meeting Requirements								
County	County SSA	Access Requirements ¹						
		With #	With %	W/o #	W/o %	Avg Dist ²	Avg Time ³	Met
Burlington, NJ	31150	60,940	99.8	112	0.2	14.7	21.0	Y

Map

September 15, 2015

Managed Care Members - Burlington

61,052 employee locations

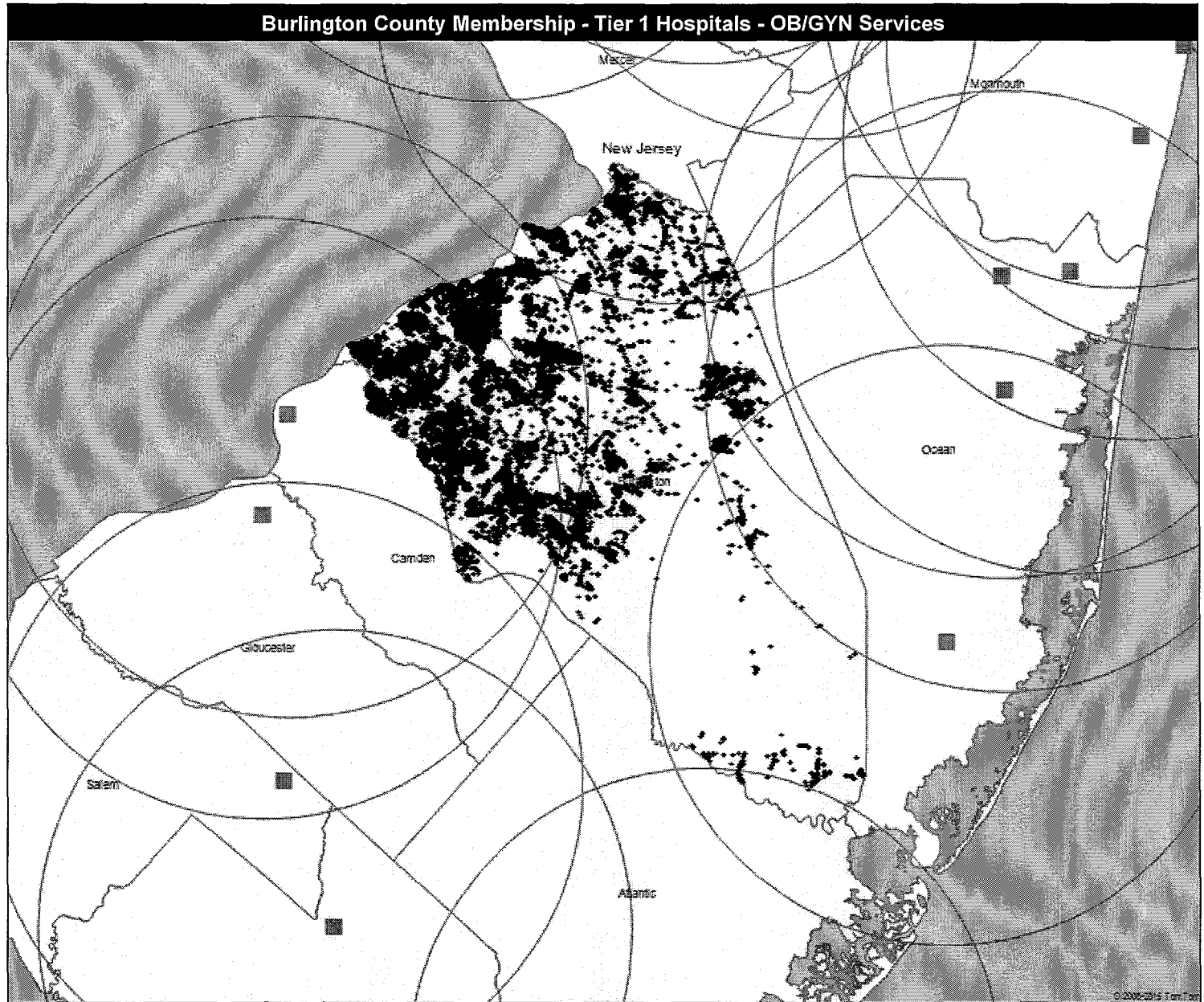
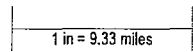
◆ All Employees

OSC Tier 1 Hospitals_OB/GYN Services

31 providers at 32 locations

■ All providers

○ 20 mile radius



Adequacy Detail By County

September 15, 2015

Employee Group
Managed Care Members - Burlington

Provider Group
OSC Tier 1 Hospitals_OB/GYN
Services

Employees Meeting and Not Meeting Requirements								
County	County SSA	Access Requirements ¹						
		With #	With %	W/o #	W/o %	Avg Dist ²	Avg Time ³	Met
Burlington, NJ	31150	53,733	88.0	7,319	12.0	16.6	24.1	N

¹ Access standards are based on the criteria defined per specialty.
² The average driving distance in miles to the first closest provider to each employee.
³ The average driving time in minutes to the first closest provider to each employee.

Map

September 15, 2015

Managed Care Members - Burlington

61,052 employee locations

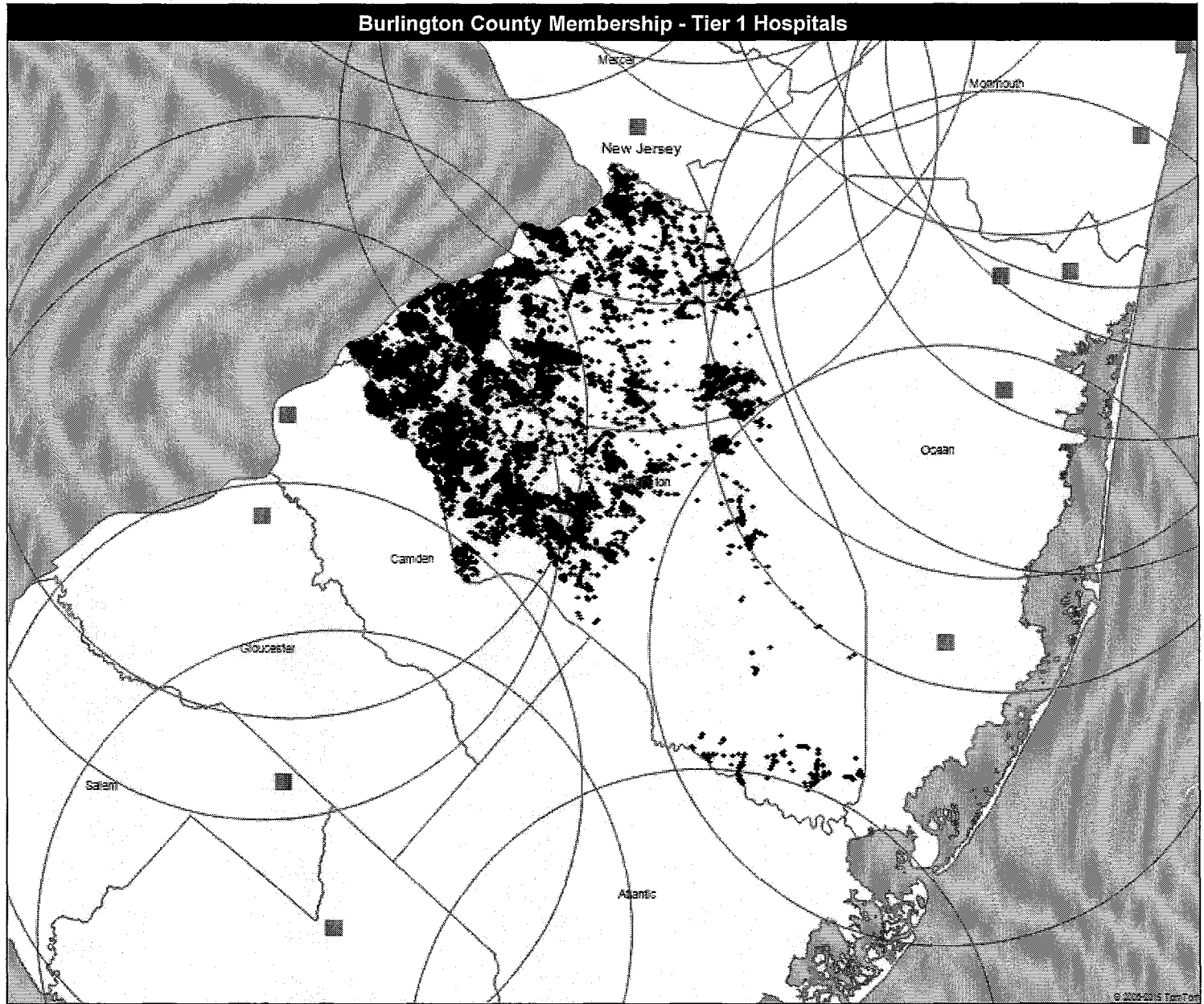
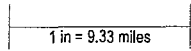
◆ All Employees

OSC Tier 1 Hospitals

33 providers at 34 locations

■ All providers

○ 20 mile radius



Kristine Maurer

From: Lorna Ramdayal-Infanti <Lorna_Ramdayal-Infanti@horizonblue.com>
Sent: Tuesday, September 15, 2015 3:12 PM
To: Hanlon, Barbara
Cc: Gale Simon; Holly Gaenzle; Nicholas Peterson
Subject: FW: DOBI OBGYN requested information
Attachments: OSC Tier1 Hospital Analysis Burlington County Membership - Tier 1 Hospitals.pdf; OSC Tier1 Hospital Analysis Burlington County Membership - Tier 1 Hospitals_OB_GYN Services.pdf

Barbara,

Thank you for taking the time to discuss the DOBI concerns around OBGYN in Burlington County. As promised, below are two illustrations of Burlington County's managed care membership relative to the Tier 1 hospitals that support 90% of the managed care membership in Burlington County. The first PDF file demonstrates geo-access for all the surrounding Tier 1 hospitals of Burlington County. The second PDF file demonstrates geo-access for only the surrounding Tier 1 hospitals of Burlington County that provide OBGYN services. As shown by the second PDF file, the access standards are met for 88% of the managed care membership in Burlington county, leaving 2% without access to a Tier 1 hospital that provides OBGYN services. Horizon will commit to be fully compliant with the State adequacy standards and will cure the 2%. At this time we would like the latitude to conduct one of the two options

Due to the timing by which we received this information pertaining to Burlington County's OBGYN access, we would like the latitude to determine which solution works best for Horizon. We are confident that the above outlined approach addresses any access concerns. We will follow up shortly to go over questions you may have.

Thank you,
Lorna

Lorna Ramdayal-Infanti, Esq.
Assistant General Counsel
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East PP-16F
Newark, NJ 07105
Phone: (973)466-8714
Fax: (973) 466-7759
Lorna_ramdayal-infanti@horizonblue.com

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Kristine Maurer

From: Lorna Ramdayal-Infanti <Lorna_Ramdayal-Infanti@horizonblue.com>
Sent: Thursday, September 03, 2015 12:51 PM
To: Holly Gaenzle
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Holly- when you say comparison of the two networks....do you mean OMNIA as compared to Advance?

Lorna

From: Gaenzle, Holly [<mailto:Holly.Gaenzle@dobi.nj.gov>]
Sent: Thursday, September 03, 2015 12:07 PM
To: Lorna Ramdayal-Infanti
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Hi Lorna, Could you please respond to my inquiry today. If the networks differ, please provide a comparison of the two networks. Thanks. Holly

From: Lorna Ramdayal-Infanti [mailto:Lorna_Ramdayal-Infanti@horizonblue.com]
Sent: Wednesday, September 02, 2015 5:17 PM
To: Gaenzle, Holly
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Will do! Have a nice holiday weekend.

Lorna

From: Gaenzle, Holly [<mailto:Holly.Gaenzle@dobi.nj.gov>]
Sent: Wednesday, September 02, 2015 4:31 PM
To: Lorna Ramdayal-Infanti
Cc: Hanlon, Barbara
Subject: Omnia Network

Hi Lorna, The filing for the Omnia network did not include a hospital table. Attached is the Horizon Advance '15 hospital table. Could you please confirm whether this is the hospital network being used for the Omnia Network as well. Thanks. Holly

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Kristine Maurer

From: Lorna Ramdayal-Infanti <Lorna_Ramdayal-Infanti@horizonblue.com>
Sent: Thursday, September 03, 2015 4:46 PM
To: Holly Gaenzle
Cc: Hanlon, Barbara
Subject: RE: Omnia Network
Attachments: Copy of HOSPITAL TABLE 9 15 OMNIA.xls; Copy of HOSPITAL TABLE 6 15 ADVANCE.xls

Holly,

Attached are two tables: One for the OMNIA product and the other for the Advance Product. The two networks are the same in some respects and are different in others. First, the OMNIA network is the same as the Advance in that there is one Tier 1 hospital in each county with the exception of two counties (Warren and Burlington). Similarly in Advance there is one Tier 1 in each county with the exception of two counties (Somerset and Cumberland). Second, the two networks are the same in that Horizon meets geographic access on both networks using the service-area option in the Nacute care hospital access regulations.

The networks are different in that the hospitals are the same. In the Advance we had mostly small systems. However, in OMNIA we have the largest systems in the State of New Jersey with broad coverage throughout the State.

With full disclosure and consistent with our OMNIA filing, AHS (Atlantic Health System) is listed as a Tier 1 but we are currently working through the rate negotiations and the Rate Agreement is pending execution. We were late to the negotiations with this system because of their recent change in leadership. We are very confident that we will have an executed rate appendix within the upcoming week. AHS represents Tier 1 hospitals in Sussex, Union and Morris counties.

Additionally, we are currently negotiating with the Meridian Health System and Atlantic Regional Health System for Tier 1 status. These two facilities are not needed for geo-access, but will serve our members well by adding to an already robust hospital network.

Please let me know if you have any further questions.

Lorna

From: Gaenzle, Holly [mailto:Holly.Gaenzle@dobi.nj.gov]
Sent: Thursday, September 03, 2015 2:28 PM
To: Lorna Ramdayal-Infanti
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Lorna, Let's start with my first question -- is the Omnia hospital network the same as that approved for the 2015 Horizon Advance product? I presumed so since it was not submitted as part of the Omnia filing. If it is different, the attached table must be completed and submitted today. Additionally, please provide a comparison of the two networks (Omnia and the approved 2015 Horizon Advance network) so we can easily identify the differences. Thanks. Holly

From: Lorna Ramdayal-Infanti [mailto:Lorna_Ramdayal-Infanti@horizonblue.com]
Sent: Thursday, September 03, 2015 12:51 PM
To: Gaenzle, Holly

Cc: Hanlon, Barbara
Subject: RE: Omnia Network

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To: Gaenzle, Holly
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

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Sent: Wednesday, September 02, 2015 4:31 PM
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State of New Jersey
Department of Banking and Insurance

Name of Managed Care Organization:
OMNIA NETWORK

For the Period Ending:

General Acute Care Hospitals

PLEASE DO NOT ALTER THIS FORM - ANY MODIFICATION TO THIS FORM IS PROHIBITED

General Acute Care Hospitals	Contracted		Date Contract Expires	Hospital Services					Tier 1
	Yes	No		1	2	3	4	5	
ATLANTIC									
AtlantiCare Regional Medical Center-City Division			Evergreen	1			4		
AtlantiCare Regional Medical Center-Mainland Division			Evergreen			3			
Shore Memorial Hospital			Evergreen						X
BERGEN									
Bergen Regional Medical Center		X		No OB Beds					
Englewood Hospital and Medical Center			Evergreen	1					X
Hackensack University Medical Center			Evergreen	RPC, CH	1	3	4		X
Holy Name Medical Center			Evergreen						
HackensackUMC At Pascack Valley			Evergreen						X
The Valley Hospital			Evergreen	1		3			
BURLINGTON									
Lourdes Medical Center of Burlington County			Evergreen						
Virtua - Memorial Hospital Burlington County, Inc.			Evergreen						
Virtua - West Jersey Hospital Marlton			Evergreen	No OB Beds					
CAMDEN									
Cooper Hospital/University Medical Center			Evergreen	RPC, CH	1	2	3	4	X
Kennedy Mem University Med. Center-Cherry Hill			Evergreen	No OB Beds					
Kennedy Mem University Med. Center-Stratford			Evergreen		1				
Our Lady of Lourdes Medical Center			Evergreen	RPC	1		3		
Virtua - West Jersey Hospital Berlin			Evergreen	No OB Beds					
Virtua - West Jersey Hospital Voorhees			Evergreen	RPC	1				
CAPE MAY									
Cape Regional Medical Center			Evergreen						X
CUMBERLAND									
Inspira Medical Center Vineland			Evergreen						X
ESSEX									
Clara Maass Medical Center			Evergreen						X
East Orange General Hospital			Evergreen	No OB Beds					
Newark Beth Israel Medical Center			Evergreen	RPC, CH	1	2	3		X
Saint Barnabas Medical Center			Evergreen	RPC	1		3		X
Saint Michael's Medical Center			Evergreen	No OB Beds			3		
HackensackUMC Mountainside Hospital			Evergreen					5	X
UMDNJ-University Hospital			Evergreen	RPC	1	2	3	4	

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

1. NJDHSS licensed Neonatal Intensive Care Unit (NICU) Bassinets
 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
 3. NJDHSS designated Cardiac Surgery
 4. NJDHSS designated Level I or II Trauma Center
 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

Name of Managed Care Organization:
OMNIA NETWORK

For the Period Ending:

General Acute Care Hospitals

PLEASE DO NOT ALTER THIS FORM - ANY MODIFICATION TO THIS FORM IS PROHIBITED

General Acute Care Hospitals	Contracted		Date Contract Expires	Hospital Services					Tier 1
	Yes	No		No OB Beds	1	2	3	4	
GLOUCESTER									
Kennedy University Med. Center-Washington			Evergreen						
Inspira Medical Center Woodbury			Evergreen						X
HUDSON									
CarePoint Health-Bayonne Medical Center			Evergreen						
CarePoint Health-Christ Hospital		X							
CarePoint Health-Hoboken University Medical Center			Evergreen						
LibertyHealth-Jersey City Medical Center			Evergreen	RPC, CH	1	2	3	4	X
Meadowlands Hospital Medical Center			Evergreen						
Palisades Medical Center/ NY Presbyterian HCS		X							
HUNTERDON									
Hunterdon Medical Center			Evergreen						X
MERCER									
Capital Health Regional Medical Center			Evergreen	No OB Beds				4	
Capital Health Medical Center - Hopewell			Evergreen	RPC	1				
Robert Wood Johnson Hospital at Hamilton			Evergreen						5 X
St. Francis Medical Center			Evergreen	No OB Beds			3		
MIDDLESEX									
Raritan Bay Medical Center-Old Bridge Division			Evergreen	No OB Beds					
Raritan Bay Medical Center-Perth Amboy Division			Evergreen					5	
JFK Medical Center			Evergreen						
Robert Wood Johnson Hospital at New Brunswick			Evergreen	RPC, CH	1	2	3	4	X
University Medical Center of Princeton at Plainsboro			Evergreen						X
Saint Peter's University Hospital			Evergreen	RPC	1	2			
MONMOUTH									
Bayshore Community Hospital			Evergreen	No OB Beds					
CentraState Medical Center			Evergreen						
Jersey Shore University Medical Center			Evergreen	RPC	1	2	3	4	
Monmouth Medical Center			Evergreen	RPC	1				5 X
Riverview Medical Center			Evergreen						5
MORRIS									
Chilton Memorial Hospital			Evergreen						X
Morristown Memorial Hospital			Evergreen	RPC, CH	1	2	3	4	X
St. Clare's Hospital - Dover			Evergreen	No OB Beds					
St. Clare's Hospital - Denville			Evergreen						5
OCEAN									
Community Medical Center			Evergreen						X
Kimball Medical Center			Evergreen						X
Ocean Medical Center - Brick			Evergreen					5	
Southern Ocean Medical Center			Evergreen						

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

1. NJDHSS licensed Neonatal Intensive Care Unit (NICU) Bassinets
2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
3. NJDHSS designated Cardiac Surgery
4. NJDHSS designated Level I or II Trauma Center
5. NJDHSS designated Primary Angioplasty Site
(RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

State of New Jersey
Department of Banking and Insurance

Name of Managed Care Organization:

For the Period Ending:

OMNIA NETWORK

General Acute Care Hospitals

PLEASE DO NOT ALTER THIS FORM - ANY MODIFICATION TO THIS FORM IS PROHIBITED

General Acute Care Hospitals	Contracted		Date Contract Expires	Hospital Services				Tier 1		
	Yes	No		1	2	3	4			
PASSAIC										
St. Joseph's Regional Medical Center			Evergreen	RPC, CH	1	2	3	4	X	
St. Joseph's Wayne Hospital			Evergreen						X	
St. Mary's Hospital-Passaic			Evergreen							
SALEM										
The Memorial Hospital of Salem County			Evergreen							
Inspira Medical Center Elmer			Evergreen						X	
SOMERSET										
Somerset Medical Center			Evergreen					5	X	
SUSSEX										
Newton Memorial Hospital			Evergreen						X	
UNION										
Overlook Hospital			Evergreen		1				5	X
Robert Wood Johnson Hospital at Rahway			Evergreen	No OB Beds					X	
Trinitas Regional Medical Center			Evergreen					5		
WARREN										
Hackettstown Regional Medical Center			Evergreen							
St. Luke's Warren Hospital			Evergreen	No OB Beds						

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

1. NJDHSS licensed Neonatal Intensive Care Unit (NICU) Bassinets
 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
 3. NJDHSS designated Cardiac Surgery
 4. NJDHSS designated Level I or II Trauma Center
 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

State of New Jersey
Department of Banking and Insurance

Name of Managed Care Organization:
ADVANCE NETWORK

For the Period Ending:

General Acute Care Hospitals

PLEASE DO NOT ALTER THIS FORM - ANY MODIFICATION TO THIS FORM IS PROHIBITED

General Acute Care Hospitals	Contracted		Date Contract Expires	Hospital Services				Tier 1
	Yes	No		1	2	3	4	
ATLANTIC								
AtlantiCare Regional Medical Center-City Division			Evergreen	1			4	X
AtlantiCare Regional Medical Center-Mainland Division			Evergreen			3		X
Shore Memorial Hospital			Evergreen					X
BERGEN								
Bergen Regional Medical Center		X		No OB Beds				
Englewood Hospital and Medical Center			Evergreen	1				X
Hackensack University Medical Center			Evergreen	1	3	4		
Holy Name Medical Center			Evergreen					
HackensackUMC At Pascack Valley			Evergreen					
The Valley Hospital			Evergreen	1	3			
BURLINGTON								
Lourdes Medical Center of Burlington County			Evergreen					X
Virtua - Memorial Hospital Burlington County, Inc.			Evergreen					
Virtua - West Jersey Hospital Marlton			Evergreen	No OB Beds				
CAMDEN								
Cooper Hospital/University Medical Center			Evergreen	1	2	3	4	X
Kennedy Mem University Med. Center-Cherry Hill			Evergreen	No OB Beds				X
Kennedy Mem University Med. Center-Stratford			Evergreen	1				X
Our Lady of Lourdes Medical Center			Evergreen	1	3			X
Virtua - West Jersey Hospital Berlin			Evergreen	No OB Beds				
Virtua - West Jersey Hospital Voorhees			Evergreen	1				
CAPE MAY								
Cape Regional Medical Center			Evergreen					X
CUMBERLAND								
Inspira Medical Center Vineland			Evergreen					
ESSEX								
Clara Maass Medical Center			Evergreen					
East Orange General Hospital			Evergreen	No OB Beds				X
Newark Beth Israel Medical Center			Evergreen	1	2	3		
Saint Barnabas Medical Center			Evergreen	1		3		
Saint Michael's Medical Center			Evergreen	No OB Beds				
HackensackUMC Mountainside Hospital			Evergreen				5	
UMDNJ-University Hospital			Evergreen	1	2	3	4	

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

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 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
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 5. NJDHSS designated Primary Angioplasty Site
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Name of Managed Care Organization:
ADVANCE NETWORK

For the Period Ending:

General Acute Care Hospitals
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General Acute Care Hospitals	Contracted		Date Contract Expires	Hospital Services					Tier 1
	Yes	No		1	2	3	4	5	
GLOUCESTER									
Kennedy University Med. Center-Washington			Evergreen						X
Inspira Medical Center Woodbury			Evergreen						X
HUDSON									
CarePoint Health-Bayonne Medical Center			Evergreen						
CarePoint Health-Christ Hospital		X							
CarePoint Health-Hoboken University Medical Center			Evergreen						
LibertyHealth-Jersey City Medical Center			Evergreen	RPC, CH	1	2	3	4	X
Meadowlands Hospital Medical Center			Evergreen						
Palisades Medical Center/ NY Presbyterian HCS		X							
HUNTERDON									
Hunterdon Medical Center			Evergreen						X
MERCER									
Capital Health Regional Medical Center			Evergreen	No OB Beds				4	
Capital Health Medical Center - Hopewell			Evergreen	RPC	1				
Robert Wood Johnson Hospital at Hamilton			Evergreen						5
St. Francis Medical Center			Evergreen	No OB Beds			3		X
MIDDLESEX									
Raritan Bay Medical Center-Old Bridge Division			Evergreen	No OB Beds					X
Raritan Bay Medical Center-Perth Amboy Division			Evergreen					5	X
JFK Medical Center			Evergreen						
Robert Wood Johnson Hospital at New Brunswick			Evergreen	RPC, CH	1	2	3	4	
University Medical Center of Princeton at Plainsboro			Evergreen						X
Saint Peter's University Hospital			Evergreen	RPC	1	2			
MONMOUTH									
Bayshore Community Hospital			Evergreen	No OB Beds					X
CentraState Medical Center			Evergreen						
Jersey Shore University Medical Center			Evergreen	RPC	1	2	3	4	X
Monmouth Medical Center			Evergreen	RPC	1				5
Riverview Medical Center			Evergreen						5 X
MORRIS									
Chilton Memorial Hospital			Evergreen						
Morristown Memorial Hospital			Evergreen	RPC, CH	1	2	3	4	
St. Clare's Hospital - Dover			Evergreen	No OB Beds					X
St. Clare's Hospital - Denville			Evergreen						5 X
OCEAN									
Community Medical Center			Evergreen						
Kimball Medical Center			Evergreen						
Ocean Medical Center - Brick			Evergreen					5	X
Southern Ocean Medical Center			Evergreen						X

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

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 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
 3. NJDHSS designated Cardiac Surgery
 4. NJDHSS designated Level I or II Trauma Center
 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

Name of Managed Care Organization:
ADVANCE NETWORK

For the Period Ending:

General Acute Care Hospitals

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General Acute Care Hospitals	Contracted		Date Contract Expires	Hospital Services					Tier 1	
	Yes	No		1	2	3	4	5		
PASSAIC										
St. Joseph's Regional Medical Center			Evergreen	RPC, CH	1	2	3	4		X
St. Joseph's Wayne Hospital			Evergreen							X
St. Mary's Hospital-Passaic			Evergreen							
SALEM										
The Memorial Hospital of Salem County			Evergreen							X
Inspira Medical Center Elmer			Evergreen							
SOMERSET										
Somerset Medical Center			Evergreen						5	
SUSSEX										
Newton Memorial Hospital			Evergreen							
UNION										
Overlook Hospital			Evergreen		1					5
Robert Wood Johnson Hospital at Rahway			Evergreen	No OB Beds						
Trinitas Regional Medical Center			Evergreen						5	X
WARREN										
Hackettstown Regional Medical Center			Evergreen							
St. Luke's Warren Hospital			Evergreen	No OB Beds						X

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

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 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

Kristine Maurer

From: Lorna Ramdayal-Infanti <Lorna_Ramdayal-Infanti@horizonblue.com>
Sent: Thursday, September 03, 2015 4:59 PM
To: Holly Gaenzle
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Holly and Barbara,

Unfortunately, I had a computer issue and the email was sent before I had an opportunity to proof read the email. The second paragraph should state "The networks are different in that the hospitals are **not** the same systems in both networks. In the Advance we had mostly small systems. However, in OMNIA we have the largest systems in the State of New Jersey with broad coverage throughout the State."

Thanks
Lorna

From: Lorna Ramdayal-Infanti
Sent: Thursday, September 03, 2015 4:42 PM
To: 'Gaenzle, Holly'
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Holly,

Attached are two tables: One for the OMNIA product and the other for the Advance Product. The two networks are the same in some respects and are different in others. First, the OMNIA network is the same as the Advance in that there is one Tier 1 hospital in each county with the exception of two counties (Warren and Burlington). Similarly in Advance there is one Tier 1 in each county with the exception of two counties (Somerset and Cumberland). Second, the two networks are the same in that Horizon meets geographic access on both networks using the service-area option in the Nacute care hospital access regulations.

The networks are different in that the hospitals are the same. In the Advance we had mostly small systems. However, in OMNIA we have the largest systems in the State of New Jersey with broad coverage throughout the State.

With full disclosure and consistent with our OMNIA filing, AHS (Atlantic Health System) is listed as a Tier 1 but we are currently working through the rate negotiations and the Rate Agreement is pending execution. We were late to the negotiations with this system, because of their recent change in leadership. We are very confident that we will have an executed rate appendix within the upcoming week. AHS represents Tier 1 hospitals in Sussex, Union and Morris counties.

Additionally, we are currently negotiating with the Meridian Health System and Atlantic Regional Health System for Tier 1 status. These two facilities are not needed for geo-access, but will serve our members well by adding to an already robust hospital network.

Please let me know if you have any further questions.

Lorna

From: Gaenzle, Holly [<mailto:Holly.Gaenzle@dobi.nj.gov>]
Sent: Thursday, September 03, 2015 2:28 PM
To: Lorna Ramdayal-Infanti
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Lorna, Let's start with my first question -- is the Omnia hospital network the same as that approved for the 2015 Horizon Advance product? I presumed so since it was not submitted as part of the Omnia filing. If it is different, the attached table must be completed and submitted today. Additionally, please provide a comparison of the two networks (Omnia and the approved 2015 Horizon Advance network) so we can easily identify the differences. Thanks. Holly

From: Lorna Ramdayal-Infanti [mailto:Lorna_Ramdayal-Infanti@horizonblue.com]
Sent: Thursday, September 03, 2015 12:51 PM
To: Gaenzle, Holly
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Holly- when you say comparison of the two networks....do you mean OMNIA as compared to Advance?

Lorna

From: Gaenzle, Holly [<mailto:Holly.Gaenzle@dobi.nj.gov>]
Sent: Thursday, September 03, 2015 12:07 PM
To: Lorna Ramdayal-Infanti
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Hi Lorna, Could you please respond to my inquiry today. If the networks differ, please provide a comparison of the two networks. Thanks. Holly

From: Lorna Ramdayal-Infanti [mailto:Lorna_Ramdayal-Infanti@horizonblue.com]
Sent: Wednesday, September 02, 2015 5:17 PM
To: Gaenzle, Holly
Cc: Hanlon, Barbara
Subject: RE: Omnia Network

Will do! Have a nice holiday weekend.

Lorna

From: Gaenzle, Holly [<mailto:Holly.Gaenzle@dobi.nj.gov>]
Sent: Wednesday, September 02, 2015 4:31 PM
To: Lorna Ramdayal-Infanti
Cc: Hanlon, Barbara
Subject: Omnia Network

Hi Lorna, The filing for the Omnia network did not include a hospital table. Attached is the Horizon Advance '15 hospital table. Could you please confirm whether this is the hospital network being used for the Omnia Network as well. Thanks. Holly

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Kristine Maurer

From: Hanlon, Barbara
Sent: Monday, September 28, 2015 8:35 AM
To: Holly Gaenzle
Subject: FW: Request for projected enrollment- OMNIA
Attachments: OMNIA Mercer by Zip by Segment.xls; Advance Members in Mercer County - by zip.xlsx
Importance: High

From: Lorna Ramdayal-Infanti [mailto:Lorna_Ramdayal-Infanti@horizonblue.com]
Sent: Sunday, September 27, 2015 8:15 PM
To: Barbara Hanlon
Subject: FW: Request for projected enrollment- OMNIA
Importance: High

Barbara-

Below and attached please find the information you have requested.

Advance IHC membership in Mercer County as of August 2015 = 3,442

Estimated Enrollment into OMNIA from in-force Horizon enrollment = 2,899
Estimated Enrollment into OMNIA from uninsured = 1,810

Estimated Total In-Force and Uninsured Enrollment in OMNIA = 4,709

Please let me know if you have any further questions.

Lorna

Lorna Ramdayal-Infanti, Esq.
Assistant General Counsel
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East PP-16F
Newark, NJ 07105
Phone: (973)466-8714
Fax: (973) 466-7759
Lorna_ramdayal-infanti@horizonblue.com

From: Barbara Hanlon [<mailto:Barbara.Hanlon@dobi.nj.gov>]
Sent: Thursday, September 24, 2015 10:08 AM
To: Lorna Ramdayal-Infanti
Subject: Request for projected enrollment- OMNIA

Good morning Lorna,

The Department is requesting the projected enrollment for Mercer County, by zip code, for the OMNIA product. We would like the same (current) enrollment information for Horizon Advance also.

Thank you,
Barbara

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Omnia Projected Mercer Enrollment IHC

Market	Zip Code	In-force Conversions	Formerly Uninsured	Total OMNIA Members
Individual				
	08520	259	144	403
	08525	30	14	44
	08534	54	33	87
	08540	731	253	984
	08541	-	-	-
	08542	11	10	21
	08543	-	-	-
	08544	0	-	0
	08550	295	103	397
	08560	18	10	28
	08561	6	2	7
	08601	-	-	-
	08602	0	-	0
	08603	-	-	-
	08604	-	-	-
	08605	-	-	-
	08606	-	-	-
	08607	1	-	1
	08608	1	3	4
	08609	42	88	130
	08610	197	171	368
	08611	60	139	199
	08618	40	107	147
	08619	212	131	343
	08620	95	93	187
	08625	1	5	6
	08628	19	28	47
	08629	49	65	114
	08638	32	75	107
	08644	-	-	-
	08645	-	-	-
	08646	-	-	-
	08647	-	-	-
	08648	357	162	518
	08650	0	-	0
	08666	-	-	-
	08677	-	-	-
	08690	172	109	280
	08691	215	64	279
	08695	-	-	-
Total Individual		2,891	1,810	4,701

Omnia Projected Mercer Enrollment - SEH

Small Group				
08520	102	-	102	
08525	13	-	13	
08534	27	-	27	
08540	199	-	199	
08541	-	-	-	
08542	6	-	6	
08543	0	-	0	
08544	-	-	-	
08550	79	-	79	
08560	8	-	8	
08561	1	-	1	
08601	-	-	-	
08602	0	-	0	
08603	-	-	-	
08604	0	-	0	
08605	-	-	-	
08606	-	-	-	
08607	0	-	0	
08608	1	-	1	
08609	37	-	37	
08610	95	-	95	
08611	62	-	62	
08618	43	-	43	
08619	83	-	83	
08620	53	-	53	
08625	2	-	2	
08628	14	-	14	
08629	29	-	29	
08638	33	-	33	
08644	-	-	-	
08645	0	-	0	
08646	-	-	-	
08647	-	-	-	
08648	123	-	123	
08650	0	-	0	
08666	-	-	-	
08677	-	-	-	
08690	78	-	78	
08691	72	-	72	
08695	-	-	-	
Total Small Group	1,161	-	1,161	
Total IHC and Small Group	8,104	3,620	11,724	

Advance Members By County

CITY	STATECODE	COUNTYNM	CITY_0001	ZIP CODE	Members	As of August 2015
Hightstown	NJ	Mercer	HIGHTSTOWN	08520	283	
Hopewell	NJ	Mercer	HOPEWELL	08525	92	
Pennington	NJ	Mercer	PENNINGTON	08534	163	
Princeton	NJ	Mercer	PRINCETON	08540	654	
Princeton	NJ	Mercer	PRINCETON	08541		
Princeton	NJ	Mercer	PRINCETON	08542	41	
Princeton	NJ	Mercer	PRINCETON	08543		
Princeton	NJ	Mercer	PRINCETON	08544		
Princeton Junction	NJ	Mercer	PRINCETONJUNCTION	08550	298	
Titusville	NJ	Mercer	TITUSVILLE	08560	77	
Windsor	NJ	Mercer	WINDSOR	08561	8	
Trenton	NJ	Mercer	TRENTON	08601		
Trenton	NJ	Mercer	TRENTON	08602		
Trenton	NJ	Mercer	TRENTON	08603		
Trenton	NJ	Mercer	TRENTON	08604		
Trenton	NJ	Mercer	TRENTON	08605		
Trenton	NJ	Mercer	TRENTON	08606		
Trenton	NJ	Mercer	TRENTON	08607	2	
Trenton	NJ	Mercer	TRENTON	08608		
Trenton	NJ	Mercer	TRENTON	08609	51	
Trenton	NJ	Mercer	TRENTON	08610	229	
Trenton	NJ	Mercer	TRENTON	08611	72	
Trenton	NJ	Mercer	TRENTON	08618	158	
Trenton	NJ	Mercer	TRENTON	08619	198	
Trenton	NJ	Mercer	TRENTON	08620	82	
Trenton	NJ	Mercer	TRENTON	08625	1	
Trenton	NJ	Mercer	TRENTON	08628	78	
Trenton	NJ	Mercer	TRENTON	08629	52	
Trenton	NJ	Mercer	TRENTON	08638	137	
Trenton	NJ	Mercer	TRENTON	08644		
Trenton	NJ	Mercer	TRENTON	08645		
Trenton	NJ	Mercer	TRENTON	08646		
Trenton	NJ	Mercer	TRENTON	08647		

Lawrence Township	NJ	Mercer	LAWRENCETOWNSHIP	08648	389
Trenton	NJ	Mercer	TRENTON	08650	
Trenton	NJ	Mercer	TRENTON	08666	
Trenton	NJ	Mercer	TRENTON	08690	180
Trenton	NJ	Mercer	TRENTON	08691	197
Trenton	NJ	Mercer	TRENTON	08695	
				TOTAL	3,442

Kristine Maurer

From: Simon, Gale
Sent: Friday, October 02, 2015 10:34 AM
To: Kristine Maurer
Subject: FW: Tier 1 Hospitals
Attachments: Copy of DOBI HOSPITAL TABLE OMNIA 9-29.xls

From: Holly Gaenzle
Sent: Wednesday, September 30, 2015 11:00 AM
To: Gale Simon; Hanlon, Barbara
Subject: FW: Tier 1 Hospitals

From: Lorna Ramdayal-Infanti [mailto:Lorna_Ramdayal-Infanti@horizonblue.com]
Sent: Wednesday, September 30, 2015 9:36 AM
To: Holly Gaenzle
Subject: RE: Tier 1 Hospitals

Holly- Attached is the updated Hospital Table. There are **35 Hospitals in Tier 1 listed** in the above attachment, whereas in the September 3rd attachment there were 29 Hospitals in Tier 1. The reason for the difference in 6 Tier 1 hospitals were a result of adding ARMC (2) and Meridian (4) which as noted in the September 3rd email, we did not need for Geo Access and were beginning the discussion around rate discounts. We have recently added these two facilities to our list as it is our expectation that executed rate agreements are forthcoming and the addition of these two systems will offer a more robust network.

Please let me know if you have any further questions.

Lorna Ramdayal-Infanti, Esq.
Assistant General Counsel
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East PP-16F
Newark, NJ 07105
Phone: (973)466-8714
Fax: (973) 466-7759
Lorna_ramdayal-infanti@horizonblue.com

From: Holly Gaenzle [<mailto:Holly.Gaenzle@dobi.nj.gov>]
Sent: Tuesday, September 29, 2015 9:15 AM
To: Lorna Ramdayal-Infanti
Subject: Tier 1 Hospitals

Lorna, Please clarify how many Tier 1 hospitals are in the Omnia network. If there are more than the 29 hospitals shown on your September 3rd table, complete the attached chart. Is Horizon in negotiations with additional hospitals? It is more difficult to manage all the issues surrounding the Omnia network when we don't have the same information. Thanks. Holly

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State of New Jersey
Department of Banking and Insurance

Name of Managed Care Organization:
Name of Product: OMNIA

For the Period Ending:

Tiered Hospital Network

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General Acute Care Hospitals	Tier		Non-Participating	Hospital Services				
	1	2						
ATLANTIC								
AtlantiCare Regional Medical Center-City Division	X			No OB Beds				4
AtlantiCare Regional Medical Center-Mainland Division	X				1		3	5
Shore Medical Center	X							
BERGEN								
Bergen Regional Medical Center			X	No OB Beds				
Englewood Hospital and Medical Center	X				1		3	5
Hackensack University Medical Center	X			RPC, CH	1	2	3	4 5
Holy Name Medical Center		X						5
HackensackUMC At Pascack Valley	X							
The Valley Hospital		X			1		3	5
BURLINGTON								
Lourdes Medical Center of Burlington County		X						
Virtua Memorial Hospital		X						5
Virtua Marlton Hospital		X		No OB Beds				5
CAMDEN								
Cooper Hospital/University Medical Center	X			RPC, CH	1	2	3	4 5
Kennedy University Hospital-Cherry Hill		X		No OB Beds				
Kennedy University Hospital-Stratford		X		No OB Beds				
Our Lady of Lourdes Medical Center		X		RPC	1		3	5
Virtua Vorhees Hospital		X		RPC	1	2		
CAPE MAY								
Cape Regional Medical Center	X							
CUMBERLAND								
Inspira Medical Center Vineland	X				1			
ESSEX								
Clara Maass Medical Center	X							5
East Orange General Hospital		X		No OB Beds				
Newark Beth Israel Medical Center	X			RPC, CH	1	2	3	5
Saint Barnabas Medical Center	X			RPC	1	2	3	5
Saint Michael's Medical Center		X		No OB Beds			3	5
HackensackUMC Mountainside Hospital	X							5
University Hospital		X		RPC	1	2	3	4 5

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

1. NJDHSS licensed Neonatal Intensive Care Unit (NICU) Bassinets
 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
 3. NJDHSS designated Cardiac Surgery
 4. NJDHSS designated Level I or II Trauma Center
 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

Name of Managed Care Organization:
Name of Product: OMNIA

For the Period Ending:

Tiered Hospital Network

PLEASE DO NOT ALTER THIS FORM - ANY MODIFICATION TO THIS FORM IS PROHIBITED

General Acute Care Hospitals	Tier		Non-Participating	Hospital Services				
	1	2		1	3	4	5	
GLOUCESTER								
Kennedy University Hospital - Washington		X			1			
Inspira Medical Center Woodbury	X							5
HUDSON								
CarePoint Health-Bayonne Medical Center		X						5
CarePoint Health-Christ Hospital			X					5
CarePoint Health-Hoboken University Medical Center		X						5
Jersey City Medical Center	X			RPC	1	3	4	5
Meadowlands Hospital Medical Center		X						5
Palisades Medical Center			X					5
HUNTERDON								
Hunterdon Medical Center	X							5
MERCER								
Capital Health Regional Medical Center		X		No OB Beds				4
Capital Health Medical Center - Hopewell		X		RPC	1			5
RWJ University Hospital at Hamilton	X			No OB Beds				5
St. Francis Medical Center		X		No OB Beds		3		5
MIDDLESEX								
Raritan Bay Medical Center-Old Bridge		X		No OB Beds				5
Raritan Bay Medical Center - Perth Amboy		X						5
JFK Medical Center		X						5
RWJ University Hospital at New Brunswick	X			RPC, CH	1	2	3	4
University Medical Center of Princeton at Plainsboro	X							5
Saint Peter's University Hospital		X		CH	1	2		5
MONMOUTH								
Bayshore Community Hospital	X			No OB Beds				5
CentraState Medical Center		X						5
Jersey Shore University Medical Center	X			RPC, CH	1	2	3	4
Monmouth Medical Center	X			RPC, CH	1	2		5
Riverview Medical Center	X							5
MORRIS								
Chilton Medical Center	X							5
Morristown Medical Center	X			RPC, CH	1	2	3	4
St. Clare's Hospital - Dover		X		No OB Beds				5
St. Clare's Hospital - Denville		X						5
OCEAN								
Community Medical Center	X							5
Monmouth Medical Center - Southern Campus	X			No OB Beds				5
Ocean Medical Center - Brick	X							5
Southern Ocean Medical Center	X							5

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

1. NJDHSS licensed Neonatal Intensive Care Unit (NICU) Bassinets
 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
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 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
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State of New Jersey
Department of Banking and Insurance

Name of Managed Care Organization:
Name of Product: OMNIA

For the Period Ending:

Tiered Hospital Network

PLEASE DO NOT ALTER THIS FORM - ANY MODIFICATION TO THIS FORM IS PROHIBITED

General Acute Care Hospitals	Tier		Non-Participating	Hospital Services					
	1	2							
PASSAIC									
St. Joseph's Regional Medical Center	X			RPC, CH	1	2	3	4	5
St. Joseph's Wayne Hospital	X			No OB Beds					
St. Mary's General Hospital		X					3		5
SALEM									
The Memorial Hospital of Salem County		X		No OB Beds					
Inspira Medical Center Elmer	X								
SOMERSET									
RWJ University Hospital at Somerset	X								5
SUSSEX									
Newton Medical Center		X							
UNION									
Overlook Medical Center	X				1				5
RWJ University Hospital at Rahway	X			No OB Beds					5
Trinitas Regional Medical Center		X							5
WARREN									
Hackettstown Regional Medical Center		X							
St. Luke's Warren Hospital		X		No OB Beds					

Report hospitals with a written executed contract with the Plan. All other arrangements must be reported under comments.

1. NJDHSS licensed Neonatal Intensive Care Unit (NICU) Bassinets
 2. NJDHSS licensed Pediatric Intensive Care Unit (PICU) beds
 3. NJDHSS designated Cardiac Surgery
 4. NJDHSS designated Level I or II Trauma Center
 5. NJDHSS designated Primary Angioplasty Site
- (RPC) - NJDHSS licensed Regional Perinatal Center
(CH) - NJDHSS licensed Children's Hospital

Kristine Maurer

From: Lorna Ramdayal-Infanti <Lorna_Ramdayal-Infanti@horizonblue.com>
Sent: Tuesday, September 15, 2015 3:12 PM
To: Hanlon, Barbara
Cc: Gale Simon; Holly Gaenzle; Nicholas Peterson
Subject: FW: DOBI OBGYN requested information
Attachments: OSC Tier1 Hospital Analysis Burlington County Membership - Tier 1 Hospitals.pdf; OSC Tier1 Hospital Analysis Burlington County Membership - Tier 1 Hospitals_OB_GYN Services.pdf

Barbara,

Thank you for taking the time to discuss the DOBI concerns around OBGYN in Burlington County. As promised, below are two illustrations of Burlington County's managed care membership relative to the Tier 1 hospitals that support 90% of the managed care membership in Burlington County. The first PDF file demonstrates geo-access for all the surrounding Tier 1 hospitals of Burlington County. The second PDF file demonstrates geo-access for only the surrounding Tier 1 hospitals of Burlington County that provide OBGYN services. As shown by the second PDF file, the access standards are met for 88% of the managed care membership in Burlington county, leaving 2% without access to a Tier 1 hospital that provides OBGYN services. Horizon will commit to be fully compliant with the State adequacy standards and will cure the 2%. At this time we would like the latitude to conduct one of the two options

[REDACTED] Due to the timing by which we received this information pertaining to Burlington County's OBGYN access, we would like the latitude to determine which solution works best for Horizon. We are confident that the above outlined approach addresses any access concerns. We will follow up shortly to go over questions you may have.

Thank you,
Lorna

Lorna Ramdayal-Infanti, Esq.
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Horizon Blue Cross Blue Shield of New Jersey
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State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

CONSUMER PROTECTION SERVICES

OFFICE OF MANAGED CARE

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

RICHARD J. BADOLATO
Acting Commissioner

PETER L. HARTT
Director

September 18, 2015

Lorna Ramdayal-Infanti, Esq.
Assistant General Counsel
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East PP-16F
Newark, NJ 07105

Re: Approval of OMNIA network

Dear Ms. Ramdayal-Infanti:

The Department of Banking and Insurance has completed its review of Horizon Blue Cross Blue Shield of New Jersey's (Horizon) application to establish the OMNIA Network. This network is approved state-wide as of September 15, 2015. On that date, the Department advised the Centers for Medicaid and Medicare Services that it was revising its QHP certification to indicate that the OMNIA network was approved.

Overall, any changes in operations from those descriptions filed with this application are subject to prior review and approval by the Department. Horizon shall be subject to all provisions of N.J.S.A. 26:2S-1 et seq. and N.J.A.C. 11:24A-1 et seq.

If you have any questions or need assistance, please contact me at (609) 292-5427, ext. 50308.

Sincerely,

Holly Gaenzle
Chief, Office of Managed Care

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Kristine Maurer

From: Lorna Ramdayal-Infanti <Lorna_Ramdayal-Infanti@horizonblue.com>
Sent: Thursday, June 25, 2015 12:17 PM
To: Holly Gaenzle
Cc: Nicholas Peterson
Subject: FW: DOBI reports
Attachments: DOBI Managed Care and OMNIA Tier 1 report June 19.xls; DOBI OMNIA tier 1 with tier 1 admits June 19.xls; DOBI OMNIA Tier 1 practitioner detail June 19 2015.xlsx

Holly,

Hope all is well and your girls are getting ready for the summer!

As indicated a few weeks ago, Horizon would like to share the network that will support the OMNIA products with the Department prior to open enrollment. This e-mail shall serve as a summary of the physician network that will be offered to members enrolled in the OMNIA product. The OMNIA product utilizes the managed care network. All physicians, other health care professional and hospitals in the managed network is included in OMNIA, but at different tiered status: either OMNIA Tier 1 and Tier 2. Further, all ancillaries in the managed network will be Tier 1, with some exceptions.

The attachments included in this email are similar to what we have provided to you in the past for our other products that utilize a tier and/or subset of our managed care network.

With regard to physicians in the managed network, OMNIA Tier 1 inclusion in the product closely reflects the criteria that was used for the Advance product. The criteria includes efficiency, Tier 1 hospital privileges and utilization of a Tier 1 hospital and geographic access needs (some exceptions may apply.) For PCPS, OMNIA Tier 1 status was based upon affiliation to patient-centered practice or an OMNIA Tier 1 hospital.

Please note for physician groups, a physician tier status is deemed at the TIN level (*i.e.*, the group level). Consideration for OMNIA Tier 1 inclusion was based on the referral pattern *of the group*, not the individual physicians. Therefore, if a specific physician within a group does not have Tier 1 hospital privileges, but the group generally refers to a Tier 1 hospital, that group was placed in OMNIA Tier 1, provided it met the other criteria.

The specialties listed below were evaluated for tiering. Other specialties may be impacted due to its affiliation with a multi-specialty practice that contains an evaluated specialty.

Allergy & Immunology *	Cardiology	Cardiovascular
Surgery	Cardiothoracic Surgery	
Chiropractic		
Medicine*	Dermatology*	Endocrinology
Gastroenterology		
General		
Surgery	Hematology	Hematology/Oncology
Neurological Surgery		
Neurology	Oncology	Ophthalmology*
Orthopedic Surgery		
Otolaryngology	Plastic and Reconstructive	
Surgery Podiatry*		Pulmonology
Reproductive		
Medicine	Rheumatology	Urology
Vascular Surgery		

**Hospital admitting privileges is not required*

Report Summary:**

1. DOBI Managed Care and OMNIA Tier 1 report:
 - a. This report mirrors the HMO Supplemental report and it's criteria
 - b. Tab one captures all practitioners that are participating in Horizon's managed care network
 - c. Tab 2 captures all OMNIA Tier 1 practitioners
 - d. A practitioner is only counted once per county
 - e. Only primary specialties are reflected
2. DOBI OMNIA Tier 1 Practitioners with Tier 1 Admitting Privileges:
 - a. This report captures Tier 1 practitioner with Tier 1 admitting privileges per county
 - b. Report captures only those specialties that were evaluated that require hospital admitting privileges
 - c. OBGYN was included per your request but was not evaluated
 - d. A practitioner is only counted once per county per specialty
 - e. Report captures all credentialed specialties for a practitioner
3. DOBI OMNIA Tier 1 practitioner detail: (NOTE: Horizon is aware of the Practitioners with the unidentified Hospital Affiliate, and is currently reviewing each file in order to confirm the appropriate Hospital Affiliate)
 - a. Report includes a listing of all the evaluated specialties that are OMNIA Tier 1 practitioners
 - b. OBGYN was included per your request

**Atlantic Health System and its Physicians are included in tier 1, pending execution of the rate appendix. All other hospitals included in Tier 1 have executed the rate appendix to reflect the tier 1 rates for the OMNIA products.

I anticipate that you may have some follow up questions and Nick mentioned to me that he also offered our availability to walk through any comments/questions, so we would like to offer our availability as early as next week Thursday July 2nd should you need to meet and discuss. We will put a hold on July 2nd and work around your schedule to provide any additional information you may need.

Thank you,
Lorna

Lorna Ramdayal-Infanti, Esq.
Assistant General Counsel
Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza East PP-16F
Newark, NJ 07105
Phone: (973)466-8714
Fax: (973) 466-7759
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State of New Jersey
Department of Banking and Insurance

Managed Care Network

For the Period Ending

Horizon Healthcare of New Jersey, Inc.

TABLE E. (i): SUMMARY OF PHYSICIANS BY COUNTY*
(INDICATE NUMBER OF PROVIDERS IN EACH COUNTY)

Type of Provider	New Jersey Counties																					STATE-WIDE
	ATL	BER	BUR	CAM	CAP	CUM	ESS	GLO	HUD	HUN	MER	MID	MON	MOR	OCE	PAS	SAL	SOM	SUS	UNI	WAR	
A. PRIMARY CARE PHYSICIANS																						
1. Family/General Practice	84	138	212	236	52	40	127	166	102	70	93	156	119	107	101	96	23	104	44	107	48	2225
2. Internal Medicine	154	509	213	336	55	99	451	139	240	14	266	443	335	284	240	209	31	159	61	243	62	4543
3. Pediatrics	99	282	160	222	25	38	205	127	140	34	103	266	194	139	103	128	10	87	31	133	26	2552
Subtotal A.	337	929	585	794	132	177	783	432	482	118	462	865	648	530	444	433	64	350	136	483	136	9320
B. SPECIALTY CARE PHYSICIANS																						
1. Allergist	3	42	18	17	1	3	26	15	12	9	20	33	23	19	21	14	3	20	5	25	2	331
2. Cardiologist	74	189	157	173	18	38	134	120	72	10	76	147	107	113	95	68	36	69	28	69	21	1814
3. Dermatologist	17	95	39	35	10	13	79	20	43	3	33	30	49	56	24	45	10	45	2	39	15	702
4. Endocrinologist	10	31	14	26	4	2	19	6	8	6	17	26	15	12	15	10	0	5	1	17	2	246
5. Immunologist	3	42	18	17	1	3	26	15	12	9	20	33	23	19	21	14	3	20	5	25	2	331
6. Infectious Disease Spec.	10	10	9	30	3	1	28	5	6	2	16	24	18	23	4	7	3	16	0	14	3	232
7. Gastroenterologist	24	76	47	55	12	7	54	26	26	10	31	66	52	38	34	32	5	31	8	39	9	682
8. General Surgeon	39	50	51	86	15	14	61	33	26	5	39	73	50	38	24	28	5	21	15	26	9	708
9. Nephrologist	25	23	21	35	3	6	45	14	16	0	15	37	26	22	25	19	4	14	2	17	11	380
10. Neurologist	16	41	18	50	11	5	47	19	20	3	34	80	47	20	23	25	1	17	7	34	7	525
11. Obstetrician	44	151	97	135	16	17	141	48	108	16	71	177	147	80	87	90	12	61	14	92	18	1622
12. Gynecologist	51	163	100	145	16	18	151	51	110	16	76	184	151	85	88	91	12	65	15	96	21	1705
13. Hematologist	16	31	19	33	5	4	26	18	13	3	14	42	29	16	10	6	6	16	1	21	3	332
14. Oncologist	35	77	34	55	11	10	72	30	30	7	50	108	55	42	28	18	6	28	10	36	13	755
15. Ophthalmologist	52	138	77	91	14	26	120	18	55	10	73	98	67	81	85	60	6	59	9	64	6	1209
16. Orthopedist	56	57	109	97	15	33	69	73	34	6	61	63	55	69	62	23	6	30	22	51	22	1013
17. Oral Surgeon	10	8	12	16	5	6	9	11	7	4	6	12	17	5	12	6	4	6	1	13	4	174
18. Otolaryngologist	15	46	23	38	3	7	22	23	18	4	20	36	29	22	16	16	1	20	2	28	2	391
19. Psychiatrist	32	66	54	39	3	10	72	18	21	2	37	63	38	53	33	17	11	14	10	36	7	636
20. Pulmonologist	18	42	35	46	10	2	34	25	29	7	19	49	23	23	37	17	5	17	3	28	5	474
21. Urologist	51	46	16	41	12	5	68	17	25	4	34	34	39	24	31	21	5	16	9	28	10	536
22. Other MD/DO Only (Please Specify)	408	1046	620	1012	109	212	1163	363	619	66	605	1039	893	695	746	495	134	377	150	720	147	11619
Subtotal B.	1009	2470	1588	2272	297	442	2466	968	1310	202	1367	2454	1953	1555	1521	1122	278	967	319	1518	339	26417
TOTAL A. + B.	1346	3399	2173	3066	429	619	3249	1400	1792	320	1829	3319	2601	2085	1965	1555	342	1317	455	2001	475	35737

State of New Jersey
Department of Banking and Insurance

OMNIA Tier 1 Practitioners

For the Period Ending

Horizon Healthcare of New Jersey, Inc.

**TABLE E. (i): SUMMARY OF PHYSICIANS BY COUNTY*
(INDICATE NUMBER OF PROVIDERS IN EACH COUNTY)**

Type of Provider	New Jersey Counties																					
	ATL	BER	BUR	CAM	CAP	CUM	ESS	GLO	HUD	HUN	MER	MID	MON	MOR	OCE	PAS	SAL	SOM	SUS	UNI	WAR	STATE-WIDE
A. PRIMARY CARE PHYSICIANS																						
1. Family/General Practice	67	81	121	155	45	30	82	109	63	60	61	106	64	92	76	61	17	83	38	77	43	1531
2. Internal Medicine	128	181	120	230	42	88	165	115	97	11	144	249	149	212	127	102	16	106	52	160	30	2524
3. Pediatrics	89	155	140	193	20	26	108	104	58	34	55	123	84	94	62	59	5	67	22	76	14	1588
Subtotal A.	284	417	381	578	107	144	355	328	218	105	260	478	297	398	265	222	38	256	112	313	87	5643
B. SPECIALTY CARE PHYSICIANS																						
1. Allergist	2	13	6	11	1	2	14	6	7	9	10	17	10	7	5	7	3	13	5	18	1	167
2. Cardiologist	40	109	22	63	17	14	80	33	38	10	24	99	46	82	34	46	33	56	18	48	8	920
3. Dermatologist	6	39	14	17	3	3	33	8	10	2	16	20	21	32	14	13	1	30	2	24	2	310
4. Endocrinologist	7	13	7	18	4	2	10	6	6	6	8	21	2	10	4	6	0	2	1	13	1	143
5. Immunologist	2	13	6	11	1	2	14	6	7	9	10	17	10	7	5	7	3	13	5	18	1	167
6. Infectious Disease Spec.	9	7	0	19	3	1	10	3	5	2	16	22	7	22	3	7	2	16	0	13	1	168
7. Gastroenterologist	16	31	14	18	11	6	32	10	11	10	19	32	5	26	20	17	3	21	7	24	4	337
8. General Surgeon	30	28	19	58	11	9	37	21	12	5	16	44	23	30	16	15	2	14	12	18	4	424
9. Nephrologist	11	20	4	14	3	2	31	8	9	0	14	34	15	22	14	14	2	14	2	14	11	258
10. Neurologist	9	13	9	31	10	2	25	16	6	2	10	56	15	9	7	10	0	3	7	18	7	265
11. Obstetrician	43	140	90	122	16	17	133	42	83	16	65	170	124	77	78	87	12	61	14	83	15	1488
12. Gynecologist	50	152	93	132	16	18	143	45	84	16	70	177	126	82	79	88	12	65	15	87	18	1568
13. Hematologist	14	22	14	24	5	4	17	11	6	3	10	29	19	16	6	5	0	11	1	12	2	231
14. Oncologist	32	66	24	45	10	9	52	20	18	7	39	92	40	34	20	15	0	21	9	26	10	589
15. Ophthalmologist	42	23	22	43	14	19	11	3	10	6	14	23	11	20	11	8	3	16	3	24	3	329
16. Orthopedist	25	17	8	46	14	6	34	11	14	6	26	5	15	48	13	12	5	26	18	32	18	399
17. Oral Surgeon	9	7	12	16	5	6	9	11	7	4	5	12	16	5	12	6	4	6	1	10	4	167
18. Otolaryngologist	6	8	13	21	3	2	8	15	8	4	8	6	5	16	7	2	0	11	2	18	1	164
19. Psychiatrist	19	46	22	31	3	6	40	10	15	2	25	50	23	43	21	13	9	10	8	32	6	434
20. Pulmonologist	16	30	10	16	10	2	11	4	16	7	8	29	11	19	12	7	4	16	3	21	2	254
21. Urologist	19	37	5	12	12	2	57	2	17	4	14	19	10	21	13	20	2	12	8	26	8	320
22. Other MD/DO Only (Please Specify)	337	840	398	753	99	178	872	252	348	65	394	783	530	610	513	408	99	355	97	579	58	8568
Subtotal B.	744	1674	812	1521	271	312	1673	543	737	195	821	1757	1084	1238	907	813	199	792	238	1158	185	17670
TOTAL A. + B.	1028	2091	1193	2099	378	456	2028	871	955	300	1081	2235	1381	1636	1172	1035	237	1048	350	1471	272	23313

Report physicians only once in a county even if there is more than one practice site.