

We are pleased to inform you that SynerMed will remain open with a reduced number of staff until March 31, 2018, and perhaps longer, in order to ensure a smooth transition for our remaining clients, including EHS, PAMC and maybe some others. EHS and the SynerMed Board agreed that SynerMed will provide management services to EHS until at least March 31, 2018. SynerMed will also work with EHS, regulators, health plans and any other entities as requested. We are working through a process to inform those of you who we would like to stay on after January 15, 2018.

I would like to take this opportunity to thank you for continuing to work so hard for our partners and their members during this trying time. Last month alone, because of all of your efforts, SynerMed processed more than 141,000 authorizations. In addition, we have made significant progress in addressing the internal control issues within the Medical Management Department, and I am proud to say that we are compliant with all regulatory requirements relating to processing and mailing of notices of action to members and providers. Our members are, and always has been, our priority.

I wanted to give you a brief update on where things stand with respect to the deficiencies we discovered in the Notice of Action Department. We completely rebuilt the Notice of Action Department and added additional support from the EDI, BI and Claims Departments. There are daily meetings to ensure that all member notifications are processed timely and correctly. We have done all of this, not to save our company, but to serve our members, clients and health plan partners. We are also being proactive with our health plan partners and clients to make sure that their transitions to new MSOs are seamless and orderly. Again, our priority is to make sure that our members are protected and that there is no disruption to the care that they receive. We are not aware of, nor do we expect to find, that any member harm was caused by the deficiencies.

I want to remind you that our commitment to our members is not anything new. We've always been committed to our members as well as our providers and the communities in which we serve. Over the past twenty years, here are just a few of our shared accomplishments:

- In 2009, LA Care engaged SynerMed and Partners in Care Foundation and launched an 18 month eConsult pilot. In order to help members access specialty care in rural areas, we have since incorporated this far-reaching technology in our SynerMedConnect platform.
- EHS and Inland Valleys IPA were two of the highest performing groups contracted with the health plans. |
- All of our client IPAs have been awarded ELITE status from the California Association of Physician Groups demonstrating our service commitment to our members. In the case of EHS, the ELITE status was awarded for five consecutive years! Every year, SynerMed employees have showed the industry that they would and could raise the bar.
- IVIPA was consistently a high performer with Inland Empire Health Plan. In the Central Valley, EHS brought Adventist Health Plan, Health Net and CalViva Health from one of the lowest performing HEDIS counties in the state to one of the highest according to the year-over-year comparisons of the DHCS Managed Care Dashboard.
- SynerMed led a joint venture between our IPA clients and capitated hospital clients to create the Downtown Coordinated Care Center (DC3), a revolutionary clinic for some of LA's most vulnerable population that has saved lives and at the same time saved millions of dollars per member served.
- Inland Valleys IPA created its own version of the DC3 in the Coachella Valley in early 2017. This program is working to lower hospital readmission rates with IEHP members in the Coachella Valley and improve the quality of life for members suffering from complex medical conditions.

- SynerMed participated with Multicultural Medical Group in San Diego in a CMS Innovation Grant called the Patient Health Improvement Initiative to help low income members find consistent, quality medical care that results in better care, better quality of life and reduces the overall cost of care
- SynerMed and its IPAs created full transitional care protocols by partnering with community-based organizations in Los Angeles including the Lincoln Park Recoupment Care and Detox facility, Jewish Family Services, the Illumination Foundation and Cri-Help to help thousands of members find their way home after a medical crisis.
- In Sacramento, SynerMed and EHS partnered with the County of Sacramento on their Healthy Partners program for uninsured adults changing the course of care for thousands of local residents.
- We've been ardent supporters of Homeboy Industries, the LA Food Bank and the St. Francis Center in Los Angeles. We couldn't be prouder of our support of these pillars of service that help so many Angelenos struggling to find a better life.

All of you are the reason that SynerMed has been able to do all of this. In close, I would like to personally thank each of you for your service and dedication. Thanks again, none of this was possibly without your hard work and commitment to our members. I wish the best to you and your family during this holiday season.