A Message to

Business Office Managers

8000 Midlantic Drive, Suite 333, Mt. Laurel N.J. 08054

MEMORANDUM

TO: Utilization Management Departments, AmeriHealth Participating Hospitals in New Jersey

FROM: Allan B. Goldstein, M.D.,F.A.C.P.
Vice President and Regional Medical Director

DATE: March 6, 2002

SUBJECT: Milliman & Robertson Healthcare Management Guidelines (M&R)

As part of our ongoing evaluation and oversight of utilization management activities, AmeriHealth routinely assesses member and provider satisfaction with and administrative effectiveness of utilization management processes. AmeriHealth is committed to ensuring that our utilization management review processes facilitate the delivery of high quality, appropriate healthcare services. For the past eighteen months, AmeriHealth has used both Optimed Medical Systems and Milliman & Robertson Healthcare Management Guidelines (M&R) to review cases in the acute hospital setting.

We have recently completed an assessment of our utilization review processes in the acute care setting and have found that the addition of M&R has not enhanced our existing processes. Based upon this finding and after considerable deliberation, AmeriHealth has made the decision to discontinue the use of M&R in our utilization management processes effective May 6th, 2002. This decision in no way reflects upon the intrinsic value of the M&R Guidelines in the unique and complex character of the New Jersey healthcare marketplace.

As of May 6th , 2002, AmeriHealth will rely exclusively on Optimed Medical Systems for the review of acute care hospital services. It is not anticipated that this change will cause disruption to ongoing utilization review activities at your institution. We thank you in advance for your cooperation.

If you have any questions regarding this change, please contact Carol Gunthorpe, R.N., Director, Patient Care Management at 732-726-6725.