

CONNECTIONS

IMPORTANT NEWS FOR OUR PROVIDERS

April 30, 2008

ANNUAL SHAREHOLDERS MEETING HELD

The Santa Clara County IPA held its annual Shareholders meeting on Wednesday, April 9, 2008, at the Wyndham Hotel in San Jose. The meeting was officiated by Lauren Wilson from Rosenberg and Kaplan where a quorum for votes was deemed met.

Dayton Misfeldt, MD, President of SCCIPA, opened the meeting by introducing the executive team at Pacific Partners Management Services, Inc (PPMSI); Ellis Weeker, MD, President and Chairman of the PPMSI Board of Directors, Randy Frakes, CEO, Sue Myrick, CFO and Lori Vatcher, COO. The executive team presented a year in review on the state of SCCIPA and provided an overview of the services provided by PPMSI to SCCIPA and other clients.

Keynote speaker Noah Rosenberg, Esq. provided a health care industry update and discussed the shifts in health plan risk contracting and new barriers to growth within the northern California HMO markets. Sutter and Kaiser are taking over the local markets and he emphasized that SCCIPA will need to move to a more competitive model in order to survive.

Key Goals and Objectives of SCCIPA for 2008-09 include:

- Transparency
- New Compensation Model that is fair and equitable to all providers
- Develop Strategic partnerships and new contracting strategies to ensure growth

SCCIPA Board of Directors 2008

Dayton Misfeldt MD, Oncology/Hematology President

Ellis Weeker MD, Emergency Medicine

Mark Golod MD, Orthopedics

John Cellar MD, Anesthesiology

Michael Greenfield MD, Endocrinology

Kersten Kraft MD, Urology

Jimmy Lin MD, Internal Medicine

Joe Morgensen MD, Internal Medicine

Robert Norman MD, Family Practice

James Pellegrin MD, Family Practice

Donald Stemmler MD, Pediatrics

Steven Schwartz MD, Cardiovascular Surgery

Carl Bertelsen MD, Ex Officio, General Surgery

Tom Leung MD, Ex Officio, Internal Medicine

UPDATE ON THE 2009 COMPENSATION MODEL

The Camden Group was engaged in January 2008, to review all of the SCCIPA provider contracts and make recommendations for a fair, equitable and viable compensation model.

Their work plan is divided into four steps:

Step 1: Situation Assessment

Step 2: Goals and Network Strategy

Step 3: Compensation Framework

Step 4: Model Financial Impact and Finalize Structure

Here is the current situation assessment and timeframe as provided by The Camden Group:

STEP 1 TO BE COMPLETED BY 5/12/08

Situation Assessment

- Summarize financial goals and network development strategy - to SCCIPA 4/21
- First-round analysis of current medical expenses by specialty - to SCCIPA 4/21
- Identify core framework/principles for compensation system going forward to SCCIPA 4/28
- Identify design structure for Primary Care - to SCCIPA 5/5
- Identify any other unique structures by specialty - to SCCIPA 5/5
- "Final" analysis of current medical expenses - to SCCIPA 5/12
- Draft presentation for CRC Committee - to SCCIPA 5/12

We will provide monthly updates on Steps 2-4 as they occur.

STANFORD LAB UPDATE

SCCIPA is working with Stanford on the transition/acquisition plan for their outpatient lab services. By mid-May, SCCIPA will be interviewing the top two suitors. Our goal in working with Stanford is to ensure there is no interruption in service to our practices and our patients.