

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

**If You Were A Medical Service Provider  
For Keystone Health Plan Central, Inc.,  
A Class Action Lawsuit May Affect Your Rights**

*A Court authorized this Notice. This is not a solicitation from a lawyer.*

- Doctors have sued Keystone Health Plan Central, Inc. (“Keystone Central”) and others alleging unlawful practices in connection with the payment of reimbursements and capitation to doctors who treated patients insured by Keystone Central.
- The Court has allowed the lawsuit to be a class action on behalf of physicians, physician groups and medical service providers who provided medical services to patients insured by Keystone Central and who submitted claims for reimbursement for those services on a fee-for-service basis or who received capitation payments from Keystone Central at any time during the period January 1, 1996 through and including October 5, 2001.
- The Court has not decided whether Keystone Central or its co-defendants did anything wrong. There is no money or other benefits available now, and no guarantee there will be in the future. However, your legal rights may be affected by this lawsuit, and you have a choice to make right now:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
<b>DO NOTHING</b>	<p><b>Stay in this lawsuit. You will not have to pay attorneys fees or any case costs or expenses, and your interests will be represented by the lawyers listed in this Notice. Await the outcome. Give up certain rights.</b></p> <p>By doing nothing, you keep open the possibility of getting money or other benefits that may come from a trial or settlement. But you give up any rights to sue Keystone Central or the other Defendants separately for the same legal claims involved in this lawsuit.</p>
<b>ASK TO BE EXCLUDED</b>	<p><b>Get out of this lawsuit. Get no money or other benefits from it. Keep your rights to sue separately.</b></p> <p>If you ask to be excluded and money or other benefits are later obtained either after trial or through a settlement, you will not receive any of those benefits. But you keep any rights to sue Keystone Central and the other Defendants separately for the same legal claims involved in this lawsuit.</p>

- Your Options are explained in more detail in this Notice. To ask to be excluded, you must act before **August 28, 2007**.
- The doctors’ lawyers must prove the claims against Keystone Central and the other Defendants at a trial set to start on May 5, 2008. If money or other benefits are obtained from Keystone Central and the other Defendants either after trial or through settlement, you will be notified about how to share in those benefits.
- **Any questions? Read on or visit [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com).**

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### BASIC INFORMATION

#### 1. Why did I get this Notice?

Keystone Central's records show that you may have provided medical services to patients insured by Keystone Central sometime during the period January 1, 1996 through and including October 5, 2001 and that you may have submitted claims for reimbursement for those services on a fee-for-service basis, received capitation payments from Keystone Central, or both. This Notice explains that the Court has allowed, or "certified," a class action lawsuit that may affect you if you are a member of the Class. You have legal rights and options that you may exercise before the Court holds a trial. The trial is to decide whether the claims being made against Keystone Central and the other Defendants, on behalf of the doctors who brought this case, are correct. Judge James Knoll Gardner of the United States District Court for the Eastern District of Pennsylvania is overseeing this class action. The lawsuit is known as *Grider v. Keystone Health Plan Central, Inc., et al*, Civil Action No. 2001-CV-5641 (E.D. Pa.).

#### 2. What is this lawsuit about?

This lawsuit is about whether Keystone Central improperly reduced, denied or delayed payments to doctors and medical practices who treated patients insured by Keystone Central at any time during the period January 1, 1996 through and including October 5, 2001. The lawsuit further alleges that the other defendants participated or conspired with Keystone Central.

#### 3. What is a class action and who is involved?

In a class action lawsuit like this one, one or more doctors or medical practices called "Class Representatives" (in this case Natalie M. Grider, M.D. and Kutztown Family Medicine, P.C.) sue on behalf of other doctors and medical practices who have similar claims. The doctors and medical practices together are called a "Class" and its individual members are called "Class Members." Dr. Grider and Kutztown Family Medicine, P.C. are called the "Plaintiffs" and represent the interests of the Class Members in the lawsuit. The parties that the Plaintiffs are suing are called the Defendants. The Defendants in this lawsuit, in addition to Keystone Central, are Highmark Inc. ("Highmark"), Capital Blue Cross ("Capital"), Joseph Pfister (Keystone Central's former President and CEO),

John S. Brouse (Highmark's former President and CEO) and James M. Mead (Capital's former President and CEO). Highmark and Capital co-owned Keystone Central during the period covered by this lawsuit and are accused of conspiring and actively participating with Keystone Central in the improper conduct alleged by the Plaintiffs. Although Highmark and Capital are Defendants in this lawsuit, their own separate claims processing practices are *not* involved in this class action. This class action involves only Keystone Central's claims processing and payment practices, and the Class Members are doctors and medical practices who provided medical services to patients insured by Keystone Central (even if those same doctors were separately contracted providers with Highmark, Capital or both).

In a class action, one Court—the Court which certified the Class—resolves the legal claims for everyone in the Class except those doctors and medical practices who choose to exclude themselves from the Class in the manner set forth in Question 14 below.

#### 4. Why is this lawsuit a class action?

The Court decided that this lawsuit can be a class action and move towards trial because it meets the requirements of Rule 23 of the Federal Rules of Civil Procedure, which governs class actions in the federal courts. Specifically, Judge Gardner found that:

- the Class consists of thousands of doctors, including both primary care physicians and specialists;
- there are legal questions and factual issues that are common to the claims of all Class Members and to the defenses of all Defendants;
- Dr. Grider's and Kutztown Family Medicine's claims are typical of the claims of the other Class Members;
- Dr. Grider, Kutztown Family Medicine and the lawyers representing Plaintiffs and the Class will fairly and adequately represent the Class' interests;
- the common legal questions and factual issues predominate over questions that affect only individual Class Members; and
- this class action will be more efficient than having many individual lawsuits over the same issues.

For more information about why the Court is allowing this lawsuit to be a class action, see Judge Gardner's Opinion and Order certifying the class which is available at [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com).

### THE CLAIMS IN THE LAWSUIT

#### 5. What are the allegations of the doctors in the lawsuit?

In the lawsuit, the Plaintiffs allege that the Defendants participated in a conspiracy and engaged in other conduct to improperly deny, delay and reduce payments to physicians, physician groups and medical service providers by various unlawful means, including:

- misrepresenting and failing to disclose the use of computerized edits during the claims processing function to unilaterally "bundle," "downcode" and reject claims for reimbursement for medically necessary covered services.
- failing and refusing to recognize and apply the CPT® code set and modifiers.
- failing and refusing to pay "clean" claims within the applicable period specified in the provider contracts and required by state law.
- improperly suspending or "pending" claims to delay or deny payment.
- following a "pursue and pay" instead of a "pay and pursue" strategy for coordination of benefits in violation of the provider contracts and Defendants' own internal policies.
- failing and refusing to timely place patients on capitation rosters.
- failing and refusing to make full and timely capitation or fee-for service payments for patients designated as "guest" members.

Plaintiffs say that the conduct described above violated various provisions of a federal law called the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C § 1961 *et seq.* and a state law known as the Pennsylvania "Prompt Pay" statute, 40 P.S. § 991.2166.

In its Opinion and Order certifying the Class, the Court certified two subclasses, consisting of physicians, physician groups and medical service providers who:

- (1) submitted claims for reimbursements on a fee-for-service basis for covered services which claims were denied or reduced through the application of automated edits in the claims processing software used by Defendants to process those claims; and/or
- (2) received less in capitation payments than the provider was entitled through the use and application of automated systems to "shave" such payments in the manner alleged in Plaintiffs' Amended Class Action Complaint.

You can read the Plaintiffs' Amended Class Action Complaint at [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com). Plaintiffs' allegations also are summarized in the Court's Opinion and Order certifying the Class available at the same website.

## 6. What are Defendants' responses to those allegations?

Defendants deny that they did anything wrong and contend that reimbursements and capitation payments to Class Members were at all times proper and consistent with Keystone Central's disclosed policies. Highmark, Capital, Mr. Brouse and Mr. Mead further contend that they played no role in the processing and payment of reimbursements and capitation payments to Keystone Central providers who are Class Members. The Defendants assert, among other things, that the Class' claims are barred:

- by disclosures contained in Keystone Central's common standard form, fill-in-the-blanks Primary Care Physician Provider Contract and Specialist Consulting Agreement;
- by disclosures contained in Keystone Central's Administrative Manual (including updates and revisions thereto) in effect during the class period;
- by disclosures contained in the Highmark/Pennsylvania Blue Shield ("PBS") Procedural Terminology Manuals distributed by Highmark to its network of physicians during the class period;
- by endorsements on the Statements of Remittance ("SORs") to the effect that acceptance of the "allowed amount" (that is, defendants' fee schedule amount) constituted a release and satisfaction of the class' claims for reimbursement for medical services when such allowed amount was paid;
- because of the absence of any material misrepresentations, misleading disclosures or omissions by defendants in their standard form, fill-in-the-blanks Primary Care Physician Contract and Specialist Consulting Agreement.

You can read Defendants' Answers, which contain the defenses they assert at [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com). Defendants' defenses are also summarized in the Court's Opinion and Order available at the same website.

## 7. Has the Court decided who is right?

The Court hasn't decided whether Plaintiffs or Defendants are correct. By certifying the Class and issuing this Notice, the Court is not suggesting that Plaintiffs will win or lose this case. The Plaintiffs must prove their claims at a trial starting on May 5, 2008. (See "The Trial" on page 6).

## 8. What are the Plaintiffs asking for?

The Plaintiffs want money damages for the fee-for service reimbursements and capitation payments that they say were improperly reduced, denied or delayed by the Defendants. The Plaintiffs also want to bar Keystone Central's alleged practices from happening in the future.

## 9. Is there any money available now?

No money or other benefits are available now because the Court has not yet decided whether Defendants did anything wrong, and the two sides have not settled the case. There is no guarantee that money or other benefits will be available in the future either through a settlement or after trial. If they are, you will be notified about how to ask for a share of any benefits from any settlement or decision at trial.

### WHO IS IN THE CLASS

You need to decide whether you are a Class Member who is affected by this lawsuit.

## 10. Am I part of this Class?

As indicated above, Judge Gardner decided that the Class consists of all medical service providers in connection with medical services rendered to patients insured by defendant Keystone Health Plan Central, Inc. who during the period January 1, 1996 through October 5, 2001:

- (1) submitted claims for reimbursements on a fee-for-service basis for covered services which claims were denied or reduced through application of automated edits in the claims processing software used by Defendants to process those claims; and/or
- (2) received less in capitation payments than the provider was entitled through the use and application of automated systems to "shave" such payments in the manner alleged in Plaintiffs' Amended Class Action Complaint.

## 11. I'm still not sure if I'm included; what should I do?

If you are still not sure if you are included in the Class, you can get further information by reading the Opinion and Order certifying the Class at [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com) or by calling or writing to the lawyers representing the Plaintiffs and the Class in this case listed in Question No. 15.

### YOUR RIGHTS AND OPTIONS

You have to decide whether to stay in the Class or ask to be excluded before the trial, and you have to decide this now.

## 12. What happens if I do nothing at all?

You don't have to do anything now if you want to keep the possibility of getting money or other benefits from any future settlement or trial of this lawsuit. By doing nothing you are staying in the Class. If you remain in the

Class and the Plaintiffs recover money or other benefits as a result of a settlement or trial, you will be notified about how to apply for a share of those benefits (or how to be excluded from any settlement). Keep in mind that if you do nothing now, regardless of whether the Plaintiffs win or lose at trial, you will not be able to sue these Defendants over the same legal claims that are the subject of this lawsuit. You will also be legally bound by all of the Orders the Court makes and any judgment in this class action involving these legal claims.

**13. Why would I ask to be excluded?**

If you already have your own lawsuit against these Defendants involving the same legal claims as those involved in this class action and want to continue with your separate case, you should exclude yourself from the Class. If you exclude yourself from the Class (also called “opting-out” of the Class), you won’t get any money or other benefits from any settlement or trial of this lawsuit if the Plaintiffs are successful in proving their claims. If you exclude yourself from the Class, you will not be bound by the Court’s Orders and any judgment in this class action involving the legal claims involved in this lawsuit.

If you start your own lawsuit against one or more of the Defendants after you exclude yourself from the Class, you’ll have to hire and pay for your own lawyer for that lawsuit, and you’ll have to prove your claims. If you exclude yourself so you can start your own lawsuit against one or more of the Defendants for the same legal claims as those alleged in this class action, you should talk to your own lawyer soon, because your claims may be denied as untimely under a legal concept called the “statute of limitations.”

**14. How do I ask the Court to exclude me from the Class?**

To ask to be excluded, you must send an “Exclusion Request” in the form of a letter sent by mail, stating that you wish to be excluded from this *Grider v. Keystone Central* class action. Be sure to include your name and address, and sign the letter. If you are excluding a medical practice from the Class, be sure to identify the name and address of the medical practice and have an authorized representative sign the letter on its behalf. You must mail the Exclusion Request postmarked by no later than **August 28, 2007** to: Grider v. Keystone Central Exclusions, P.O. Box 220, Villanova, PA 19085. You can see a sample Exclusion Request form at [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com).

**THE LAWYERS REPRESENTING THE CLASS**

**15. What lawyers are representing the Class in this case?**

The Court has decided that the following lawyers and law firms are qualified to represent the Class Members in this class action:

Kenneth A. Jacobsen, Esquire JACOBSEN LAW OFFICES 12 Orchard Lane Wallingford, PA 19086 (610) 566-7930	Joseph A. O’Keefe, Esquire O’KEEFE & SHER, P.C. 15019 Kutztown Road Kutztown, PA 19530 (610) 683-0771
Louis C. Bechtle, Esquire CONRAD O’BRIEN GELLMAN & ROHN 1515 Market Street 16 <sup>th</sup> Floor Philadelphia, PA 19102 (215) 864-9600	Francis J. Farina, Esquire LAW OFFICES OF FRANCIS J. FARINA 577 Gregory Lane Devon, PA 19333 (610) 695-9007

Together these lawyers and law firms are called “Class Counsel.” They are experienced in handling similar cases and class actions. More information about these lawyers and their experience is available on pages 54-56 of the Court’s class certification Opinion available at [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com).

**16. Should I get my own lawyer?**

You do not need to hire your own lawyer because Class Counsel is working on your behalf and representing your interests in this class action. But, if you want your own lawyer, you will have to hire and pay for that lawyer. If you do, you can ask him or her to appear in Court for you if you want someone other than Class Counsel to speak for you and represent your interests for the legal claims involved in this class action.

**17. How will the lawyers be paid?**

If Class Counsel gets money or other benefits for the Class, they may ask the Court for fees and expenses. You won’t have to pay any of those fees and expenses. If the Court grants Class Counsel’s request, the fees and expenses would be paid separately by Defendants.

## THE TRIAL

The Court has scheduled a trial to decide who is right in this case.

### 18. How and when will the Court decide who is right?

As long as the case isn't resolved by settlement or otherwise, Class Counsel will have to prove the Plaintiffs' claims at trial. The trial is set to start on May 5, 2008 before Judge Gardner in the United States District Court for the Eastern District of Pennsylvania, Courtroom B, Edward N. Cahn United States Courthouse, 504 West Hamilton Street, Allentown, Pennsylvania. During the trial, a jury will hear all of the evidence to help them reach a decision about whether the Plaintiffs or Defendants are right about the claims in the lawsuit. There is no guarantee that the Plaintiffs will win, or that they will get money or other benefits for the Class.

### 19. Do I have to come to the trial?

No. You do not have to attend the trial. Class Counsel will present the case for the Plaintiffs, and the attorneys for the Defendants will present their defenses. But you or your own lawyer are welcome to attend the trial at your own expense.

### 20. Will I get money after the trial?

If the Plaintiffs recover money or other benefits as a result of the trial or a settlement, you will be notified about how to participate and share in that recovery. We do not know how long this will take.

## GETTING MORE INFORMATION

### 21. Are more details available?

Visit the website [www.jacobsenlaw-PA.com](http://www.jacobsenlaw-PA.com) where you will find the Court's Opinion and Order certifying the Class, the Plaintiffs' Amended Class Action Complaint and a sample Exclusion Request form. You may also call or write to one of Class Counsel listed in Question 15 with any questions or for further information.

***Please do not contact the Court directly or any of the Defendants.***

Date: June 22, 2007

Grider v. Keystone Central  
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