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October 26, 2011

Robert W. Schmieder, II  
LAKINCHAPMAN, LLC  
300 Evans Avenue  
Post Office Box 229  
Wood River, Illinois 62095

**Re: Class Action Settlement Agreement, dated as of January 12, 2009, in  
*Lawrence Shipley et al. v. CCN Managed Care, Inc. et al.*,  
Third Judicial Circuit, Madison County, Illinois, Case No. 04-L-1055**

Dear Rob:

We provide this report pursuant to Section 8.01 of the above-referenced Settlement Agreement, setting forth the steps undertaken by First Health Group Corp., through Coventry Workers' Comp Services, an affiliate and owner of the workers' compensation business, since the Effective Date of the Settlement (September 27, 2011) to discharge its obligations under the Settlement Agreement. Unless otherwise noted, all capitalized terms in this letter are as defined in the Settlement Agreement.

**1. Contract Amendment (Settlement Agreement § 2.05).** Upon the Effective Date, the First Health Illinois Provider Agreements were deemed amended as provided by the Settlement Agreement. Notice of the amendment was provided to the Settlement Class pursuant to both the Long-Form Notice mailed to the Settlement Class in March 2009 and by the Publication Notice published throughout Illinois in March 2009. In addition, First Health is including the attached Notice to Illinois Providers Regarding WC/Auto Settlement And Related Contract Addendum And New Illinois WC Law ("Notice to Illinois Providers") in a distribution to all its Illinois participating providers being sent this quarter. The amendment is deemed an addendum to existing contracts and will be included in its own section for new contracts. The negotiated term added to these contracts is:

"As part of the Class Action Settlement Agreement, dated January 12, 2009, of a purported class action lawsuit captioned Richard C. Coy, D.C. d/b/a Coy Chiropractic

Health Center, P.C., and Lawrence Shipley, D.C., v. CCN Managed Care, Inc. and First Health Group Corp., Circuit Court of Madison County, Illinois, Case No. 04-L-1055, First Health agreed to include the following language in its Illinois provider agreements, without concession:

“Nothing in this contract or any payor contract requires or provides that there must be a financial incentive to patients in Illinois to encourage such patients who are covered by a workers' compensation program or automobile accident policy to seek treatment from participating providers. The foregoing neither implies nor negates obligations, if any, by payors to provide financial incentives with respect to other insurance coverages.”

**2. Additional Disclosures (Settlement Agreement § 2.06).** As required by the Settlement Agreement, First Health is linking the attached Notice to Illinois Providers on the page of its website devoted to Illinois providers.

**3. Increase Payor and Patient Awareness (Settlement Agreement § 2.07).** Pursuant to the Settlement Agreement, First Health is undertaking various efforts to increase payor and patient awareness to encourage the channeling of patients to participating providers. Among other things, effective June 28, 2011, the Illinois Workers' Compensation Act was significantly reformed; pursuant to House Bill 1698, Illinois employers may now utilize preferred provider programs approved by the Illinois Department of Insurance to satisfy their obligations under the Workers' Compensation Act for the provision of medical treatment. Coventry Workers' Comp Services, which includes but is not limited to the First Health PPO Networks, is currently seeking approval for its networks from the Illinois Department of Insurance. Upon the DOI's approval of these networks, First Health will begin a significant State-wide education effort for its Illinois payors, pursuant to and consistent with its obligations under the Settlement Agreement, to encourage payors to utilize a PPP and to increase channeling efforts of workers' compensation patients to participating providers, consistent with Illinois law. (The rules applicable to these programs have yet to be promulgated by the State.) As for automobile insurance programs, First Health is currently undertaking a program to educate claims adjusters and claims managers with respect to the First Health networks. First Health also is adding additional education efforts targeted at payors relating to best steering practices. First Health is also increasing visits to payors to offer training regarding steering, to reinforce among payors best steering practices and to make available on and off-site training to payors.

**4. Expedited Provider Termination and Reinstatement (Settlement Agreement §§ 2.08 & 2.09).** First Health has alerted its provider network managers to allow for expedited provider termination and reinstatement, pursuant to the terms of the Settlement Agreement, through December 27, 2011.

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**5. Payments to Plaintiffs and Their Counsel (Settlement Agreement §§ 5.01 & 5.02).** First Health made the required payment of \$660,000 to Class Counsel on October 25, 2011.

**6. Charitable Payment (Settlement Agreement § 2.04).** First Health has assembled a working group to launch the charitable program, totaling \$1.25M, specified by the Settlement Agreement. The working group is developing questions for the charitable and other non-profit organizations that will provide the continuing medical education programs, consistent with the Plan proposed by Plaintiffs'/Class Counsel in 2009.

Please call with any questions.

Sincerely,



Eric D. Brandfonbrener

Attachment:  
Notice to Illinois Providers

## **NOTICE TO ILLINOIS PARTICIPATING PROVIDERS REGARDING WC/AUTO SETTLEMENT AND RELATED CONTRACT ADDENDUM AND NEW ILLINOIS WC LAW**

In 2008, First Health Group Corp. settled a class action lawsuit, without admitting fault, pending in the Circuit Court of Madison County, Illinois. Notice of the settlement was provided by mail and newspaper to Illinois participating providers in March 2009. The Circuit Court conducted hearings on the settlement starting in May 2009 and issued an order approving the settlement on January 4, 2010. The Illinois Appellate Court affirmed the lower court's approval of the settlement on August 23, 2011. The settlement thus became effective on September 27, 2011.

As part of the settlement, as provided by the notice sent to participating providers in March 2009, all existing Illinois participating provider agreements were deemed amended pursuant to the Court's order as of the settlement's effective date with the following:

“As part of the Class Action Settlement Agreement, dated January 12, 2009, of a purported class action lawsuit captioned Richard C. Coy, D.C. d/b/a Coy Chiropractic Health Center, P.C., and Lawrence Shipley, D.C., v. CCN Managed Care, Inc. and First Health Group Corp., Circuit Court of Madison County, Illinois, Case No. 04-L-1055, First Health agreed to include the following language in its Illinois provider agreements, without concession:

“Nothing in this contract or any payor contract requires or provides that there must be a financial incentive to patients in Illinois to encourage such patients who are covered by a workers' compensation program or automobile accident policy to seek treatment from participating providers. The foregoing neither implies nor negates obligations, if any, by payors to provide financial incentives with respect to other insurance coverages.”

Effective June 28, 2011, the Illinois Workers' Compensation Act was significantly reformed. Among other things, pursuant to House Bill 1698, employers may now utilize preferred provider programs approved by the Illinois Department of Insurance to satisfy their obligations under the Act for the provision of medical treatment. Coventry Workers' Comp Services, which includes but is not limited to the First Health PPO networks, is seeking approval from the Illinois Department of Insurance. Upon the DOI's approval of these networks, the company will work with its Illinois payors to encourage utilization of a PPP and to encourage channeling efforts of workers' compensation patients to participating providers, consistent with Illinois law.