



800 Delaware Ave.  
Suite 900  
Wilmington, DE 19801

April 13, 2016

<Member Name>  
<Address>  
<City, State Zip>

Dear Member:

At Highmark Blue Cross Blue Shield Delaware, we understand the importance of providing our members access to high-quality, cost-effective hospitals and physicians. We also appreciate that our members trust us to manage the cost of health care coverage by reimbursing our network providers at rates that are fair and reasonable.

For the past several months, Highmark Delaware and Bayhealth Medical Center have been negotiating a new contract and payment terms. Bayhealth is the parent corporation of Kent General Hospital and Milford Memorial Hospital, both of which have been in the Highmark Delaware network for many years. However, we have not yet reached a new agreement and our current agreement ends on May 15, 2016. Because this date is coming soon, we wanted you to know that Bayhealth and its facilities may not be in-network as of May 16, 2016.

Bayhealth's current high rates are unsustainable and will result in higher premiums and costs for our members. We are negotiating on behalf of our members, because higher rates at Bayhealth increase health care cost for you, our member.

**Note:** This contract negotiation will not affect those members with Medicare Supplemental or Medigap coverage.

**There is nothing you need to do now.** At this point, you can continue to receive care at Bayhealth's facilities with no change in your benefits. Eligible services will continue to be covered at the in-network level through May 15, 2016.

If we do not reach a new agreement, as of May 16, 2016, Bayhealth will not be in the Highmark Delaware network. With the primary exception of emergency care, services you receive at these hospitals will either be covered at the **out-of-network** level or, if your plan does not have out-of-network benefits, they will not be covered.

**Please be aware that:**

- **PPO Health Plan Members**
  - As of May 16, 2016, most care at Kent General and Milford Memorial Hospitals, other than emergencies, will be covered at the **out-of-network** level of benefits.

Members with this coverage will be responsible to pay the difference between the amount that Highmark Delaware pays and the amount the facility charges for the services, unless one of the exceptions below applies. After this date, please call the Member Service number printed on your Highmark Delaware ID card for help locating an in-network provider.

- **EPO and IPA (HMO) Health Plan Members**

- As of May 16, 2016, most care at Kent General and Milford Memorial Hospitals, other than emergencies, will not be covered. Members with this coverage will be responsible for all charges, unless one of the exceptions below applies. After this date, please call the Member Service number printed on your Highmark Delaware ID card for help locating an in-network provider.

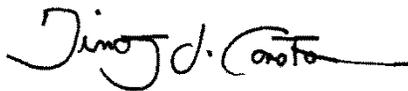
- **There are a few exceptions to this potential contract termination:**

- Emergency services at the two Bayhealth hospitals will still be covered for all plans at the higher in-network level, even if we do not reach an agreement before May 16, 2016. Going to an out-of-network emergency provider will not reduce your coverage.
- We will provide a "**Continuity of Care**" process for members in an ongoing course of treatment. This allows a transition period for continuing care needed with an existing provider to continue after May 15, 2016, even if we have not reached an agreement with Bayhealth. For services to be covered under the Continuity of Care process, you must first call the Member Service team at the number printed on your Highmark Delaware ID card, and Highmark Delaware must approve the request.

Please be assured that Highmark Delaware and Bayhealth will continue discussions, and we are hopeful that we can reach a new agreement. In the meantime, we appreciate your support and understanding as we work toward an agreement that is fair for you as our member, for Bayhealth and for the community.

If you have questions now, such as care you may have planned at one of the Bayhealth facilities in the next few months, please call a Member Service representative at the toll-free number printed on the back of your Highmark Delaware ID card. Again, thank you for trusting Highmark Delaware with your health care needs.

Sincerely,



Timothy J. Constantine  
President, Highmark Delaware