



March 26, 2014

Thomas McMahan
Managed Care Oversight
Department for Medicaid Services
275 East Main Street, 6W-A
Frankfort, KY 40621

RE: Identifying # AN2014NA-1

Dear Mr. McMahan,

Anthem Blue Cross and Blue Shield Kentucky (Anthem) is responding to the notice of corrective action dated March 11, 2014 from the Department for Medicaid Services (DMS). This corrective action was issued to Anthem by DMS pursuant to Contract Section 28.7 Provider Program Capacity Demonstration, with a noted deficiency of failure to maintain an adequate provider network. We have researched the noted inadequacies and respectfully submit the following information.

Urban Hospital

Based on our contracted network as of March 21, 2014, Anthem is meeting the DMS access requirements in all regions at 100% for both urban and rural.

We have compared our current contracted network to the February Network File that was submitted to DMS and we have identified that 53 hospitals were not on the previous filing. We have loaded, or are currently expediting the load, of these hospitals so they will appear as contracted on our April Network File. With this additional load our network file will show that we have reached network adequacy.

Dermatologist

Based on our contracted network as of March 21, 2014, we are meeting the DMS access requirements in all regions at 95% or greater with the exception of Region 2 and Region 6. Below is a status on the remaining targets in Regions 2 and 6 that we have attempted to contract:

Region 2: We have identified three groups based on reviewing competitor websites, the DMS Master Provider File and other Anthem networks.

Owensboro Dermatology Associates PSC - We have outreached multiple times to this provider. They decline to participate because of past issues with Medicaid. We have verified that they are listed in-network for one Medicaid plan only.

Advanced Dermatology Associates - They do not have Medicaid provider identification numbers and do not participate with other Medicaid health plans. We have informed them we can help them apply for the Medicaid numbers so that will not be a barrier. They have since refused, citing reasons such as the rates were too low, patient compliance issues and they are a small office which cannot handle the volume.

West Kentucky Dermatology PSC - They have demanded much higher rates to participate in Medicaid. We are evaluating their requested rates. We have verified that they are not listed in any other competitor network.

Region 6: We have identified four groups based on reviewing competitor websites, the DMS Master Provider File and other Anthem networks.

Dermatology Associates of N KY - Their Shareholders made a decision over a year ago to stop accepting all Medicaid. They may reconsider in six months.

The Dermatology Center PSC - This group has no interest in participating. We have verified that they are listed in-network for one Medicaid plan only.

Smith G. Gibson MD PSC – Dr. Gibson is 90 years of age and is not interested in participating with Medicaid. We have verified he is not listed in any other competitor network.

Northern KY Dermatology – This provider has informed us they have never accepted Medicaid.

We have also compared our current contracted network to the February Network File that was submitted to DMS and we have identified that 28 Dermatologists were not on the previous filing. We have loaded, or are expediting the load, for these Dermatologists so they will appear as contracted on our April Network File. With this additional load our network file will show that we have reached network adequacy.

We continue to attempt to contract with Dermatologists in the area. We are also researching available out of state providers that may assist us in increasing adequacy (such as Evansville, Indiana and Cincinnati, Ohio). However, in order to further ensure our members have the needed access to Dermatologists we will authorize out-of-network care and negotiate single case agreements as necessary. We will also arrange transportation to the nearest participating providers.

Psychiatrist

Based on our contracted network as of March 21, 2014, we are meeting the DMS access requirements in all regions at 100%.

We have compared our current contracted network to the February Network File that was submitted to DMS and we have identified 64 Psychiatrists who were not on the previous filing. We have loaded, or are expediting the load, for these Psychiatrists so they will appear as contracted on our April Network File. With this additional load our network file will show that we have reached network adequacy.

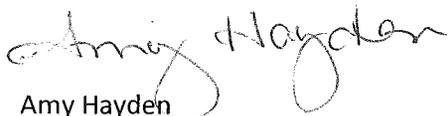
Cardiologist

Based on our contracted network as of March 21, 2014, we are meeting the DMS access requirements in all regions at 100%.

We have compared our current contracted network to the February Network File that was submitted to DMS and we have identified 773 Cardiologists that were not on the previous filing. We have loaded, or are expediting the load, for these Cardiologists so they will appear as contracted on our April Network File. With this additional load our network file will show that we have reached network adequacy.

Based on this information, we believe we are in compliance with the network adequacy requirements and are requesting that this corrective action be rescinded. We are available to discuss any questions or for further discussion. We thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Amy Hayden". The signature is written in black ink and is positioned above the printed name.

Amy Hayden
Manager, Regulatory Services
Anthem Blue Cross and Blue Shield, Medicaid