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## Chinese Community Healthcare Association Threatens Lawsuit against Brown & Toland

SAN FRANCISCO, CALIF. (April 6, 2006) Chinese Community Healthcare Association on April 4 threatened to sue Brown & Toland Medical Group after the two parties met to discuss a recent Letter of Intent agreed upon by both organizations.

Brown & Toland has been consistent in its intent to work with Chinese Community Healthcare Association (CCHCA), Chinese Community Health Plan (CCHP), and Chinese Hospital towards a long-term relationship. "Brown & Toland has a long history of serving the people of San Francisco and the Bay Area and we currently serve approximately 72,000 patients of Asian descent, or about 31 percent of San Francisco's Asian population," said Lin Ho, M.D., Brown & Toland's President and Chairman of the Board. "Brown & Toland also has a significant number of physicians of Asian descent in its network. We have been committed, and are committed, to all of our patients, physicians, and community health care partners. To do otherwise is not even thinkable."

Brown & Toland Medical Group, Chinese Community Healthcare Association, Chinese Community Health Plan and Chinese Hospital entered into a Letter of Intent on February 17, 2006. The Letter of Intent reflected the shared goal to create a long term relationship among all of the parties that would provide access and benefits to the Chinese community.

Both Brown & Toland and CCHCA provide services to the Chinese community and approximately 96 physicians practice in both medical groups. Earlier this year, Brown & Toland reached out to CCHCA, CCHP and Chinese Hospital to discuss a potential relationship among all of the parties that could further benefit the population we both serve. These discussions resulted in a Letter of Intent. Brown & Toland agreed that during the term of the Letter of Intent, and beyond (assuming the parties reach agreement on a long term relationship), current qualified physicians who are members of both medical groups could join Brown & Toland's Preferred Physician Network without resigning from CCHCA. This impacted only 68 physicians. Twenty one physicians who are members of both medical groups joined Brown & Toland's preferred network. If physicians who had already joined Brown & Toland's Preferred Physician Network had resigned from CCHCA, they could re-join CCHCA. **Brown & Toland immediately informed physicians of their ability to accept/maintain preferred status while maintaining membership in CCHCA/CCHP.**

Brown & Toland created its Preferred Physician Network, a program that is completely voluntary for physicians, in 2005 to recognize and reward the high quality, busy physicians who are the core of our medical group. As a benefit of being a preferred physician, Brown & Toland provides administrative services such as billing and other practice management systems, as well as clinical tools such as an electronic health record, in an effort to enhance the ability for physicians to share clinical information between them, which results in better patient care. Because Brown & Toland is investing in these physician practices, physicians agree to a "participation commitment". The participation commitment means that the physician agrees not to provide services for HMO patients outside of Brown & Toland, but this commitment does not preclude physicians from serving patients outside of Brown & Toland, such as PPO, traditional Medicare, Medi-Cal HMO, etc. The

preferred network is only one part of Brown & Toland's physician network. In fact, less than 40 percent of Brown & Toland's overall network is preferred.

CCHCA is now demanding that Brown & Toland sign a new document essentially precluding Brown & Toland from offering preferred status to any of Brown & Toland's physicians who are also in CCHCA. CCHCA further stated that if Brown & Toland did not sign this document by close of business on April 4, they would file a lawsuit against Brown & Toland. "We are uncertain on what legal grounds CCHCA/CCHP believe they can file suit," said Richard Feinstein, Brown & Toland's legal representative and a partner of the Washington, D.C.-based law firm Boies, Schiller & Flexner. Brown & Toland is confident that its preferred network program is legally appropriate and pro-competitive. Brown & Toland strongly disagrees with the allegations raised by CCHCA/CCHP.

It is important to stress that participation in Brown & Toland's Preferred Network is completely voluntary. Each physician who qualifies for the network may join if desired, and if a physician does not want to join, he or she simply maintains current status as a participating physician in Brown & Toland. We are deeply disappointed in CCHCA/CCHP's actions.

Brown & Toland remains interested in and willing to work with CCHCA, CCHP and Chinese Hospital towards a long-term relationship. We are concerned that a lawsuit will seriously damage the relationship of the parties to the point that will hamper the opportunities available to patients and physicians.

**About Brown & Toland Medical Group**

Brown & Toland Medical Group, based in San Francisco, Calif., has 1,500 physicians serving more than 190,000 patients. Brown & Toland is a three-time winner of the prestigious Pacific Business Group on Health (PBGH) Blue Ribbon Award for medical excellence and has earned numerous other awards for quality. For more information, visit our Web site at [www.browndtoland.com](http://www.browndtoland.com).