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

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Corporate & Financial Regulation
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Insurance Department

Dear Mr. Brackbill:

I am the founder of Respironics, Inc., in 1971. During the years following that startup, I served as C.E.O. and subsequently as chairman of the board while the company grew in annual sales to \$1.3 Billion with an employee count of 5500 in 2008. Sadly, the company was bought from under us by Philips, the publicly traded Dutch behemoth.

The wonderful people of Respironics accomplished that growth largely by changing the practice of certain aspects of pulmonary medicine through application of ever changing technology, both physical and medical in nature. We introduced completely new ways of helping patients with various breathing disorders by closely observing and analyzing the existing state of the art and by finding better ways to help the patients, but also to enable improvements in the productivity and quality of the work of the medical professionals.

And, as soon as we made an improvement that led to new market segments, new competitors appeared nationally and internationally, all bearing a dedicated intent to take that business away from us. Such competition required us to continuously improve all our product entrees or face obsolescence similar to the fate of our earlier competitors from whom we wrested our market shares. That environment is the very essence of the greatness of American industry, i.e., "If we, ourselves, don't render our products obsolete with new and better approaches, someone else will!"

The wise CEO knows that commercial entities must continuously innovate because a competitor is watching and working to surpass them. That result yields benefits for customers, families, ancillary businesses, municipalities, and the larger economy. Competition makes everyone sharper, better, more efficient, and more highly attuned to customers.

Before founding Respironics, I worked in surgical research at Allegheny General Hospital. I was both witness and participant to a revolution in Cardiac Surgery and in Pulmonary medicine; two disciplines which worked together to "fix" the patient and to provide the intensive care to enable recovery.

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At the time, AGH and Presbyterian Hospital were thriving in an intense atmosphere of technological change, providing to Western Pennsylvania access to the very best medical and surgical care. Both were growing in reputation and in ability to treat the very sickest patients who were facing the darkest prognosis.

Unfortunately, the financial blow that AGH endured in the 90's completely unbalanced the regional competitive positions resulting in a migration of medical professionals to UPMC where, we all agree, truly excellent world class medicine is now practiced, but with an unrelenting trend toward a monopolistic regional system.

If such a monopoly evolves, the regional pressure toward continuous improvement will irresistibly succumb to the attitude "if it ain't broke, don't fix it", because no competitor will be there to offer a better alternative, particularly related to the costs of medical care. My opinion is that the economic consequences of that recent history has rendered WPAHS unable to compete with UPMC without a major infusion of capital and leadership.

Highmark Blue Cross Blue Shield and the West Penn Allegheny Health System have a plan to join forces, and as far as I am concerned, it is a great idea that should receive a strong vote of confidence from the Commonwealth for all the reasons I've enumerated.

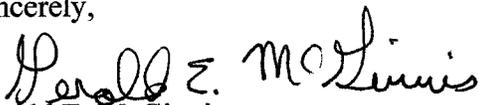
Southwestern Pennsylvania has been attracting increased attention across the nation as a model of fresh thinking and level-headedness in terms of economic development. We did not experience the out-of-proportion economic highs of other cities, and subsequently did not suffer the devastating lows. We steadily emerged with a viable economic strategy that continues to solidify a positive employment picture and a reasonable cost of living. The Highmark-WPAHS alliance has the power and potential to keep this region on that steady path to growth.

UPMC may wish that this alliance not happen, and that's their prerogative. I would strongly maintain, however, since healthcare is being treated as everyone's right, that honest and open competition, especially in healthcare, is imperative.

I applaud Highmark and its willingness to advance its proposed alliance with WPAHS. It will maintain and expand jobs, while presenting more viable options for quality healthcare. That is a competitive environment that we all could support.

Thank you for considering my request that the Pennsylvania Insurance Department award its approval of the Highmark-WPAHS alliance. If you would like to discuss this in greater detail, I would be pleased to make myself available at your request. Thank you very much.

Sincerely,


Gerald E. McGinnis

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