

List of Exhibits

Exhibit	Reference(s)	Provision
A	Class Counsel Roster	1.11.
B	Compliance Dispute Claim Form	1.19., 11.3.a.
C	Final Order and Judgment	1.35.
D	List of Independent Practice Associations	1.38.
E	Mailed Notice	1.40., 4.
F	Preliminary Approval Order	1.65., 3.
G	Published Notice	1.68.
H	Current Pre-authorization List	7.5.
I	In-Kind Menu	8.

EXHIBIT A

Exhibit A

Class Counsel:

Edith M. Kallas
Joseph P. Guglielmo
MILBERG WEISS BERSHAD
& SCHULMAN LLP
One Pennsylvania Plaza, 49th Floor
New York, NY 10119-0165

James E. Hartley, Jr.
Gary B. O'Connor
DRUBNER HARTLEY
& O'CONNOR L.L.C.
500 Chase Parkway
Waterbury, CT 06708

Gregory J. Pepe
NEUBERT, PEPE & MONTEITH, P.C.
195 Church Street, 13th Floor
New Haven, CT 06510-2026

Stanley M. Grossman
D. Brian Hufford
POMERANTZ HAUDEK BLOCK
GROSSMAN & GROSS LLP
100 Park Avenue, 26th Floor
New York, NY 10017-5516

David R. Scott
SCOTT & SCOTT, LLC
108 Norwich Avenue
P.O. Box 192
Colchester, CT 06415

Christopher A. Seeger
Stephen A. Weiss
SEEGER WEISS LLP
One William Street
New York, NY 10004

Jeffrey L. Kodroff
SPECTOR, ROSEMAN & KODROFF, P.C.
1818 Market Street, Suite #2500
Philadelphia, PA 19103

EXHIBIT B

Exhibit B

Compliance Dispute Claim Form

The undersigned hereby declares that he or she is a Class Member who did not Opt-Out of the Settlement Agreement.

Name of Class Member

Address

City, State, and Zip Code

Tax Identification Number under which covered
physician services were provided, if applicable

Check one of the following:

_____ I am bringing this Compliance Dispute on my own behalf.

_____ I hereby authorize the Medical Society of the State of New York to bring this Compliance Dispute on my behalf.

Please set forth in detail below, using particularized facts, Company's conduct which you allege constitutes a material breach of Company's obligations under § 7 of the settlement Agreement. Please note, the specific provision of § 7 allegedly breached, and describe how the undersigned has been harmed by the alleged breach. Please also set forth the relief that you request. You may attach any supporting materials you wish.

In order to allege a valid Compliance Dispute you must complete and return this form by First Class mail no later than 30 days after the Compliance Dispute first arose to:

[Compliance Dispute Facilitator]
City, State, Zip

EXHIBIT C

STATE OF NEW YORK
SUPREME COURT COUNTY OF MONROE

WILLIAM A. DOLAN, M.D. and SYLVIA W.
NORTON, M.D., on behalf of themselves and all
others similarly situated,

Plaintiffs,

Index No. 9768-01

-against-

EXCELLUS, INC.; EXCELLUS HEALTH PLAN, INC.;;
and EXELLUS BENEFITS SERVICES, INC.,

Defendants.

STATE OF NEW YORK
SUPREME COURT COUNTY OF MONROE

MEDICAL SOCIETY OF THE STATE
OF NEW YORK,

Plaintiff,

Index No. 9769-01

-against-

EXCELLUS, INC.; EXCELLUS HEALTH PLAN, INC.;;
and EXELLUS BENEFITS SERVICES, INC.,

Defendants.

FINAL ORDER AND JUDGMENT

In accordance with, and for the reasons set forth in the Order Approving Settlement, Certifying Class and Directing Entry of Final Judgment entered on _____ (the "Order"), the above captioned action is dismissed with prejudice as to defendants Excellus, Inc. (Excellus Benefits Services, Inc.), Excellus Health Plan, Inc., and a New York not-for-profit corporation pursuant to CPLR Rule 905.

Dated:

_____, 2005

HAROLD L. GALLOWAY, J.S.C.

EXHIBIT D

IPA Listing

Catholic IPA (CIPA)

CIDS (Chautaugua Integrated Delivery System)

RIPA (Rochester IPA)

GRIPA (Greater Rochester IPA)

Monroe Plan

Crossbridge

SyrHealth IPA

CAP IPA (Cayuga Area Plan)

JPO IPA (Jefferson Physician Organization)

Health Alliance IPA

NNYIPA (Northern New York IPA)

STAP/TTAP (Southern Tier and Twin Tier Area Plan)

EXHIBIT E

STATE OF NEW YORK
SUPREME COURT COUNTY OF MONROE

WILLIAM A. DOLAN, M.D. and SYLVIA W.
NORTON, M.D., on behalf of themselves and all
others similarly situated,

Plaintiffs,

Index No. 9768-01

-against-

EXCELLUS, INC.; EXCELLUS HEALTH PLAN, INC.;
and EXELLUS BENEFITS SERVICES, INC.,

Defendants.

**NOTICE OF PROPOSED SETTLEMENT OF A CLASS ACTION WITH
EXCELLUS, OF SETTLEMENT HEARING TO CONSIDER THE
PROPOSED SETTLEMENT AND OF YOUR RIGHTS CONCERNING
THE PROPOSED SETTLEMENT**

IF YOU ARE A PHYSICIAN, PHYSICIAN GROUP OR PHYSICIAN ORGANIZATION WHO PROVIDED COVERED SERVICES IN THE STATE OF NEW YORK TO ANY EXCELLUS PLAN MEMBER OR ANY INDIVIDUAL ENROLLED IN OR COVERED BY AN INSURED PLAN IN THE STATE OF NEW YORK OFFERED OR ADMINISTERED BY EXCELLUS, INC., EXCELLUS HEALTH PLAN, INC. OR EXCELLUS BENEFITS SERVICES, INC. FROM AUGUST 15, 1996 THROUGH MAY __, 2005, PLEASE READ THIS NOTICE CAREFULLY. THIS CLASS ACTION AND THE PROPOSED SETTLEMENT MAY AFFECT YOUR RIGHTS.

I. WHY SHOULD YOU READ THIS NOTICE?

If you are or have been a physician who actively practiced in New York at any time since August 15, 1996, or a physician's group or physician organization, your rights may be affected by a proposed settlement with Excellus, Inc., Excellus Health Plan, Inc., and Excellus Benefits Services, Inc. (together, "Excellus" or "Defendants") in the class action lawsuit known as Dolan, et al. v. Excellus, et al., and a companion case, Medical Society of the State of New York v. Excellus, et al. which is not a class action, but is also the subject of the Settlement Agreement. Together, the Dolan and MSSNY actions against Excellus shall be referred to herein, collectively, as the "Actions." The class representatives and the Medical Society of the State of New York have agreed to settle all claims against Excellus in the Actions in exchange for Excellus' adoption of a number of commitments and initiatives regarding its business practices, provision of certain in-kind benefits to actively practicing physician Class Member claimants and

a per capita payment to retired Class Members who do not opt out of this Settlement. The Court has scheduled a hearing to consider the fairness, reasonableness and adequacy of the proposed settlement with Excellus, together with certain other matters, to be held on _____ (the "Settlement Hearing").

You may be a member of the Class who therefore would be entitled to receive the benefits of the proposed settlement. As a member of the Class, however, you will also be bound by the release and other provisions of the settlement if it is approved by the Court. You may elect to opt-out of the Class and the settlement, as explained below. You also have a right to object to the settlement or to the applications for attorneys' fees and representative plaintiffs' fees that counsel for the Class intend to make to the Court, but only if you comply with the procedures described in this notice. **BECAUSE YOUR RIGHT TO PURSUE CERTAIN TYPES OF CLAIMS AGAINST EXCELLUS AND CERTAIN OTHERS AFFILIATED WITH EXCELLUS BASED ON EXCELLUS' CONDUCT MAY BE AFFECTED BY THE SETTLEMENT, YOU SHOULD READ THIS NOTICE CAREFULLY.**

II. WHAT IS THIS LITIGATION ABOUT?

The Actions have been brought by, and on behalf of a class of physicians, and by the Medical Society of the State of New York against the Defendants. The complaints in both Actions, which are nearly identical, allege that Excellus denied, delayed and/or reduced payment to physicians by engaging in several types of allegedly improper conduct, including:

- Allegedly failing to disclose the use of edits to unilaterally "bundle," "downcode" and/or reject claims for medically necessary covered services;
- Allegedly failing and/or refusing to recognize CPT modifiers;
- Alleged use of improper guidelines and criteria to deny, delay, and/or reduce payment for medically necessary covered services;
- Allegedly failing to disclose applicable fee schedules; and
- Allegedly failing to pay claims for medically necessary covered services within the required statutory and/or contractual time periods.

The Complaints claim breach of contract and violation of various state statutes. If you would like further information about the claims asserted in the Actions, you can review a copy of the complaints on www.mssny.org, www.hspm.com or www.milbergweiss.com.

III. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

In a settlement agreement dated May 23, 2005 (the "Settlement Agreement"), the representative plaintiffs and the Medical Society of the State of New York have agreed to settle all claims that were or could have been asserted against Excellus in the Actions in exchange for five hundred thousand dollars (\$500,000) for per capita payments to retired or deceased physicians, Excellus' agreement to materially alter a number of its business practices, and funding for agreed upon Community Health Initiatives and certain in-kind benefits to active,

practicing class members who have not opted out of the Settlement. The terms of the Settlement Agreement are summarized in this notice, but a copy of the entire Settlement Agreement can be reviewed on www.mssny.org, www.hspm.com or www.milbergweiss.com.

A. The Settlement Class

The proposed settlement will be on behalf of a settlement class (the "Class") consisting of all Participating and Non-Participating Physicians, Physicians Groups and Physician Organizations who provided Covered Services in the State of New York to any Plan Member or any individual enrolled in or covered by an insured plan in the State of New York offered or administered by any Person named as a defendant in the Actions or by any of their respective current or former subsidiaries or affiliates, in each case from August 15, 1996 through _____ (the date that the Court entered its order preliminarily approving the proposed settlement and directing that this notice be provided to you).

B. The Settlement Consideration

If the settlement is approved by the Court, the Settlement Agreement provides for monetary and in-kind benefits as well as other substantial operational benefits to be provided by Excellus to members of the Class and funding for certain Community Health Initiatives.

1. Business Practice Initiatives

As a part of the settlement, Excellus has agreed to certain commitments regarding its business practices. For example, Excellus has agreed to: (a) process and make eligible for payment all physician claims for covered services pursuant to and consistent with the current version of CPT codes; (b) include in its contracts with Physicians a definition of medical necessity which bases medical necessity determinations on generally accepted standards of medical practice, using clinical guidelines that are based on credible scientific evidence published in peer reviewed medical literature (taking into account Physician Specialty Society recommendations, the views of Physicians practicing in the relevant clinical areas, and other relevant factors) when making medical necessity determinations; (c) provide physicians access to Company's medical necessity external review process; (d) establish an independent external review process for resolving disputes with physicians concerning many common billing disputes; (e) make investments designed to facilitate the automated adjudication of claims submitted by physicians and thereby reduce the average time taken by Excellus to pay valid claims; (f) fund initiatives to increase the percentage of claims issues resolved on initial review and thereby reduce the percentage of resubmitted claims; (g) unless otherwise permitted or required by individually negotiated contracts, will not automatically reduce the intensity coding of evaluation and management codes billed for covered services; (h) disclose payment rules and conform its bundling and other computerized editing rules as specified in the agreement; (i) confirm the elimination of "all product" and "gag clauses"; (j) improve accuracy of information about eligibility of plan members; (k) ensure over time payment of valid clean claims within 15 days for electronically submitted claims and 30 days for paper claims; (l) provide physicians with the ability to view their fee schedule and agree to maintain and update such fees on an annual basis, and (m) establish a compliance dispute resolution mechanism to address disputes regarding Excellus' compliance with the agreement. In addition, Excellus will

disclose additional information about its claim administration policies and procedures on its existing website. These changes, as well as others, are more fully described in the Settlement Agreement.

2. In Kind Benefits For Actively Participating Class Members

Excellus has agreed to provide an in-kind benefit to claiming, active, practicing class members who do not opt out of the Settlement. The aggregate value of all such in-kind benefits shall be five million dollars (\$5,000,000) to be distributed on a pro-rata basis to those non opting-out class member claimants.

3. Payments to Retired/Deceased Physicians

Excellus has agreed to establish a five hundred thousand dollars (\$500,000) fund for non-opting out individual physicians who have retired from the practice of medicine or have died and who are members of the Class under the proposed settlement. If the settlement is approved by the Court, these retired or deceased members of the Class will be entitled to a per capita payment from the settlement fund in accordance the Settlement Agreement.

4. Community Health Initiatives

Excellus shall pay one and one quarter million dollars (\$1,250,000), to be applied to certain Community Health Initiatives mutually agreed upon by the parties, and an additional two hundred and fifty thousand dollars (\$250,000) shall be paid by Excellus to MSSNY, for medical liability reform.

Those physicians entitled to an in-kind benefit or retiree/deceased payments may instead elect to donate the value of same to the Community Health Initiatives Fund by so indicating on the proof of claim form.

C. The Release and Dismissal with Prejudice

In exchange for this consideration, if the Settlement Agreement is approved, the Actions will be dismissed with prejudice as to Excellus. In addition, Excellus will receive a release and discharge from the Class (which would not include members of the Class who timely elect to opt-out of the settlement; as discussed below) of any and all causes of action, judgments, liens, indebtedness, costs, damages, obligations, attorneys' fees, losses, claims, liabilities and demands of whatever kind or character (each a "claim"), arising on or before _____ (the date that the Court's order preliminary approving the settlement was entered), that are, were or could have been asserted against any of the released parties based on or arising from the factual allegations of the Complaints in the Actions, whether any such claim was or could have been asserted by any releasing party on its own behalf or on behalf of other persons.

In addition to this release, members of the Class who have not opted-out of the Settlement will be deemed to have forever abandoned and discharged any and all claims that exist now or that might arise in the future against any other persons or entities, including the other Defendants in the Actions, which claims arise from, or are based on, conduct by Excellus or any of the other released parties that occurred on or before _____ and are, or could have been, alleged in the

complaints in the Actions, whether any such claim was or could have been asserted by any releasing party on its own behalf or, on behalf of other Persons. Nevertheless, the Settlement Agreement does not operate to relieve any person or entity other than Excellus from responsibility for its own conduct or conduct of other persons who are not released parties.

Excluded from the release are claims for certain medically necessary covered services that are or were in the process of being submitted to, adjudicated or paid by Excellus at the time that the Settlement Agreement was entered into and the Court approval process was begun. Moreover, the release does not include any claims that are alleged in the action Rochester Community Individual Practice Association, Inc. v. Finger Lake Health Insurance Company, State of New York, County of Monroe, Index No. 2975/98. This provision is discussed in more detail in section 13.5 of the Settlement Agreement, to which you should refer if you have any questions as to its applicability.

The Settlement Agreement includes a covenant not to sue Excellus or the other released parties for claims that are generally subject to the release, subject to certain limited exceptions which are described in detail in section 13.3 of the Settlement Agreement.

The release provided for in the Settlement Agreement applies to claims whether they are known or unknown. In this regard, each member of the Class that has not timely elected to opt-out of the settlement and the Class shall be deemed expressly to have waived and released any and all provisions, rights and benefits conferred under law, as discussed in greater detail in Section 13 of the Settlement Agreement.

IV. WHAT WILL HAPPEN AT THE SETTLEMENT HEARING?

As mentioned above, the Settlement Hearing will be held on _____ at ____ :00 A.M. /P.M. at _____. However, the order scheduling that hearing also provides that it may be adjourned by the Court and that no additional notice will be provided to potential members of the Class other than an announcement in open court.

At the Settlement Hearing, the Court will consider several different issues:

First, the Court will consider whether the proposed Settlement of the Actions with Excellus that is reflected in the Settlement Agreement is fair, reasonable and adequate to members of the Class.

Second, the Court will consider whether it should certify the Class pursuant to Rule 901 of the New York Rules of Civil Procedure. Among other things, this will require the Court to determine (i) whether questions of law or fact common to the members of the Class predominate over questions affecting only individual members of the Class, and (ii) whether a class action is superior to other available methods for fair and efficient adjudication of the controversy. If the Court certifies the Class, potential Class members who have timely elected to opt-out from the Class by following the procedures described below will be excluded from it.

Third, the Court will consider whether to enter orders that would prevent members of the Class and certain other persons from asserting certain claims against Excellus in the future.

Finally, the Court will consider an application by counsel to the Class for attorneys' fees and expenses to be paid by Excellus, which is also discussed in more detail below.

V. CAN I PARTICIPATE IN THE SETTLEMENT HEARING?

Anyone who objects to the proposed Settlement with Excellus, the Settlement Agreement, the application for plaintiffs' attorneys' fees or the other matters to be considered at the Settlement Hearing may appear and present such objections. In order to be permitted to do so, however, you must, on or before _____:

- File with the Court a notice of your intention to appear, together with a statement setting forth your objections, if any, to the matters to be considered and the basis for those objections, together with any documentation that you intend to rely upon at the Settlement Hearing, and
- Serve copies of all such materials either by hand delivery or by first-class mail, postage prepaid, upon the following counsel:

Kimberly C. Lawrence, Esq.
HINMAN STRAUB P.C.
121 State Street
Albany, New York 12207

Edith M. Kallas, Esq.
Joseph P. Guglielmo, Esq.
MILBERG WEISS BERSHAD & SCHULMAN LLP
One Pennsylvania Plaza
New York, New York 10119-0165

If you do not comply with the foregoing procedures and deadlines for submitting written objections and/or appearing at the Settlement Hearing, you may lose substantial legal rights, including but not limited to, the right to appear and be heard at the Settlement Hearing; the right to contest approval of the proposed settlement or the application for an award of attorneys' fees and expenses to plaintiffs' counsel; the right to contest approval of the application for an award of a fee to representative plaintiffs; or the right to contest any other orders or judgments of the Court entered in connection with the proposed settlement.

If the Court does not approve the proposed settlement, the Settlement Agreement will be null and void. If there are further actions taken in the Actions that affect your rights, you will receive notice as determined by the Court.

VI. HOW DO I FILE A CLAIM?

