

TYOGA CARENET

MARKETING GUIDE

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NETWORK MISSION STATEMENT

The purpose of Tyoga CareNet is to function as a health care organization with the goal of arranging for the provision of health care services by qualified and dedicated health care providers located in rural and semi-rural areas; and to develop new services and products to provide quality service to the public in a cost effective manner

History and Background

Tyoga CareNet (TCN) was founded in 1998 by the Laurel Health System in concert with affiliated local providers. Tyoga CareNet is a taxable membership corporation that is governed by representatives of the hospital, physician, and business communities in the markets it serves.

Tyoga CareNet has three primary goals:

1. To provide health plans with a complete, competitively priced, and easy to use network of providers.
2. To expand the number, quality, and types of health plans available for purchase in the market.
3. To provide locally based health plan consulting and customer support to providers, employers, and beneficiaries. TCN provides a robust offering of services that is able to support direct provider relationships with employers, health plans, preferred provider networks, and vendors, (such as, TPAs, agents, benefit consultants, etc.)

Provider Participation and Network Coverage

Tyoga CareNet's primary responsibility is to offer health plans a complete network solution. That is, a single source for all of the healthcare provider services needed on a local, regional, and national basis to support the typical health plan. TCN maintains direct contracts with the local and regional providers that represent the largest component of a health plan's volume. TCN augments its network of directly contracted providers by accessing other provider networks. Using this approach, we are able to offer provider coverage equivalent to the best competing alternative.

The TCN network is commonly combined with InterGroup or Devon for expanded regional coverage and with Beech Street or MultiPlan for national coverage. The combination used will depend upon the unique need of the individual health plan. TCN has existing operational relationships with these networks that make the arrangement simple to implement and support.

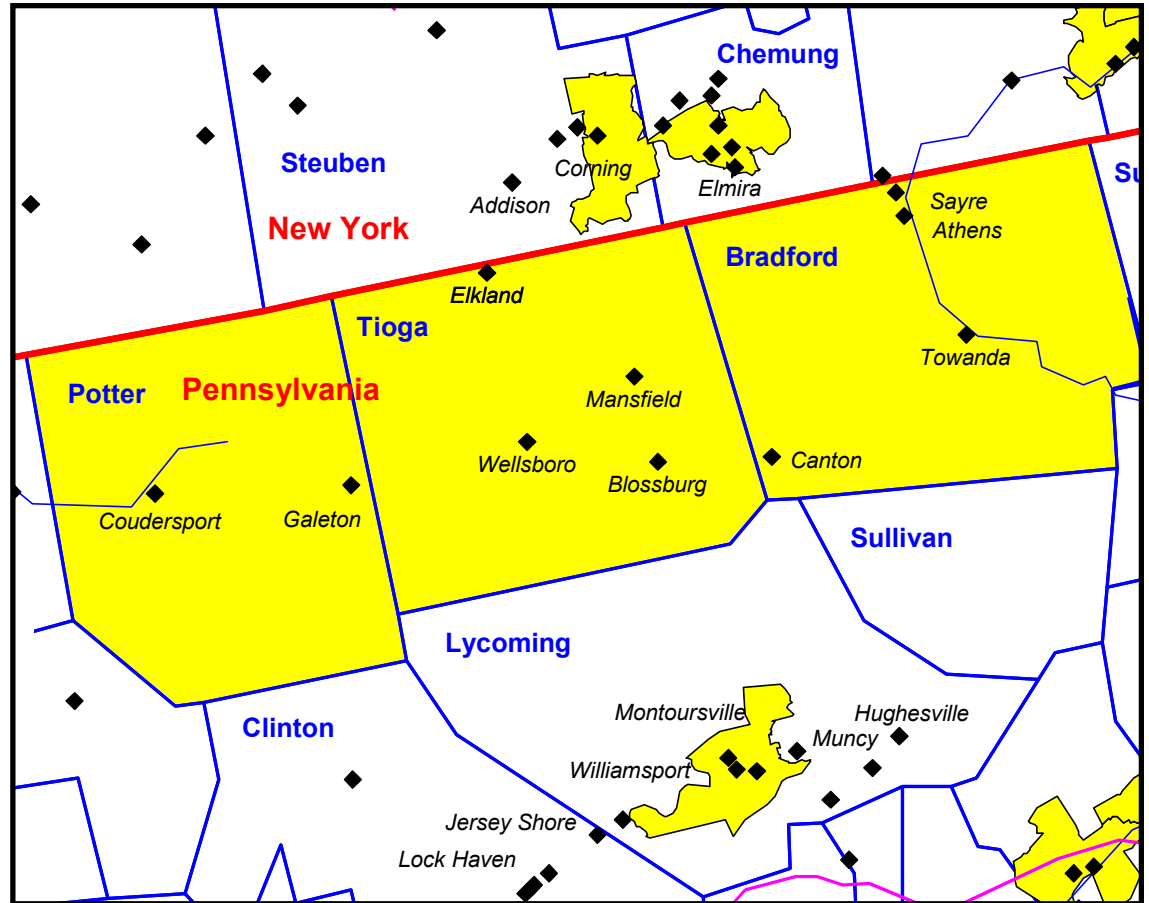
Whatever the network configuration, our role is to represent the providers. This role gives us the ability to work directly with locally based providers to develop custom healthcare solutions. This may be in the form of organizing specialized services, developing medical management programs, or developing specialized financial arrangements.

Although TCN maintains close relationships with providers throughout the region, the following area represents the core area represented by the TCN network. Direct contractual relationships or close coordination is maintained with all providers in this

area and through our relationships with other networks we can provide access to virtually all other healthcare service providers throughout the region.

Marketing Area Map

Tyoga CareNet's core market area is made up of Bradford, Potter, and Tioga counties. We can extend our services to contiguous counties as required to support individual health plans.



Basic Operational Capabilities and Options

Tyoga CareNet is structured to accommodate a great variety of health plan and network relationships. This is necessary due to the need to maintain relationships with fully insured carriers, self-funded health plans, and other PPO networks. How TCN is used is determined by the administrative requirements of the health plan, the features of the benefit plan, the needs and capabilities of the vendors, and whether the relationship is direct or through an intermediary. The cost to access the network, the cost of administration, and the reimbursement levels of the providers are all based on these issues. The following descriptions of each of TCN's core capabilities are intended to provide a somewhat detailed overview. For more information, please discuss your needs with one of our representatives.

Single Signature and Messenger Model Contracting

Tyoga CareNet maintains a single point contracting capability. This allows any contracting entity (such as a health plan or preferred provider network) to deal with a single source for negotiating contracts affecting the entire network. In certain circumstances a messenger model option is available if required to support the relationship.

Provider Reimbursement

Tyoga CareNet's provider reimbursement is structured in a manner that is flexible and based on the nature of the purchaser (PPO, self-funded employer, fully-insured payor, etc.), the size of the payor, and form of the contract itself. TCN has developed fee strategy guidelines to guide the provider reimbursement available to a given purchaser. These are based on the pre-negotiated "Standard Fee Options" contained in TCN's underlying contracts with its providers. Discounts associated with the Standard Fee Options are specifically associated with the value of the relationship. The largest discounts are reserved for payors that are willing to offer the best terms.

As an example, the larger the group of lives and the stronger the steerage the more favorable the provider reimbursement. While, these arrangements can become complicated they reflect our desire to be able to customize our offering to the needs of the individual health plan. Our close relationship with providers guarantee that the payor's best value will be obtained through working with TCN directly.

Data and Re-Pricing Support

Any health plan must have a reliable data stream to support the creation of provider directories, provider searches, and repricing functions. TCN currently provides such support for all of the various health plans with which we maintain provider network relationships. Most of the time TCN's ability to support customized data packages in support of these functions solves any potential compatibility problems. In rare situations when this does not suffice, we are able to provide external repricing support.

Vendor Support

At times health plans, particularly self-funded employers, require specialized assistance TCN cannot provide. This may take the form of third-party administration, brokerage, consulting, utilization management, or various other services. TCN maintains relationships with various vendors that provide services in these areas. It is not our policy to require the use of specific vendors nor does TCN accept financial incentives from such vendors in any way; however, TCN can recommend those that we have experience with and that provide exemplary service. This can go a long way to reduce the uncertainty and stress associated with selecting a new vendor.

In order to simplify some of these issues, TCN has sought out vendors that have agreed to support our systems and which TCN can recommend to health plans. Working closely with an approved vendor presents advantages of working with a resource that has already endorsed the TCN's goals, has existing operational experience with TCN, and has the ability to demonstrate the TCN's savings advantage to the payor. Key vendors already approved by TCN include:

- ◆ Self-funded TPAs
- ◆ Fully insured TPAs

- ◆ Agents and brokers
- ◆ Repricing Services
- ◆ Fully-Insured Products
- ◆ Affiliated Provider Networks

Purchasing Relationship

Access to TCN can be obtained in two ways. **First**, the payor can purchase access to TCN providers directly from TCN. Purchasing on a direct basis, the purchaser can purchase TCN alone or TCN in combination with our other network affiliations (InterGroup, Beech Street, Devon, and MultiPlan). Access to the more sophisticated pricing mechanisms cannot be obtained without purchasing access to the network on a direct basis.

Second, access to TCN providers can also be purchased through InterGroup, Beech Street, or Devon. If the payor purchases network services through any of these entities, access to TCN providers is obtained as well. This is the simplest approach; however, **the discounts for provider services are lowest for this form of purchase.**

Network Referrals And Steerage

Network referrals and steerage refer to the mechanism for directing individuals to selected providers for their care. Network referrals and steerage take at least three forms. Level one refers to a benefit plan with no incentives. This is unusual in today's market and is unlikely to be supported by many, if any, payors. Level two refers to a benefit plan with a differential benefit to individuals that obtain care from providers in the network versus those out of the network. This is the predominant form of benefit for most payors. Level three refers to a benefit plan with a differential benefit to individuals that obtain care from a select group of providers in the network, the remaining providers in the network, or those out of the network. This approach is most often seen with HMOs.

The referral policy for any given payor is subject to the benefit plan design instituted for a particular payor and it is ultimately the choice of the payor. It is in the interest of TCN to encourage terms in the benefit plan that result in steerage to TCN providers. Consequently, **discounts on provider services are highest for those payors that offer the strongest steerage.**

Access Fees

Access fees are based on the features selected. A given payor could purchase a part of the network or the entire network; simple provider reimbursements could be used or complicated reimbursement arrangements. Pricing for access to TCN will be competitive with other networks. However, for more specific information the purchaser will need to discuss their unique needs with a Tyoga CareNet representative.

Customer Service

We are very proud of our ability to provide local customer assistance. TCN has a local office with staff that is capable of working directly with providers, employers, and health plan beneficiaries that can provide education, information, and assist in resolving problems. This feature has been of great value to employers as a means of minimizing the time consuming aspects of supporting their employee benefit plan.

