



PACIFIC HEART INSTITUTE

A Medical Corporation

William R. Cabeen, M.D. Shephal K. Doshi, M.D. Robert H. Merz, M.D. Paul D. Natterson, M.D. Peter H. Pak, M.D.
Peter C.D. Pelikan, M.D. Nicole M. Weinberg, M.D. Richard F. Wright, M.D. George C. Wu, M.D.

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Dear Patient:

It is a privilege to have you as a patient at Pacific Heart Institute. We are committed to your continued health, take pride in providing the highest quality of care, and strive to be accessible. We believe this approach has made us the premier cardiology group in the area.

Changing payment policies by Medicare and insurance companies have forced us to reevaluate our practice model. PHI currently receives no payment for many of the services we have customarily provided. Furthermore, insurance reimbursements to us have been declining for many years despite a continued rise in our practice operational costs. This year Medicare and most insurance plans slashed cardiology payments on an unprecedented scale. For instance in 2009 Medicare directly paid us \$110.74 for a mid-level new patient evaluation, for which we typically schedule one hour; the current payment is \$87.07. In March it is scheduled to be cut to \$68.78. We cannot raise these reimbursement rates since they are dictated by Medicare. These amounts are incompatible with maintaining a viable practice unless ancillary services and the time allotted for office visits are substantially reduced. We feel such reductions would not meet your expectation of comprehensive personalized care.

To continue to offer our current level of service we thus have two choices: either stop accepting your insurance plan OR find a way to offset these catastrophic cuts. We strongly believe that you should be able to use the insurance you have earned or purchased. In order to do so, while still accepting your contracted rates, we must now charge for uncovered services. You and your insurance (including Medicare) will still be charged for services rendered and tests performed.

As outlined on the next page, **beginning April 1, 2010**, we will offer three annual Plans through which you can continue to receive extended services at Pacific Heart Institute. If you do not participate in one of these Plans we will still provide you with medically necessary covered services. However, we will be significantly curtailing availability of some in-office services, such as pacemaker and defibrillator follow-ups, anticoagulation (protime) management, and laboratory blood drawing. Plan participants will be given priority in obtaining access to such services. With respect to obtaining these services, we will provide non-Plan participants with timely referrals to other providers when appropriate and necessary.

Our goal remains to provide unsurpassed cardiovascular care. We believe our Plans will allow us to continue to provide personalized services of the utmost quality to you and your loved ones.

Please return the enclosed agreement, and appropriate payment, indicating your choice of Plan. Feel free to call us if you have questions.

Thank you.

The Physicians and Staff of Pacific Heart Institute