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**Brackbill, Robert**

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**From:** Grantz, Brad [Brad.Grantz@mail.house.gov]  
**Sent:** Tuesday, April 03, 2012 11:23 AM  
**To:** Brackbill, Robert  
**Subject:** Letter on Highmark/WPAHS from Rep. Murphy  
**Attachments:** Highmark WPAHS affiliation April 2 2012 Ltr of Support - Murphy.pdf

Commissioner Brackbill –

Please see the attached letter from Congressman Tim Murphy (PA-18) about the proposed affiliation between Highmark and the Western Pennsylvania Allegheny Health System. Should you have any questions please feel free to contact me. The physical copy has been mailed to your office.

Sincerely yours,

Brad Grantz | Congressman Tim Murphy (PA-18) | Legislative Director  
322 Cannon House Office Building | Washington, DC 20515  
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TIM MURPHY  
18TH DISTRICT, PENNSYLVANIA



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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

April 2, 2012

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

Dear Mr. Brackbill:

I am writing to encourage the Pennsylvania Insurance Department to proceed promptly with its review of the proposed affiliation between Highmark and the West Penn Allegheny Health System (WPAHS). I am confident that a full and fair examination conducted in a timely manner will lead to approval of the arrangement.

The ongoing financial struggles of WPAHS are well-documented. If this affiliation does not occur, thousands of patients will experience severe disruption in their care and more than 11,000 jobs in the region will be threatened. In addition, consumers will be left with fewer choices for care in the marketplace.

Competition is critical to attracting high-quality physicians to our region, and keeping costs in check for families and employers in Western Pennsylvania. If choice is not preserved, the region will experience higher healthcare costs that can result in worsening care. Hospital monopolies lead to significant increases in healthcare costs despite the potential for gains in efficiencies or economies of scale. In a 2006 study of a series of hospital consolidations during the 1990s, Robert Town, a healthcare economist at the University of Pennsylvania's Wharton School, found price hikes for consumers of up to 40 percent.<sup>1</sup>

There is a great degree of uncertainty as to how the healthcare landscape will evolve over the next several years. One thing, however, is certain: the status-quo is unsustainable. Integrated delivery models promoting coordination of care and disease management are likely to replace outdated fee-for-service payments that create unintentional incentives for overutilization. As this transformation in delivery occurs, our region would benefit from

<sup>1</sup> Robert Town et al., *The Welfare Consequences of Hospital Mergers* (Nat'l Bureau of Econ. Research, Working Paper No. 12,244, 2006).

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having multiple quality health systems working to effectively control healthcare costs and improve the quality of care for patients.

As a legislator with a healthcare background, I know how valuable it is when our region is served by modern, up-to-date health systems. This is why I have worked to ensure 18<sup>th</sup> district hospitals thrive as community assets interested only in the well-being of my constituents. During my career, I secured support for patient safety technology and an emergency room expansion project at WPAHS Forbes Regional Hospital, a 350-bed general medicine and surgical facility in Monroeville. I have also sought to expand the use of health information technology to improve coordination of patient care across providers. For instance, I worked in support of the e-pharmacy initiative, as well as the facility's own emergency room expansion at Canonsburg General Hospital, which is a 120-bed medical and surgical facility.

For these facilities to continue providing the region with exemplary care, I urge the Insurance Department to thoroughly review and quickly approve the proposed affiliation. I appreciate your attention to this matter. Should you have any questions please do not hesitate to contact me.

Sincerely,

  
Tim Murphy  
Member of Congress