

A MESSAGE FROM OUR PRESIDENT

Dear First Choice Health Provider:

Thank you!

As many of you may know, after 10 years as CEO of FCH I'm retiring at the end of 2005. Ken Hamm, our able COO, will be taking my place.

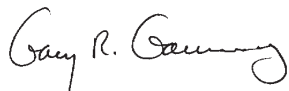
As I depart, please accept my thanks for the opportunity to serve you, our provider and payor partners, as we grew FCH to become a successful local company offering highly competitive provider network, medical management and related services in the Northwest. Our Company now serves over one million consumers in the Northwest; triple the number of people we served just ten years ago.

While our growth at FCH has been substantial these last ten years, the road to growth has had its rough spots. The toughest rough spot for FCH was First Choice Health Plan's necessary exit from the insurance business in 2003-2004. FCHP was created to work with capitated medical groups and that business model changed quickly for commercial insurers. Many provider based IPAs and PHOs simply went out of business. FCH weathered the change and successfully completed the wind down of the plan. I still believe that capitation, properly structured and funded, can lead to better outcomes for patients and improved resource utilization decisions by medical groups; resource utilization, of course, that is almost never funded in a FFS environment. Oh well, maybe in another life.

Actually, as I leave for San Diego to be close to children and grandchildren, I see some definite promise for our Northwest healthcare community. The work of the Washington Healthcare Forum on administrative simplification (www.wahealthcareforum.org), Onehealthport on secure E-connectivity (www.onehealthport.com), and the Puget Sound Health Alliance on developing a common set of performance metrics for ambulatory and hospital care is encouraging. I am proud to say that FCH has contributed significantly to all these efforts. I hope that all of you will continue to support and to expand upon these efforts going forward.

So, let me end this note where I started: **Thank you very much for allowing me to serve you.** I came to the Northwest ten years ago because I saw an opportunity to help FCH "to do well by doing good". I leave the Northwest knowing this work will continue at FCH.

Best personal regards,



Gary R. Gannaway

FCH MEDICAL MANAGEMENT RECEIVES FULL ACCREDITATION

The FCH Medical Management department was evaluated in 2005 by URAC (the American Accreditation HealthCare Commission) for accreditation purposes and received URAC's "Full Accreditation" in both **Health Utilization Management** and **Case Management**.

URAC is a non-profit organization founded in 1990 to establish standards for the managed care industry. Purchasers and consumers look to URAC accreditation as an indication that a managed care organization has the necessary structures and processes to promote high quality care and preserve patient rights.

Newsletter Date
January 2006



ACCREDITED
HEALTH UTILIZATION
MANAGEMENT
PROVIDER
CREDENTIALING

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HEALTHNET TO ADMINISTER SERVICES FOR COSTCO EXECUTIVE MEMEBERS

Effective January 1, 2006, Health Net of Oregon, Inc., will provide administration services for Costco executive members enrolled in Health Net's PPO plan. Members may continue to receive health care services from First Choice Health Network providers with the exception of chiropractic, acupuncture, naturopathic, massage therapy, and behavioral health services. This update describes the administrative changes for this plan.

For Information regarding **Prior Authorization for Medical Services; American Specialty Health Network; MHN Network; Prescription Medication; and Prior Authorization for Prescription Medications**, please see Provider Bulletin Control Number PRB 11-05-02.

IDENTIFICATION CARDS, REMITTANCE ADVICE AND CHECKS

Costco executive members will receive new identification (ID) cards that include new claim submission information. ID cards will be mailed December 19, 2005. Remittance advices and reimbursement checks will be generated for Costco executive members.

CLAIMS AND ELIGIBILITY

Claim status, eligibility and all other benefit questions for services rendered after December 31, 2005 must be directed to the Health Net Customer Contact Center at (888) 802-7007.

Submit claims with dates of service after December 31, 2005 to:

Health Net Claims
P.O. Box 14130
Lexington, KY 40512

All inquiries, claim submissions and other activities for dates of service December 31, 2005 and prior, must continue to be directed to First Choice.

HEALTH NET WEB SITE

To gain access to the tools available on the provider portal of the Health Net Web site at www.healthnet.com, First Choice Network providers must register and create an account if he or she has not done so already. To register, go to www.healthnet.com and select the Provider tab at the top of the page. Next, select the Register Now link. Once the registration process is complete, providers have immediate access to online functions such as the ability to track claims and check eligibility.

ADDITIONAL INFORMATION

If you have questions regarding the information in this update, contact the Health Net Provider Services Center by e-mail at service@healthnet.com, through the provider portal of the Health Net Web site at www.healthnet.com or by telephone at (888) 802-7001.

WHAT IS THE CORRECT GROUP NUMBER & NAME TO USE FOR YOUR LUMENOS MEMBERS?

Lumenos has requested our preferred providers bill their claims using "Lumenos" as the Group ID number, and using the specific Lumenos employer group name for the employer name. Lumenos currently has five specific employer groups contracted with First Choice Health Network. They include:

Dulcich Inc dba Pacific Seafood Group	effective date 11/1/04
Harris Group	effective date 1/1/04
North Coast Electric Company	effective date 1/1/04
Northrop Grumman Corp	effective date 7/1/04
Washington Athletic Club	effective date 8/1/04

WASHINGTON EMPLOYERS TRUST (WE TRUST)

As reported in the October, 2005 Newsbrief edition, First Choice Health is providing additional information regarding changes effective October 1, 2005 for the **Washington Employers Trust (WE Trust)**. The WE Trust offers healthcare coverage to member employers and their approximate 12,000 employees and dependents. Effective October 1, 2005, the Trust selected Beech Street as their PPO network. First Choice PPO is the Beech Street affiliate network in Washington State (excluding Clark, Klickitat & Skamania Counties) and Montana counties of Missoula and Yellowstone. In addition, the Trust has selected a new claim administrator, pharmacy benefit manager and medical management company.

Claims with date of service October 1, 2005 and later should be submitted to:

Washington Employers Trust
PO Box 850898
Richardson, TX 75085-0898

EDI Payor ID: 37294

For verification of medical eligibility and benefit information call 206-812-7700 or 888-533-6822.

For hospital preauthorization contact Qualis at 800-783-8606

Although preliminary ID cards have already been issued, the Washington Employers Trust plans to reissue new ID card's to all participants. For an example of this ID Card template, please reference Provider Bulletin Control Number PRB 10-05-01.

If you have any questions, please do not hesitate to call First Choice Health Network Provider Relations at (800) 231-6935 extension 2103.

UNITED FOOD AND COMMERCIAL WORKERS WELFARE TRUST (UFCW TRUST)

As reported in the October, 2005 Newsbrief edition, First Choice Health is providing additional information regarding changes effective January 1, 2006 for the United Food and Commercial Workers Welfare Trust (UFCW Trust). The UFCW Trust provides benefits to approximately 10,000 active participants and covered dependents in Central and Eastern Washington and Northern Idaho. Effective January 1, 2006, the UFCW Trust will use First Choice PPO Network in our service area of Washington, Alaska, Idaho and Montana, and Beech Street in all other areas. For billing purposes, please use Group Number "UFCW-1439" and Group Name "UFCW".

Claims with date of service January 1, 2006 and later should be submitted to:

United Food and Commercial Workers Welfare Trust

c/o AW Rehn & Associates
PO Box 5433
Spokane, WA 99205

For verification of medical eligibility and benefit information call 800-872-8979.

For inpatient hospital and selected outpatient procedure preauthorization contact First Choice Health at 800-962-0414

Please see Provider Bulletin Control Number PRB 12-05-01 for the New ID Card template.

If you have any questions, please do not hesitate to call First Choice Health Network Provider Relations at (800) 231-6935 extension 2103.

MISCELLANEOUS PAYOR NEWS - JANUARY

Reminder That You Can Submit Electronic Claims to Zenith Administrators and Carpenter's Trust through FCHN!

Zenith Administrators and Carpenter's Trust are now receiving claims electronically from FCHN. Your Carpenter's Trust and Zenith Administrators claims will be priced and transmitted within 24 hours of receipt. Please remember to include the appropriate Group Name and Group Number.

Pricing Changes

Effective January 1, 2006, FCHN will be pricing claims for Assurant Health. They will be issuing new ID cards with instructions to submit claims to FCHN. Please update your records.

Spokane Valley Fire Fighters

We are pleased to welcome Spokane Valley Fire Fighters to FCHN effective January 1, 2006. They are an Eastern Washington group and have 200 employee lives. Allegiance Benefit Plan Management will be their administrator.

REMINDER OF REVISIONS TO PROVIDER MANUAL FOR PLACE OF SERVICE (POS) AND MODIFIERS



First Choice Health is announcing upcoming revisions to our Provider Manual, effective January 1, 2006. These revisions will replace the current modifier policy and procedure, as well as, adding our Place of Service policy in Section 3 of the Provider Manual, under 'Standard Billing Procedures'.

A.) Place of Service (POS)

Valid Place of Service (POS) Codes on your claims will be required effective January 1, 2006. Place of Service (POS) codes are numeric codes on professional claims that identify where a service was rendered. They are coded in Field 24B on the CMS 1500. For claims received on or after January 1, 2006, First Choice will return claims with invalid POS codes to you.

The most current listing of valid POS codes as of 11/16/05 is available for review on our website, under "Order Materials".

B.) Modifiers

It is the policy of FCHN to recognize all valid CPT/HCPCS modifier codes, however not every modifier code will effect a FCHN negotiated allowable. There may be modifiers noted that do not impact FCHN pricing, however payment adjustment may be applied by the First Choice payor. The revised documentation states the specific requirement if the modifier code is adjusting the allowable. However, additional modifiers and descriptions have been added that do not impact the allowable. We have noted these to clarify our guidelines for payment adjustment.

DIALYSIS MEDICAL TRANSPORTATION

First Choice Health PPO Network, Inc. (FCHN) gratefully acknowledges the valued services provided by both Dialysis and Medical Transportation Providers to more than a million members of our payor community. As part of our ongoing process improvements, and based upon national standards established by the National Commission on Healthcare Accreditation (URAC), FCHN will begin credentialing Dialysis and Medical Transportation Providers. Our goal is to further demonstrate that FCHN maintains a quality provider network.

According to URAC Standards, FCHN has implemented a process to begin credentialing providers that are currently on the network. Providers have been requested to complete an application for review by our Credentialing Committee. Upon completion of this initial application process, facilities will be scheduled for recredentialing every three years.

STATE OF THE NETWORK

Thank you for your continued participation with us!

As of the end of the 2005 calendar year, First Choice Health PPO reports 26,940 actively participating practitioners and 1,211 participating facilities within our PPO Network.

HOLIDAY CLOSURE

Please note that First Choice Health will be closed on Monday, February 20, 2006 in observance of President's Day. We will return to our regular business hours on Tuesday February 21, 2006.

Thank you for your continued participation with us!

PROVIDER BULLETIN INDEX

Since October 2005, all providers should have received the following provider bulletins:

CONTROL NUMBER	DATED	SUBJECT
PRB-10-05-01	October 31, 2005	Washington Employers Trust (WE Trust)
PRB-11-05-02	December 13, 2005	Health Net to Administer Services for Costco Executive Members
PRB 12-05-01	December 1, 2005	United Food and Commercial Workers Welfare