

IMPORTANT BILLING NOTIFICATION

June 11, 2004

Dear Keystone Mercy Health Plan Provider:

Due to the Department of Public Welfare's (DPW) recent transition to PROMISe, a HIPAA compliant system, all providers are required to submit anesthesia claims using anesthesia (ASA) procedure codes.

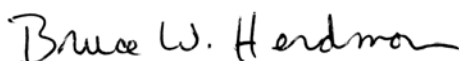
Therefore anesthesia service claims submitted to Keystone Mercy with dates of service effective on or after July 1, 2004 will be processed using the following billing standards.

- Anesthesia claims must be submitted using anesthesia (ASA) procedure codes only (base plus time units);
- All services must be billed in minutes;
- 15 minute time increments will be used to determine payment;
- Anesthesia claims submitted with a surgical procedure code with or without an AA pricing modifier will be denied;
- Anesthesia claims associated with the following maternity care ASA codes should be billed in minutes but will be reimbursed at a specific rate according to the Keystone Mercy fee schedule:

01960 Anesthesia for vaginal delivery only
01967 Neuraxial labor analgesia/anesthesia for planned vaginal delivery
01961 Anesthesia for cesarean delivery only
01968 Anesthesia for cesarean delivery following neuraxial labor analgesia/anesthesia

Any questions or concerns regarding this billing change can be answered by your Provider Network Management Representative, or by Provider Services at 1-800-521-6007.

Sincerely,



Bruce W. Herdman, M.B.A, Ph.D.
Senior Vice President
Provider Network Management