



**IMPORTANT INFORMATION ABOUT
CROZER-KEYSTONE HEALTH SYSTEM**

July 2007

Dear Valued Benefits Administrator:

I am writing to let you know that our current contracts with the Crozer-Keystone Health System and its affiliated physicians and ancillary providers (collectively “Crozer”) are scheduled to expire on August 19, 2007. I also want to assure you that we are continuing to negotiate with Crozer so that we may continue to provide our members with access to quality health care coverage.

We remain optimistic that we will reach an agreement on new contract terms prior to the expiration. However, we need to prepare for the possibility that the contract will end on August 19, 2007. We want to make sure you are confident that we have taken steps to provide our members with continued access to quality health care coverage.

If our contract with Crozer does expire, any services that members obtain from Crozer will be considered out-of-network services. This letter explains the impact of this possible contract termination on our members.

CHANGES IN AVAILABLE PROVIDERS

If the Crozer contracts terminate as of August 19, 2007, Crozer Chester Medical Center, including its Springfield and Taylor divisions and Delaware County Memorial Hospital, will no longer be part of our network that serves the following health plans:

Personal Choice®	Keystone 65
Personal Choice 65 SM	Keystone 65 Choice
Traditional	Keystone Point-of-Service
CompSelect® and Comprehensive Major Medical	Keystone Direct POS
Keystone Health Plan East HMO	Keystone 65 Direct Point-of-Service

HOW OUR MEMBERS MAY CONTINUE TO RECEIVE CARE

Because the Crozer contracts may terminate August 19, 2007, beginning July 19, 2007, we will not pre-authorize or reimburse for medical services scheduled on or after August 19, 2007 at Crozer hospitals for members in the following plans: HMO, POS (referred care), Direct POS (in-network benefits), or PPO (in-network benefits). However, we will cover admissions or services scheduled to take place on or after August 19, 2007, but only if they have been pre-authorized prior to July 19, 2007.

A physician may request an exception to the above, pursuant to IBC policy, the member’s benefit plan, and applicable state regulations, for members who are in active treatment with Crozer and are receiving treatment that is medically required to continue after August 19, 2007. Physicians who wish to request an exception should call our Care Management and Coordination department.

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If a member's primary care physician (PCP) is part of a Crozer practice that terminates its network participation, the member will need to select a new PCP to be effective August 19, 2007. Please note that the change in PCP will only become effective if the Crozer contracts terminate.

Enclosed you will find "How standard benefits could be affected," which we hope provides helpful details about how benefits would be affected for each type of coverage.

If you have questions regarding this issue, please contact your Independence Blue Cross Account Executive, Independent Broker, Consultant, Association Administrator, or the Marketing Hotline at 215-241-2240.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Bill Haggett". The signature is written in a cursive style with a long, sweeping tail on the letter "t".

William F. Haggett
Chief Marketing Executive

Enclosure

HOW STANDARD BENEFITS COULD BE AFFECTED

In the event of a contract termination between IBC and Crozer, your IBC members' coverage will be affected as follows:

Traditional Coverage

Under the terms of the Blue Cross Hospitalization program, members will be reimbursed \$100 for the first day of an in-patient admission at Crozer and \$50 per day for each subsequent day for covered services. For outpatient services, the benefit allowance will be limited to 75 percent of the allowable expense for covered services. In both instances, balances may be submitted to Major Medical if this coverage is available. The deductible, coinsurance and maximum benefit limitations specific to Major Medical will apply. Any reimbursements for covered services may be paid directly to the member. In addition, members may be billed by the hospital for the difference between the hospital's charge and IBC's allowable expense (the amount paid by IBC).

CompSelect® and Comprehensive Major Medical

Under the terms of the CompSelect and Comprehensive Major Medical programs, benefits for covered inpatient and outpatient services at Crozer will be reduced by 50 percent of the total allowable amount against which any deductibles, coinsurance, and benefit maximums associated with the program will be applied. Any reimbursements for covered services may be paid directly to the member. Members may be billed by the hospital for any difference between the hospital's charge and IBC's allowable expense.

Keystone Health Plan East HMO

Under the Keystone Health Plan East HMO benefits program, members may not be referred or receive covered services (except for emergency care) from Crozer. Emergency care will be fully covered. Any reimbursements for emergency will be paid directly to the member, and the member will be responsible for paying the provider.

Keystone 65

Under the terms of the Keystone 65 benefits program, members may not be referred or receive covered services (except for emergency or urgent care) from Crozer. Emergency or urgent care will be fully covered. Any reimbursements for emergency or urgent care will be paid directly to the provider.

Keystone 65 Choice

Under the Keystone 65 Choice benefits program, members cannot be referred on an in-network basis to Crozer for covered services (except for emergency or urgent care). Members who self-refer to Crozer would be liable for the applicable self-referred coinsurance, deductibles, and benefit maximums for any services provided by Crozer on an out-of-network basis, in accordance with the self-referred portion of their benefit program. Any reimbursements for covered services will be paid directly to the provider except for deductibles and coinsurance for eligible services.

Keystone Point-of-Service

Under the Keystone Point-of-Service benefits program, members may not be referred on an in-network basis to Crozer for covered services (except for emergency care). Members who self-refer to Crozer would be liable for the applicable self-referred coinsurance, deductibles, and benefit maximums for any services provided by Crozer on a nonparticipating basis, in accordance with the self-referred portion of their benefit program. Any reimbursements for emergency services or self-referred services will be paid directly to the member, and the member will be responsible for paying the provider, including any charges beyond the member's reimbursement from Keystone Health Plan East. This amount may be significant.

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Keystone Direct POS

Under the Keystone Direct POS benefits program, members who elect to seek care from Crozer would be liable for the applicable out-of-network coinsurance, deductibles and benefit maximums for any services provided by a nonparticipating provider, in accordance with the out-of-network portion of their benefit program. Any reimbursements for emergency services or out-of-network services will be paid directly to the member, and the member will be responsible for paying the nonparticipating provider, including any charges beyond the member's reimbursement from Keystone Health Plan East. This amount may be significant.

Keystone 65 Direct Point-of-Service

Under the Keystone 65 Direct Point-of-Service benefits program, members cannot be referred on an in-network basis to Crozer for covered services (except for emergency or urgent care). Members who self-refer to Crozer would be liable for the applicable self-referred 20% coinsurance for any services provided by Crozer on a nonparticipating basis, in accordance with the self-referred portion of their benefit program. Any reimbursements for emergency services or self-referred services will be paid directly to the provider, except for deductible and coinsurance for eligible expenses.

Personal Choice[®]

Under the Personal Choice benefits program, any services for covered benefits provided by Crozer will be reimbursed on an out-of-network basis (except for emergency care). Both inpatient and outpatient services provided by Crozer will be subject to the deductible, coinsurance, and benefit maximums for out-of-network services as specified in the member's benefit program. As long as Crozer primary care or specialist physicians remain participating in Highmark Blue Shield, physician claims for Personal Choice members will process at the out-of-network level of benefit, subject to out-of-network deductibles, coinsurance and benefit maximums and members will not be billed for the difference between charges and the allowed amount. If a member seeks care from Crozer hospitals or physicians who are not participating with Highmark Blue Shield, they may be billed for charges beyond the member's reimbursement from Personal Choice. This amount may be significant. All reimbursements will be made directly to the member and the member will be responsible for paying the nonparticipating provider.

Personal Choice 65SM

For Personal Choice 65 members, any services for covered benefits provided by Crozer will be reimbursed on an out-of-network basis (except for emergency or urgent care). Both inpatient and outpatient services provided by Crozer will be subject to the deductible, coinsurance and benefit maximums for out-of-network services as specified in the member's Personal Choice 65 benefit program. All reimbursements will be made directly to the provider, except for the deductible and coinsurance for eligible expenses.