

Aetna
Physician Advisory Board
Summary of August 19, 2005 Meeting

The Aetna Physician Advisory Board met on August 19, 2005 in Chicago, Illinois.

Drs. William Gee, Stanley Goldfarb, Robert Harrison, Leonard Lichtenfeld, Russell Libby, William Popik and Diane Wallis attended. Drs. Scott Hayworth and Robert Oblath did not attend. A quorum did not exist for this meeting and no official action was taken on behalf of the Board.

Also present were Andrew Allocco, James Cross, M.D., Charles Cutler, M.D., Eric Elliott, Allen Karp, Robert Stillman, Esq., and Karen Upchurch of Aetna.

Dr. Cross provided an update concerning several of Aetna's payment policies and there was discussion on several topics including:

- Aetna has liberalized its payment rules for cardiac ejection fraction studies and physics consults.
- For self-funded plans, the plan sponsors address any communication to members of changes in payment policies.
- Aetna is in the process of reporting by specialty on the most common codes subject to claims-editing logic.
- Aetna has practices in place for responding to manufacturers' vaccine price increases between annual fee schedule revisions - Aetna regularly updates vaccine reimbursement schedules to reflect such price increases.
- Aetna has plans for the relative reimbursement of vaccines and for their administration

Mr. Karp gave a presentation regarding Aetna's Hospital Comparison Tool, and the discussion included the following:

- In deciding what information to present through the tool, Aetna takes into account members' ratings of what information is important to them.
- Information the Board believes members need in order to place the information presented in the tool in context.
- Aetna has sought help from physicians in developing measures but has had difficulty obtaining such assistance.

Mr. Karp also gave a presentation regarding Aetna's pilot project to provide members with online access to fees charged by physicians for common services provided to members.

Dr. Cutler explained the principal business activities of Aetna's recently acquired subsidiary, Active Health Management. The discussion included how care considerations (that is, instances in which the claims record does not contain evidence that the individual has received the full complement of care called for by established guidelines promulgated by government and certain other authorities) are generated and communicated to treating physicians.

Dr. Cutler then made a presentation regarding the Company's "pay-for-performance" initiatives, including its participation in the "Bridges to Excellence" initiative. The discussion included the merits of rewarding above-average performance vs. paying less to below-average performers, the causes of variations in care, and potential burdens on physicians of providing additional information.

Next, Dr. Libby made a presentation regarding the role of "Health Courts" as a response to perceived disparities in the outcome of medical malpractice claims handled through current legal processes.

Dr. Gee and Mr. Karp followed with a presentation concerning issues raised by emerging trends in radiology, including the trend of increased use of diagnostic imaging, along with associated cost implications and potential health risks to individuals exposed to increased radiation. Mr. Karp indicated that Aetna has not made any final decisions regarding these issues and would take the discussion into account in its thinking.

Dr. Popik then led a discussion of issues raised by submissions to the Physician Advisory Board mailbox. Topics of discussion included payments to obstetricians/gynecologists for administering certain vaccines, independent practices of nurse practitioners, electronic connectivity between physicians and Aetna, and developments regarding electronic health records.

Mr. Elliott then discussed Aetna's recently established specialty pharmacy joint venture. During this presentation, there was discussion about the relative amounts of payments for the pharmaceutical supplies and for their administration.

Suggested take-away items and/or information requested by Board members include:

- Add "E" Prescribing/ "E" Health to the December 2005 agenda.
- Clarify the steps involved regarding coding changes.
- Provide additional examples of the most common codes and how the reimbursement logic for them is derived.
- Provide a progress update on Explanation of Payment (EOP) language simplification.
- Continue to encourage the American Medical Association to make RUC process more open/transparent.
- Revisit administrative reimbursement fee for vaccines.
- Consider adjustments to the Hospital Comparison Tool, including more prominent disclaimers, as well as measurements related to outcome and process.
- Consider adding discrepancy notations to assist members in understanding cost determinations for Aetna's Price Transparency Pilot program.
- Consider including physician continuing medical education (CME) component in Aetna's pay-for-performance program standards.
- Address collaborative next steps on Tort Reform discussion.
- Further explore emerging trends in radiology, examining standards of care and possibility of using vendors to address safety, quality and cost.

