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COMMONWEALTH TRUSTEE FOR THE
UNIVERSITY OF PITTSBURGH

March 22, 2012

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

Mr. Robert Brackbill, Chief
Company Licensing Division
Pennsylvania Insurance Department
1345 Strawberry Square
Harrisburg, PA 17120

Dear Mr. Brackbill:

My House District, 23, sits entirely within the city of Pittsburgh and the issue of healthcare has long been important to me. Because of these dual interests, I have been vocal about the need for a robust provider marketplace in our region. I now encourage you to approve the proposed affiliation between the West Penn Allegheny Health System (WPAHS) and Highmark Inc.

The WPAHS-Highmark affiliation is certainly important for jobs in our area, and for continuity of care. WPAHS employs nearly 12,000 people, and is a key employer in Pittsburgh neighborhoods and nearby municipalities. Many of my constituents have relied for years on these five hospitals for care, and want to continue to do so.

Most importantly, in Western Pennsylvania we face a saturated marketplace. Health economist and Carnegie Mellon professor Martin Gaynor has found that one hospital system controls 2/3rds of the health care market in the city. The West Penn Allegheny Health System provides an important alternative provider network within our area. It has the reputation and existing infrastructure to provide quality healthcare choices, and job opportunities, for my constituents.

Looking in particular at PHC4 data, I've been impressed at quality indicators for these hospitals, which consistently perform as expected, or better than expected, on outcome measurements of: Mortality, Length of Stay and Readmission rates. The merger with Highmark would provide WPAHS with the sound financial basis they need to continue to provide high quality care, and enhance their competitiveness in the region.

Many experts expect more vertical integration in the health care field in coming years in an effort to help control healthcare costs. I believe individuals with Highmark insurance will benefit from protecting options for healthcare in Southwest Pennsylvania.

Our community has committed to these hospitals in the past, supporting them with state and federal dollars, as well as through their tax-exempt status. By endorsing the affiliation between WPAHS-Highmark, we can contribute to the future success of WPAHS, but also to the enhancement of health care in Western Pennsylvania.

I appreciate your thorough and expeditious review of this important transaction.

Sincerely,

Dan Frankel
State Representative
23rd Legislative District

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