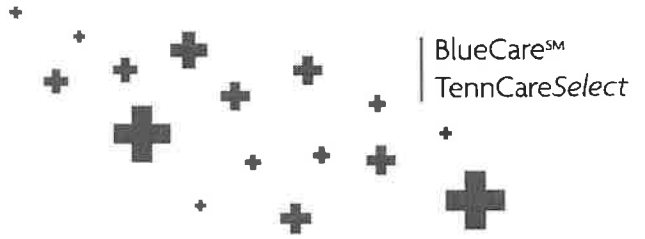




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Chattanooga, TN 37402-0001
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Dear Mr. Owen,

It was a pleasure meeting with you and Melissa last week to discuss school-based services. Thank you for the invitation participate in a panel discussion of school-based services and TennCare reimbursement. However, we must respectfully decline to participate as we do not feel like we could provide any additional information from what we shared with you and Melissa previously. As discussed, we have approximately 50 Local Educational Agencies (LEAs) under contract to perform Medicaid-coverable services in school systems as well other providers who perform services in the schools but are contracted with and paid by BlueCare Tennessee (BlueCare) directly.

As we mentioned, the purpose for convening this panel is the result of contract negotiations with the Knox County School System (Knox County) and their unwillingness to accept the terms of our standard contract. The contract contains many flow down provisions from our prime contract with The Division of TennCare (TennCare) and other provisions we believe are necessary. For example, Knox County did not want to adhere to receiving key administrative information from BlueCare through the provider manual. The provider manual is a customary tool used by insurers, so common in fact, that Tennessee law outlines standards that insurers must comply with when making changes to the provider manual.

I would like to reiterate that we offered a contract to Knox County schools, and they chose not to contract with us. Knox County expressed concerns with some of the language in the contract due to the school system being a government entity. After Knox County expressed those concerns, we requested the Tennessee Department of Commerce and Insurance (TDCI) and TennCare's attorneys review the contract, and we made changes per their request. Both TDCI and TennCare approved the contract to be used for contracting with school systems. However, after we presented the contract to Knox County Schools and Public Consulting Group (PCG) they asked for additional changes in the contract which we are not willing to make. Currently, there are over five thousand other entities that have signed a similar agreement that Knox County is currently unwilling to sign. It would be inefficient and a waste of taxpayer funds to negotiate terms with every entity that is providing a service to BlueCare members.

As I mentioned earlier in this email, we have several other schools that are under contract with us under this same agreement. We are still willing to contract with Knox County Schools if they wish. In fact, we do have some LEA's who are performing services in some Knox County schools that are contracted with and paid directly by BlueCare.

Thank you again for taking the time to speak with us. We apologize for not being able to attend your panel but appreciate the opportunity you provided us to share with you one of the few ways that BlueCare serves Tennessee students.

Regards,

A handwritten signature in cursive script that reads "Patrick Sullivan".

Patrick Sullivan
VP & COO, BlueCare Tennessee