New Anthem Blue Cross PPO and ACO Contracts Exclusive to SCCIPA

Last year, one of the biggest issues facing the SCCIPA Board was discussing how we could support our independent physicians in the wake of decreasing reimbursement and aggressive recruitment from newly forming hospital foundations and large health systems.

After months of strategic meetings, I am very pleased to announce that SCCIPA has executed two new contract relationships with Anthem Blue Cross. Both represent a major step in accomplishing our goal as well as create exciting reimbursement alternatives, allowing physicians to remain independent in their practices without having to become employees of large hospital systems. I want to congratulate our combined SCCIPA and PPMSI negotiating team for this achievement.

**Anthem Blue Cross Prudent Buyer PPO Contract**

Effective October 1st, 2011 SCCIPA will become the first IPA in Anthem Blue Cross of California history to enter into a Prudent Buyer PPO contract with Anthem Blue Cross. Initially Exclusive Primary Care Physicians within SCCIPA will receive a sizable increase in their Anthem Blue Cross reimbursements under this contract. According to Anthem’s own data, all of our Exclusive Primary Care Physicians (with limited exception) will receive an average twenty percent increase in their reimbursement for Anthem Blue Cross PPO patients. This will commit thousands of new patients to our IPA in the future.

**Anthem Blue Cross ACO Contract**

Effective October 1st, 2011 SCCIPA will become the first Northern California commercial Accountable Care Organization (ACO) for Anthem Blue Cross. This contract will provide approximately 26,000 new patients to SCCIPA in the first year and tens of thousands of additional patients for SCCIPA over the next two to five years. For the first time, SCCIPA will have the opportunity to participate in a fifty/fifty shared savings program with Anthem for any professional and hospital savings that we achieve with this ACO population. In essence, we will be applying SCCIPA’s own HMO management principles to these ACO patients.

Unlike Medicare ACOs, this new insurance product will directly incentivize physicians for implementing cost savings. All of SCCIPA’s 800 physician members will share in the distribution of bonuses from this ACO contract. SCCIPA is committed to supporting its physicians and will continue to look at new initiatives and contracting strategies to benefit our physicians. By working together, we will remain strong, independent and retain our excellent physician network within Santa Clara County. Thank you for your support and continued participation in SCCIPA.

Sincerely,

J. Kersten Kraft, M.D.
President