



May 24, 2021

The Honorable Mark Herring  
Attorney General, Commonwealth of Virginia  
*Electronically transmitted via [mherring@oag.state.va.us](mailto:mherring@oag.state.va.us)*

Dear General Herring:

Sentara Healthcare (“Sentara”) sent Anthem Health Plans of Virginia, Inc., doing business as Anthem Blue Cross and Blue Shield and HealthKeepers, Inc. (“Anthem”), a letter dated April 12, 2021 terminating the Medicaid and Medicare Advantage lines of business for its facility and professional provider agreements effective on October 12, 2021. Sentara was clear that this termination was sent in response to Anthem’s Specialty Rx Program for our commercial business as well as our Medicaid outpatient site-of-service initiative. Sentara did not terminate its agreements for serving Anthem’s commercial members.

Anthem has concerns about the anti-competitive harm caused by Sentara’s activities in the Commonwealth of Virginia. These actions serve no purpose other than to attempt to force Anthem into keeping costs high for Sentara’s own gain while simultaneously limiting competition for its Medicaid and Medicare health plans.

Due to Sentara’s market share, denying our Medicaid and Medicare members in-network access to Sentara’s physicians and facilities will disrupt critically important patient-provider relationships for the most vulnerable Virginians whom we are privileged to serve. They have already faced so many challenges during the COVID-19 pandemic. Sentara’s actions will only further exacerbate all they have experienced, including forcing them to travel unnecessarily long distances to seek in-network care from other providers.

It is also important to note that Anthem’s Medicaid outpatient site-of-service initiative is a foundational tool to ensure patients are redirected to clinically appropriate, lower cost, similar quality, care settings. The Virginia Department of Medical Assistance Services (DMAS) relies on Anthem as a Medicaid Managed Care Organization (MCO) to address rising health care costs. DMAS has “clinical efficiencies” in place that impact MCO rates based on their ability to drive appropriate utilization management around site-of-service.

In fact, Optima, Virginia Premier, and all contract Medicaid MCOs should have similar site-of-service programs in place, including applying them to Sentara providers. If Optima and Virginia Premier do not, it would provide yet another example of how the conflict of interest with the parental relationship negatively impacts the state Medicaid program and state budget.

The state should prohibit hospitals, especially ones who own Medicaid MCOs, from having anti-steerage provisions in their contracts, or in this case, from terminating their competition’s contracts in retaliation for these utilization management programs.

In conclusion, Anthem believes that Sentara's termination is inherently anti-competitive for the aforementioned reasons and continues to establish a pattern in which Sentara leverages its market dominance to limit provider and payor competition, especially for government-funded programs. This is harmful to Medicare beneficiaries, Medicaid beneficiaries, Virginia's Medicaid program, and ultimately the state budget, which relies on competition to reduce health care costs and improve quality.

Respectfully,



Jennie Reynolds, President  
Anthem HealthKeepers Plus



Jeff Ricketts, President  
Anthem Virginia Blue Cross & Blue Shield



Raul Smith, President  
Anthem Medicare North/East Markets

cc: Sarah Oxenham Allen  
Senior Assistant Attorney General, Office of the Virginia Attorney General,  
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The Honorable Daniel Carey, M.D.  
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