ATTORNEY GENERAL OF THE STATE OF NEW YORK

In the Matter of

Health Insurance Plan of Greater New York and
Group Health Incorporated

AGREEMENT CONCERNING PHYSICIAN PERFORMANCE MEASUREMENT, REPORTING AND TIERING PROGRAMS

1. Andrew M. Cuomo, Attorney General of the State of New York (the "Attorney General") caused an industry-wide inquiry to be made into certain business practices regarding physician performance measurement, reporting and tiering programs (including rating, ranking or measurement designations). The inquiry included several health insurers and managed care organizations. This investigation resulted in a set of best practices for the proper disclosure, attention to accuracy and oversight of physician performance measurement, reporting and tiering (including rating, ranking or measurement designation) programs employed by such organizations. The above referenced entities and their subsidiaries and affiliates (hereinafter referred to as the "Companies") have agreed to adopt these best practice as set forth in this Agreement.

2. The wide variation in the quality and cost-efficiency of care delivered by health care providers and professionals is well-documented. As a result, meaningful efforts to measure and publicly report the comparative quality of physician practice are needed to help consumers make informed choices of where and from whom to seek care. In addition, experience has shown that measuring and publicly reporting physicians' performance based on quality and cost-

efficiency supports provider efforts to improve their performance. The Attorney General believes that more and complete information provided to the consumer better educates all parties. However, because measuring physician performance is relatively new, complex and rapidly evolving, the need for transparency, accuracy and oversight in the process is great. In addition, when the sponsor is an insurer, the profit motive may affect its program of physician measurement and/or reporting. This is a potential conflict of interest and therefore requires scrutiny, disclosure and oversight by appropriate authorities. When making important healthcare decisions, such as choosing a primary care physician or specialist, consumers are entitled to receive reliable and accurate information unclouded by potential conflicts of interest. The independence, integrity, and verifiable nature of the rating process are paramount. Companies consider themselves and seek to be an industry leader in the area of health care transparency and consumer information.

3. The Attorney General finds that any initiatives to measure quality and cost-efficiency of physicians have the potential to cause confusion if not conducted and communicated appropriately, and could result in a violation of law.

CORE PRINCIPLES: ACCURACY AND TRANSPARENCY OF INFORMATION, OVERSIGHT OF THE PROCESS, AND FAIRNESS IN COMPARISON OF PHYSICIANS

4. The core principles of this Agreement are *accuracy* and *transparency* of information, and *oversight* of the process. Terms and conditions of accuracy and transparency are contained herein as well as an oversight mechanism of an independent monitor which will examine, and report on, compliance with the terms herein.

Accuracy/Transparency

Performance Measurement

5. Two categories of measurement may be included in the rating: "quality of performance" and "cost-efficiency." In information for consumers and public reporting, measures of cost-efficiency and measures of quality of performance shall be calculated separately and disclosed as such. To the extent the individual scores for quality of performance and cost efficiency are combined for a total ranking, the proportion of each measure shall be clearly disclosed. For example, a company could maintain separate cost efficiency scores and quality of performance ratings to disclose to the consumer. In the event the company decides to combine the cost efficiency and quality of performance scores for a total combined score, the individual component scores, and their proportion of the total combined score, shall be clearly disclosed..

6. In evaluating physician quality and cost-efficiency, Companies should seek to achieve the goals of safe, timely, effective, efficient, equitable and patient-centered care, to the extent possible. Companies should seek to include patient experience as a measure of patient-centeredness. Companies shall use measures to determine quality of performance that are based on nationally-recognized evidence-based and/or consensus-based clinical recommendations or guidelines. Where available, Companies shall use measures endorsed by the National Quality Forum ("NQF") or other entities whose work in the area of physician quality performance is generally accepted in the healthcare industry. Where NQF-endorsed measures are unavailable, Companies shall use measures endorsed by the AQA and accreditors. Where NQF, AQA, or accreditors' measures are unavailable, or data to calculate the measures are unavailable to Companies, Companies shall use measures based on other bona fide nationally-recognized

guidelines. The basis and data used, and its relative weight or relevance to the overall rating, shall be fully disclosed.

7. In light of the need for greater consistency in physician quality performance and cost-efficiency evaluations, Companies agrees to support the development and use of standardized quality and cost-efficiency measures.

8. At least 45 days prior to implementation of a material change to Companies' program, Companies shall inform physicians of its intent to use and process for using measures or other criteria to determine quality performance, cost-efficiency, or placement in a performance network.

9. In evaluating physician cost-efficiency performance, Companies shall use appropriate and comprehensive episode of care software and shall ensure that any appropriate risk adjustment occurs as described below. In measuring physician cost-efficiency, Companies shall compare physicians within the same specialty within the appropriate geographical market. The basis and data used, and its relative weight or relevance to the overall rating, shall be fully disclosed.

10. The oversight mechanism provided for in this Agreement shall examine compliance with the provisions and measurements described herein.

Accuracy in Sample Size

11. Companies shall describe the statistical basis for the number of patients for each disease state or specialty and use accurate, reliable and valid measurements of a physician's quality performance.

12. Companies shall describe the statistical basis for the number of patient episodes of

care and use accurate, reliable and valid measurements of a physician's cost-efficiency performance.

13. The oversight mechanism provided for in this Agreement shall examine compliance with this section.

Measurements Adjustments

14. In determining a physician's performance for quality and cost-efficiency, Companies shall use appropriate risk adjustment to account for the characteristics of the physician's patient population, such as case mix, severity of the patient's condition, co-morbidities, outlier episodes and other factors.

15. The oversight mechanism provided for in this Agreement shall examine compliance with this section.

Attribution

16. In deciding physician attribution for quality measurement, Companies shall determine which physician or physicians should be held reasonably accountable for a patient's care and shall fully disclose the methodology used for such attribution.

17. The oversight mechanism provided for in this Agreement shall examine compliance with this section.

Transparency in Rankings

18. If Companies create programs for physician performance measurement, reporting and tiering (including rating, ranking or measurement designations), Companies will describe such programs and how physicians are selected for any such tier to which Companies my designate a physician for purposes of their participating provider networks. Companies shall

clearly indicate the measurements for each criteria and its relative weight in overall evaluation. In ratings for consumers' use, measures of cost-efficiency should be used in conjunction with measures of quality of performance. Companies shall not conduct rankings based solely on cost-efficiency, but shall consider quality dimensions. Specifically, Companies shall disclose to what extent the rankings and selection process are based on cost-efficiency and on quality. To the extent that Companies presents a combined score or rating using cost-efficiency and quality, Companies shall disclose the specific measures for each category and their relative weight in determining a combined score.

19. Companies shall disclose how the perspectives of consumers, consumer advocates, employers, labor, and/or physicians were incorporated in the development of the physician reporting program.

Transparency - Disclosure to Consumers

20. For existing physician programs for performance measurement reporting and tiering (including rating, ranking or measurement designations), not later than 30 days from the effective date of this Agreement, Companies shall disclose to consumers: (1) where its physician performance ratings are found; (2) that physician performance ratings are only a guide to choosing a physician, that consumers should confer with their existing physicians before making a decision, and that such ratings have a risk of error and should not be the sole basis for selecting a doctor; (3) information explaining the physician rating system, including the basis upon which physician performance is measured, and the basis for determining that a physician is not currently rated due to insufficient data or a pending appeal; (4) any limitations of the data Companies uses to measure physician performance; (5) how physicians are selected for inclusion or exclusion in

any tier (including rating, ranking or measurement designation) to which Companies may designate physicians for purposes of their participating provider networks; (6) details on the factors and criteria used in Companies' rating systems, specifically its quality performance measures, cost-efficiency measures and other methodologies as prescribed herein; and (7) how the consumer may register a complaint about the ranking of a provider by Companies and the oversight monitor. Companies agree to directly and prominently display this information on its website(s) and other appropriate locations in accordance with the standards and template when provided by the oversight monitor described below. To assure compliance with items one through seven of this paragraph, Companies shall apply for and obtain review by the oversight monitor described below.

21. For physician performance measurement reporting and tiering (including rating, ranking or measurement designation) programs, Companies may implement in the future, at the time the program is made public, Companies shall document that it has already completed or has applied to complete a review by the oversight monitor described below. Companies will conspicuously disclose to consumers on its website(s) and other appropriate locations and formats information that describes its processes with regard to the above seven items and such other processes and procedures as are set forth in this Agreement, in accordance with the standards and requirements set forth by the oversight monitor described below.

Transparency - Disclosure to Physicians

22. If the Companies have any existing physician performance measurement reporting and tiering (including rating, ranking or measurement designation) programs, no later than 30 days from the effective date of this Agreement Companies shall apply for and obtain review by

the oversight monitor described below, to enable reporting of the detailed data and methodologies to physicians in an independent and easily-accessible manner, including measures and other criteria, that Companies used to determine physician quality and cost-efficiency ratings and inclusion or exclusion in any tier (including rating, ranking or measurement designation) to which Companies my designate a physician for purposes of their participating provider networks. In addition, Companies shall explain to physicians that they have the right to correct errors and seek review of data, quality and cost-efficiency performance ratings and inclusion or exclusion in any tier (including rating, ranking or measurement designation) to which Companies may designate physicians for purposes of their participating provider networks. Companies shall also inform physicians they may submit any additional information, including that contained in medical charts, for consideration. Companies shall also provide a reasonable, prompt, and transparent appeals process.

23. For physician performance measurement reporting and tiering (including rating, ranking or measurement designation) programs, Companies may implement in the future, at the time the program is made public, Companies shall document that it has already completed or has applied to complete review by the oversight monitor described below.

24. At least 45 days before making available to consumers any new or revised quality or cost-efficiency evaluations or any new or revised inclusions or exclusions in network tiers (including rating, ranking or measurement designation), Companies shall provide physicians with notice of the proposed change; an explanation of and access to the data used for a particular physician; methodology and measures used to assess physicians, including attribution; and an explanation of the physician's right to make corrections and appeal. If a physician makes a

timely appeal, Companies shall make no change in the physician's quality and cost-efficiency rankings or designation until the appeal is completed. The oversight monitor shall have oversight and review of the physician appeals process.

Use of Data

25. Data collection is a critical part of physician performance measurement. In order to produce the most reliable and meaningful information, Companies shall 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 this Agreement. Companies shall use its best efforts to ensure that the data it relies upon is accurate, including a consideration of whether some medical record verification is appropriate and necessary.

3. As part of its reporting to the oversight monitor described below, within 3 months of this Agreement, Companies shall provide the oversight monitor a plan to use aggregated (pooled) data, validated as appropriate, as a supplement to test its own claims data, within 6 months of this Agreement. The OAG may in its sole discretion grant an extension of time in this regard.

Oversight

26. To assure compliance with the terms of this Agreement, and to facilitate the collection and presentation to consumers and physicians of information about Companies' processes and methodologies used in its physician performance reporting program, Companies agrees to the appointment of an oversight monitor to be known as the Ratings Examiner ("Rx"). The Rx shall be a nationally-recognized standard-setting organization, nominated and paid for by

Companies, and approved by the OAG. Companies shall promptly complete and maintain in good standing a review of its physician performance measurement and reporting process by the Rx. The review conducted by the Rx shall encompass all of the elements described in this Agreement. Companies also agrees to obtain review by the Rx of such additional national standardized review processes as may be necessary to assure compliance with this Agreement, including fully disclosing Companies' procedures for consumer and physician grievance or appellate rights. Companies agree to make the results of these review processes prominently accessible in all locations that describe the physician performance reporting program. The Rx shall report and make recommendations to the OAG every six months regarding the details of the methodologies used and the extent to which they reflect national standards and compliance with this Agreement.

27. For the purposes of this Agreement, a "national standard setting organization" shall be national in scope, independent, and an Internal Revenue Code § 501(c)(3) organization, and shall have existing standards and collection processes that would enable the transparency and accuracy terms of this Agreement to be satisfied.

SUMMIT MEETINGS

28. Companies agree to participate in any summit meetings the Attorney General convenes for the purpose of working on issues related to evaluating physician performance.

CONSISTENCY WITH STATE LAW

29. As applicable, this Agreement shall be interpreted consistently with §4406-(d)(4) of the Public Health Law, § 4803 of the Insurance Law and any other New York State law or

regulation.

ATTORNEY GENERAL'S AUTHORITY

29. Nothing in this Agreement shall in any way limit the Attorney General's ability to investigate or take other action with respect to any non-compliance at any time by Companies with respect to this Agreement. The parties hereby agree that this is an evolving field and as new technology and information becomes available, the parties may wish to refine this Agreement by mutual agreement in a signed writing.

VALID GROUNDS AND WAIVER

30. Companies hereby voluntarily accept the terms and conditions of this Agreement and waives any right to challenge it in a proceeding pursuant to Article 78 of the Civil Practice Law and Rules or in any other action or proceeding.

CORRESPONDENCE AND PAYMENT

31. All correspondence and payments Companies submit to the Attorney General pursuant to this Agreement shall be sent to the attention of:

Henry S. Weintraub, Esq.
Assistant Attorney General
Health Care Bureau
120 Broadway, 25th Floor
New York, N.Y. 10271

Any checks issued to the OAG pursuant to this Agreement shall be made out to "State of New York Department of Law."

SUCCESSORS

32. This Agreement, including, but not limited to, all obligations imposed on or undertaken by Companies herein, will be binding upon and enforceable against any subsequent

owner or operator (whether by merger, transfer of control, contractual arrangements, or other means) of all or any substantial portion of Companies.

PRIVATE RIGHT UNAFFECTED

33. Nothing herein shall be construed to deprive or confer upon any consumer or other person or entity of any private right under the law.

MISCELLANEOUS PROVISION

35. It is further understood and agreed that the acceptance of this Agreement by the Attorney General shall not be deemed or construed as an approval by the Attorney General of any of the activities of Companies, its successors, agents or assigns, and none of them shall make any representations to the contrary.

EFFECTIVE DATE

36. This Agreement shall be effective upon the date of the last signature to the Agreement, which may be executed in common parts.

IN WITNESS THEREOF, the undersigned subscribe their names:

Dated: November 1, 2007

HEALTH INSURANCE PLAN OF GREATER NEW YORK

By: _____
DANIEL T. MCGOWAN
President and Chief Operating Officer

Date: 11/1/07

By: _____
ARAN RON
President and Chief Operating Officer

Date: 11/1/07

ATTORNEY GENERAL OF
THE STATE OF NEW YORK

_____
ANDREW M. CUOMO

Date: 11/20/07