



A word from our President on ACOs & PPOs

One evolving aspect from health care reform is the Accountable Care Organization (ACO). An ACO is a network of doctors and hospitals that shares responsibility for providing care to patients. Under the new law, ACOs would agree to manage all of the health care needs of a minimum of 5,000 Medicare beneficiaries for at least three years.

In a recent Urban Institute paper on ACO's by Kelly Devers and Robert Berenson the authors point to three essential characteristics of ACOs:

1. The ability to provide, and manage with patients, the continuum of care across different institutional settings, including at least ambulatory and inpatient hospital care and possibly post acute care;
2. The capability of prospectively planning budgets and resource needs; and
3. Sufficient size to support comprehensive, valid, and reliable performance measurement.

In exchange for investing in this reformed health care provider structure, the ACO members will share in the savings that results from their cooperation and coordination. Thus, ACOs can theoretically, act as a reform tool by incentivizing more efficient and effective care. This would help to combat the current perverse incentives of overutilization and overbuilding of health care facilities and technology. One dramatic result of ACO is the absolute need for Hospitals, Physicians and Ancillary providers to all operate in the same system to achieve the mandated results; hence, the frenetic consolidation of physicians by hospital systems.

Since ACO target Medicare populations, can ACO's function in the managed care market that currently exists in the commercial health-care market with PPO's? In short, yes because

the ACO is in essence a quasi HMO/ EPO model. It accepts some risk, and controls care within the system.

Encore believes the ACO model creates a unique opportunity for the PPO to transform. Currently **Encore** contracts with many hospitals, individual physicians, physician groups and physician/hospital organizations (PHO). It has been evolving away from the traditional open access PPO to a quasi EPO concept in the **Encircle** and **Combined** products. Using this concept **Encore** is structuring the state into geographically strategic markets with core care systems and tertiary referral mechanisms within its products.

In the future, **Encore** can act as a virtual ACO coordinator where **Encore** members, depending on their geographic market will be able to access the ACO for a complete continuum of care. The ACO will still need a viable system to member distribution system in the Payer market.

However, Indiana has significant rural populations, for which a complete continuum of care will be strained by virtue of the member's proximity and geographic limitations to available care. In this instance The ACO is wrapped with the traditional PPO, to ensure the member has complete coverage and access to the care continuum with the contracted ACO's. In essence, this is how the **Encore Combined** product is structured today.

There is no doubt the landscape is changing. **Encore** is well positioned to help Payers and Employers manage the shift and *Deliver Unique Value to Their Bottom Line*.

Bruce Smiley
President

Encore Health Network

Encore prepares for 5010 Implementation

With the impending move from HIPAA 4010 to HIPAA 5010, **Encore** is proactively working with our payor partners to ensure a smooth transition to the new format by January 1, 2012. The new HIPAA version 5010 includes four basic types of changes: front matter, technical, structural and data content improvements. Because the work involved in moving to HIPAA 5010 appears to be substantial, **Encore** will be contacting our payor partners to begin the initial planning steps for this project. **Encore** understands the concerns that come with a change of this magnitude and will assist our partners in making this transition smooth and efficient.

VISIBILITY IN THE INDIANA MARKET

MAY 2011
IN CHAMBER HR CONFERENCE
5/3/2011-5/4/2011
RIMS NATIONAL CONFERENCE
5/11/2011-5/15/2011
SPRING WORK COMP SEMINAR
5/16/11

If you have any questions or concerns, please feel free to contact Holly Joyce at hjoyce@encoreppo.com or (317) 963-9737.

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New Network Ancillary Providers

Encore Health Network's Provider Relations department has been extremely busy contracting new ancillary providers. This will continue to strengthen our provider penetration within the Indiana market. To check on the network status of any provider, please check-out our provider look-up on our website at www.encoreconnect.com.

PROVIDER NAME	SPECIALITY	CITY	STATE
Cancer Care Partners	Oncology Center	Mishawaka	IN
Columbus Health & Rehabilitation Center	Rehab Center	Columbus	IN
Community Open MRI of Auburn	MRI Center	Decatur	IN
Community Open MRI of Auburn	MRI Center	Fort Wayne	IN
Community Open MRI of Auburn	MRI Center	Auburn	IN
Home Dialysis of Dayton	Dialysis	Dayton	OH
Lincoln Way Dialysis	Dialysis	White Oak	PA
Newburgh Dialysis	Dialysis	Newburgh	IN
Scottsburg Dialysis	Dialysis	Scottsburg	IN
St. Vincent Women's Health Boutique	Durable Medical Equipment	Carmel	IN
		Indianapolis	IN
Walgreens Infusion and Respiratory Services	Home Infusion Services	Milford	OH
Walgreens Respiratory Services	Respiratory Services	Elmhurst	IL
		Tinley Park	IL
		Valparaiso	IN
Willow Grove Dialysis	Dialysis	Willow Grove	PA
AIR 24	Respiratory Services	Fairview Heights	IL
Axium Healthcare Pharmacy, Inc.	Durable Medical Equipment	Lake Mary	FL
Baseline Medical Company	Durable Medical Equipment	Fishers	IN
Central Oxygen, Inc.	Durable Medical Equipment	Muncie	IN
Clements Drug	Durable Medical Equipment	Morganfield	KY
Hillard Dialysis	Dialysis	Rocky River	OH
Parma Heights Dialysis	Dialysis	Cleveland	OH
South Central Surgery Center	Surgery Center	Franklin	IN

Unique Products

Scoop up the savings with Encore

Encore offers payors, employers and members three network products that maximize provider choice and plan savings. These products are:

Encore PPO (Preferred Provider Organization) Network – The **Encore**

PPO Network is one of Indiana's largest leased PPO networks with access primarily in Indiana and the contiguous states. Understanding the importance of provider choice to our Indiana market, the **Encore PPO Network** provides the most expansive access. *Plan design requirements include a 20% benefit plan differential between in-network and out-of-network.*



Encircle EPO (Exclusive Provider Organization) Network –

Understanding the importance of controlling medical costs, **Encore** has designed the **Encircle EPO Network** to address those costs. **Encircle** offers best commercial pricing in several markets throughout the state. With 49 hospitals and over 21,000 provider locations, **Encircle** is designed specifically to deliver **maximum savings** for our payors, employers and members in exchange for a smaller quality-based network. *Plan design requirements include a 40% benefit plan differential between in-network and out-of-network.*



Encircle/Encore Combined Network – The **Encircle/Encore Combined**

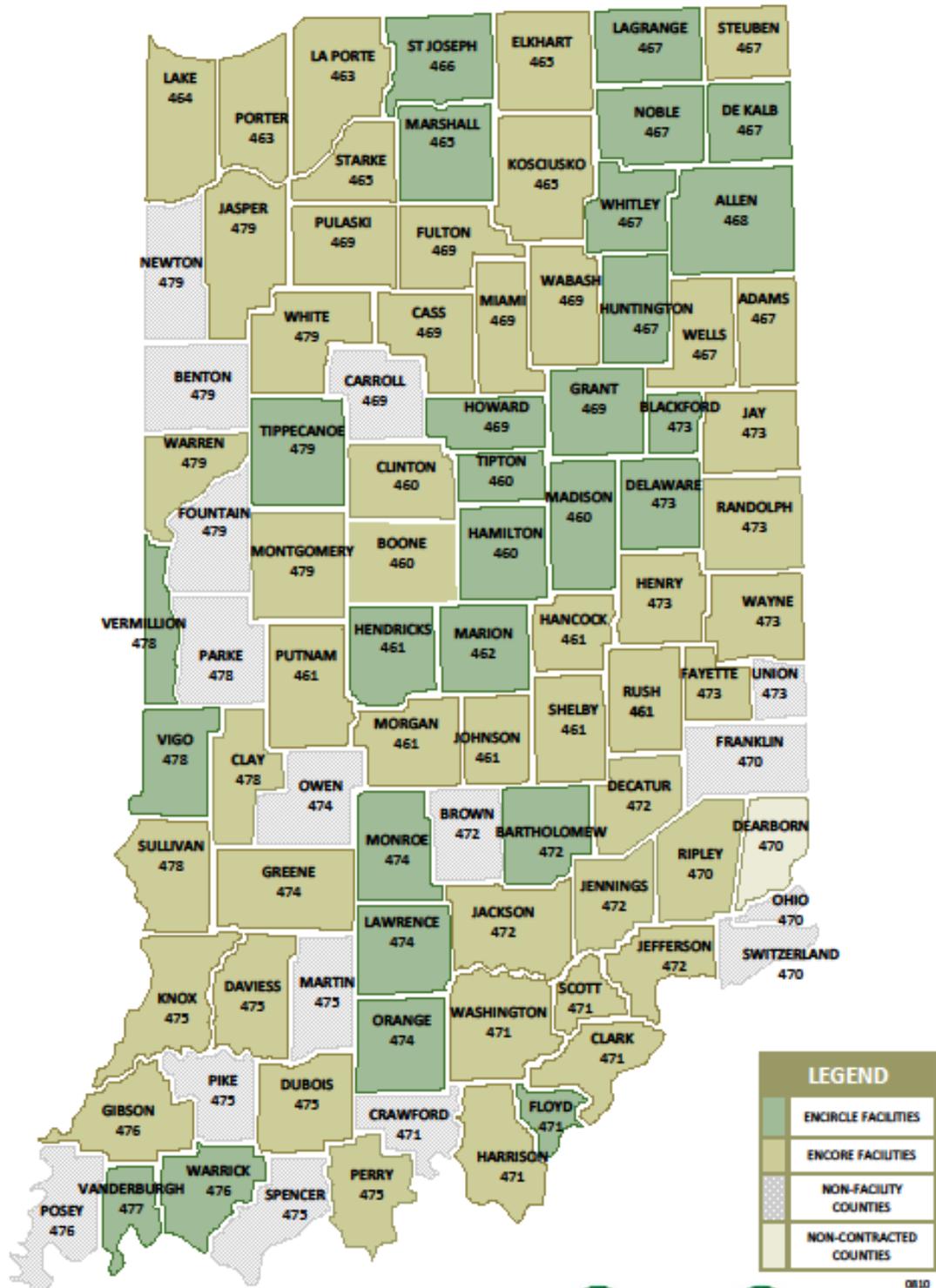
Network offers the best of both worlds: **deep savings** through **Encircle** and **comprehensive network access** through **Encore**. The benefit plan uses three tiers. Tier 1 encourages members to use **Encircle** providers and receive excellent and quality care at the deepest discounts. Members can also get comprehensive access to all **Encore** providers and savings at Tier 2 benefit levels. Tier 3 is out of network. *Please contact our Sales Representatives for more information on this product.*



With **Encore**, members have excellent and expansive choice in Indiana. **Encircle** offers the deepest savings. **Encircle/Encore Combined** provides a network product with unique value of comprehensive network access and deep savings.

Encore Health Network provides our payors, employers and members with choice.

ENCIRCLE / ENCORE COMBINED NETWORK MAP



0810

TURNAROUND TIMES FOR RFP REQUESTS

We just wanted to remind our payor partners of our turnaround times for RFPs, GEOs, claims and disruption analysis. The turnaround times are as follow:

GEOs – 5 business days

Disruption Analysis – 7 to 10 business days

Claims Analysis – 7 to 14 business days (depends on size of file)

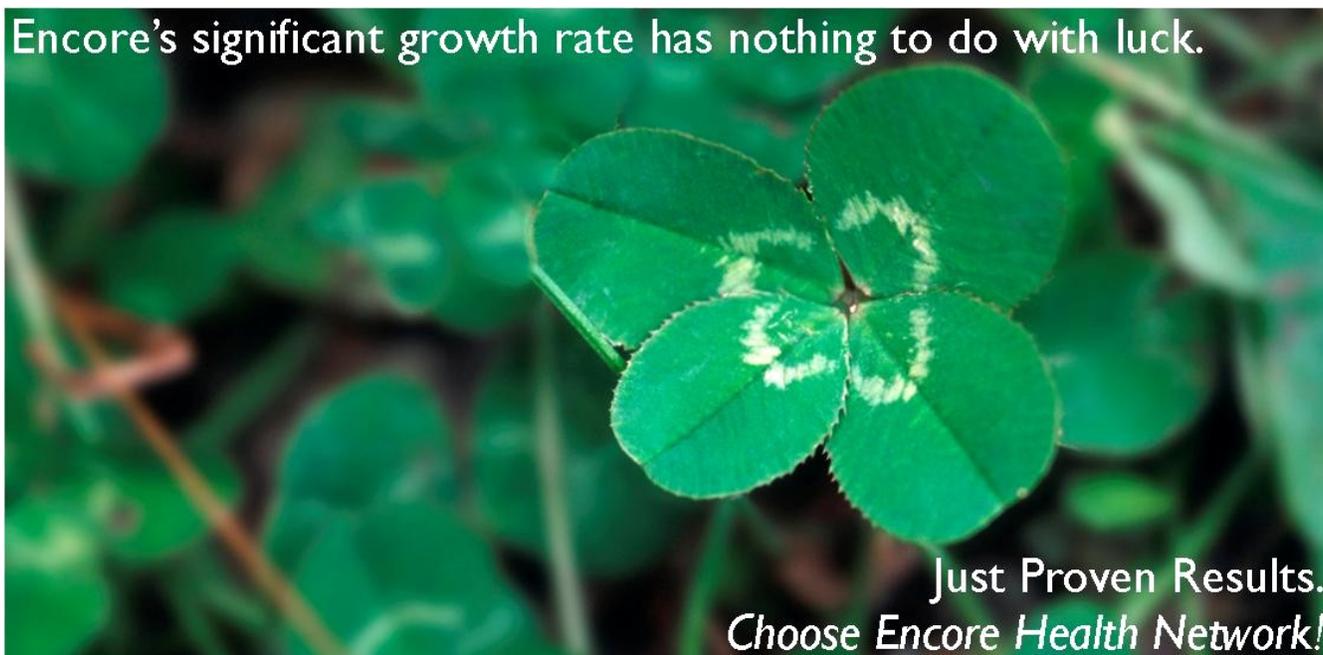
RFP/RFI – 7 to 14 business days

Network Analysis for rating purposes (For Payors or Reinsurance Carriers) – 3 to 4 business weeks (dependent upon size of request)

As always, please contact your sales representative to discuss requests requiring completion outside of the defined turnaround times as listed above.



Encore's significant growth rate has nothing to do with luck.



Just Proven Results.
Choose Encore Health Network!



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PRICING ◆ PRODUCTS ◆ PARTNERSHIP

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