



Dear Broker,

Earlier this week you received a communication from Blue Shield of California regarding current contract negotiations with Providence. Please understand that Providence has been negotiating in good faith with Blue Shield for months for fair and equitable rate increases. Like other health systems across the United States, Providence is experiencing a tight labor market, global supply chain disruptions, delayed reimbursements from insurance companies, and the impact of inflation. In fact, health care costs have increased 19% between 2020 and 2022.

Providence needs adequate reimbursement to deliver high-quality care to our patients. To date, we have not yet reached an agreement with Blue Shield and our contract with them expires on May 31, 2024.

In addition to the communications you received from Blue Shield, they recently sent a letter to commercial HMO members making them aware that Providence medical groups, clinics and hospitals may be out-of-network to 110,000 members on June 1. Payers are required by the Department of Managed Health Care (DMHC) to provide advance notice to members.

Please note that Providence's current contract with Blue Shield covers commercial HMO members including Trio IFP (Covered California) members, Blue Shield PPO members and Blue Shield POS members in California. It also covers a small number of Blue Shield Medicare Advantage members enrolled with Saint John's Physician Partners. Those Blue Shield Medicare Advantage members enrolled with our Providence Health Network (PHN) through Facey Medical Group and Providence Medical Associates (also known as Axminster Medical Group) and the Providence Affiliates are currently not impacted by this pending termination.

Providence wants to come to an amiable agreement as soon as possible and will continue meeting with Blue Shield representatives in good faith until a deal is made. In the meantime, we know these negotiations may be disruptive to our patients and your clients. We encourage you to reach out to us if you have any questions about the progress of the negotiations with Blue Shield. To help answer questions that your clients may ask about the contract negotiations with Blue Shield, we have provided FAQs that are attached to this e-mail.

To get the latest information about the Providence and Blue Shield negotiations, please visit: [Providence.org/CA-Negotiations](https://www.providence.org/CA-Negotiations)

Sincerely,

Providence

FAQs

What is happening between Providence and Blue Shield?

- For months, Providence has negotiated in good faith with Blue Shield of California for fair and equitable rate increases.
- Providence has also asked Blue Shield to stop denying or delaying coverage for necessary patient care. Many patients are being denied treatment for essential care, including medications, therapies and procedures.

Your client received a letter from Blue Shield saying they are in contract negotiations with Providence. They have a scheduled an appointment at Providence. Can they keep the appointment?

- There is no change in care delivery at Providence hospitals, clinics and medical groups until the contract terminates on May 31/June 1.
- If your client has a scheduled procedure or appointment on or after June 1, have them call Blue Shield to understand their options and so your client to determine whether they want to keep the appointment/scheduled procedure with Providence or reschedule with another provider covered by Blue Shield. If your client decides to keep their appointment, they may be required to pay out-of-network copays/co-insurance, based on the health insurance plan you have with Blue Shield. Call Blue Shield to understand your out-of-pocket costs.
- If your client is pregnant or getting active treatment for a chronic condition, they may qualify for extended in-network access, also known as “Continuity of Care” through Blue Shield. If your client thinks they may qualify, have them call the customer service number on the back of your insurance card.

What are the patient options (or employer groups) for continuing to see their Providence doctors?

- Starting June 1, 2024, Providence hospitals, clinics and medical groups may be out of network.
- If your client has commercial HMO benefits, including Blue Shield Trio, and their employer group offers an alternate plan that is contracted with Providence, you can switch plans during open enrollment.
- If your client purchased insurance directly, either on-exchange via Covered California, or off-exchange directly from Blue Shield, they could switch to a new plan during the annual open enrollment period.
- If your client is in a PPO and receiving benefits, they can continue to receive services by accessing their out-of-network benefits.
- If your client has a Medicare Advantage plan through Saint John’s Physician Partners, they may be able to switch to a new plan via a special enrollment period.