

BLUE SHIELD OF CALIFORNIA LAUNCHES FIRST PHYSICIAN-DRIVEN EFFICIENCY PROGRAM IN THE STATE

SAN FRANCISCO (August 4, 2005) - Preferred physicians in four California counties join Blue Shield of California as a leader in the state in launching a pilot program that informs doctors of how they are utilizing healthcare resources. This effort puts Blue Shield at the forefront of bringing greater transparency to health care.

Here's how it works: Using a methodology developed by Cave Consulting Group, this pilot program educates physicians with individual scorecards based upon their own patient population. The measures will demonstrate how their individual practice patterns compare to their peer specialty groups in their specific region. For example, cardiologists are compared against cardiologists, and family physicians are compared separately as a group.

"I believe this program is a step in the right direction," said Ronald Bangasser, MD, family practitioner at Beaver Medical Group and former president of the California Medical Association. "This program will give physicians an opportunity to improve their practice patterns and ultimately increase the quality of care given to patients. We will learn a lot from this pilot, and that information will help us to further hone the program to benefit physicians and patients."

More than 1,000 individually contracted Blue Shield physicians in Butte, Merced, San Luis Obispo and San Mateo counties are participating in the program. Specialties represented include obstetrics and gynecology, cardiology, family practice, orthopedics, dermatology, urology and internal medicine. These specialties were selected because they have the widest variation in practice patterns and the greatest opportunities to improve delivery of care and reduce healthcare costs. Initial reports will be mailed in September and physician town hall meetings will be held in October.

"This program will help us work with doctors to change practice patterns in terms of delivery of care and cost-efficiency. It's also very gratifying to see the level of engagement by practicing physicians in helping us design the reports and rollout the program," said Gifford Boyce-Smith, MD, Blue Shield medical director. "Even the smallest shifts toward improved efficiency will result in better care and significant cost savings. The market is demanding greater accountability by our physicians, and we are taking the first step to inform the physician of opportunities for improvement."

The pilot is based on a study conducted in collaboration with the Pacific Business Group on Health (PBGH) in which three years of claims data from 1.2 million Californians was analyzed and practice patterns identified.

"This initiative is groundbreaking not only because it represents collaboration of multiple purchasers with Blue Shield, but more importantly, it is actively engaging California's physicians in using information to improve the care they deliver," said Peter Lee, president of PBGH. "This pilot is charting the way to a future in which health plans provide physicians, and then consumers, with valid quality and efficiency performance information."

The program will be rolled out to more than 17,000 preferred physicians throughout California in January 2006. Information garnered from the pilot program will be incorporated into future recognition and rewards programs for physicians. In the future, information will be shared with employers and consumers, revealing the most effective physician practices.

Founded in 1939, Blue Shield of California is one of the state's leading healthcare companies. Headquartered in San Francisco, the not-for-profit corporation has 3.3 million members, 4,300 employees and more than 20 office locations throughout California. For more information on Blue Shield, visit the company's website at www.mylifepath.com.