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Emily R. Studebaker
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May 1, 2018

Brian Ancell
Executive Vice President, Health Care Services
Premera Blue Cross
P.O. Box 327
Seattle, WA 98111-0327

Re: Disagreement with Notice of Rate Change

Dear Mr. Ancell:

On behalf of the Washington State Dental Association, we are writing to address an issue impacting its members who are party to a Participating Dental Provider Contract (the "Contract") with Premera Blue Cross ("Premera"). The Dentists write to inform you that certain rate changes that Premera proposes to implement as of July 1, 2018 are impermissible under the Contract.

On April 2, 2018, Premera notified the Dentists that it was amending the Contract to reduce compensation for specifically identified services by approximately 15 percent. According to Premera's notice, this amendment would be effective on July 1, 2018. The Dentists do not dispute the timely notice of the particular amendments that Premera identified in the April 2 notice. However, the Dentists now have learned that Premera provided only a sample of fee cuts and that it intends to implement additional fee cuts effective on July 1 without having provided specific notice of those cuts. Any fee cuts not specifically disclosed on April 2, 2018 would be invalid under the Contract, and the Dentists strongly object to Premera's plan.

Premera is permitted to amend the Contract only upon 75 days' written notice to the Dentists, and any amendments are subject to the approval of the Washington State Office of Insurance Commissioner. Art. IV, § I, Art III § L.8. The Contract protects the Dentists from any sharp dealing that Premera might engage in by permitting them to terminate the Contract upon 90 days' notice. Art. IV, § K. In the event that Premera amended the Contract under Art. IV, § I in a way that is unacceptable to a Dentist, he or she could only be obligated to operate under those terms for 15 days.¹

¹ While the Contract contains a dispute resolution provision, this provision does not cover contract amendments. Art. IV, § C.5.

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Premera may rely on the April 2 notice as a basis to adjust only those rates specifically identified therein. Simply stated, Premera may not issue a notice reserving a right to modify the Contract at a future date in violation of its specific Contract terms. To do so would abridge the Contract's protections for the Dentists. The Dentists have a right to know exactly what modifications that Premera proposes and evaluate the modifications individually.

If Premera wishes to implement fee cuts beyond those specifically disclosed on April 2, it must do so pursuant to the terms of the Contract. Failure to do so will be a breach of the Contract terms. The Dentists expressly reserve all rights to take appropriate action to ensure that those terms are honored.

Please contact me at your earliest convenience to discuss this issue.

Sincerely,

Emily R. Studebaker

cc: Board of Directors, Washington State Dental Association
Toni Hood, Office of Insurance Commissioner