

Brackbill, Robert

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Sent: Monday, April 16, 2012 1:33 PM
To: Brackbill, Robert
Cc: thomas.lamb@pnc.com; bei.ling@pnc.com
Subject: PNC Testimony -- Highmark/WPAHS Affiliation Hearing
Attachments: PNC Testimony to PA Insurance Dept Hearing (final).doc

Robert,

Please accept the testimony below on behalf of The PNC Financial Services Group, Inc. related to the hearings on the affiliation between Highmark and West Penn Allegheny Health System. We feel that this is a very important issue and wanted to share our thoughts on the topic.

Please let me know if you have any questions on this information.

Thank you!
Michael

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Revised Draft Statement – PA Insurance Department Hearing re: Highmark/West Penn Allegheny Health System Affiliation

April 12, 2011

Statement to be delivered via e-mail to: Robert Brackbill,
Chief, Company Licensing Division
Pennsylvania Insurance Department

Thank you for the opportunity to provide comment on the proposed affiliation of Highmark and West Penn Allegheny Health System (WPAHS). Although PNC is unable to appear at the April 17 hearing, we are grateful to the Department for permitting interested parties to submit statements for the record.

PNC supports the proposed affiliation of Highmark and WPAHS. We believe the resulting partnership will immediately strengthen the health system's financial condition, enabling administrative and medical personnel to focus fully on continuing to deliver exceptional patient care. WPAHS has been consistently rated one of the top health care systems in the country by independent analysts. This is an asset that is critically important to the fabric of our community, and one we cannot afford to see fade away, or become something less than what it has been.

PNC is also supportive of the affiliation because of the value to our community of maintaining healthy competition in the marketplace. Our region has been blessed with access to exceptional health care for many years, but that does not justify or stipulate that only one provider can or should dominate the marketplace. When more options exist, competition becomes sharper, services improve, costs can be reduced, and everyone can enjoy the resulting benefits. The proposed affiliation promotes and sustains meaningful competition in Southwestern Pennsylvania, which we believe will contribute to better patient outcomes throughout the region.

Southwestern Pennsylvania is already a high-cost market for health care. The importance of this point cannot be under estimated. The cost of health care is significant contributor to the long-term economic development and quality of life in our community.

A loss of competition will clearly increase Pittsburgh's cost disadvantage, creating an additional disincentive to private sector investment in our region. It will also create ripple effects across our community as more and more employers struggle to provide health care, resulting in a growing number of our neighbors unable to receive the exceptional care that exists here because of cost.

We believe the proposed affiliation should have a long-term positive effect on costs. The greater the level of competition in health care, the more likely that health-care costs can be kept in check. The proposed alliance has great potential to help in this regard.

Beyond cost and access to care, there are additional, valuable economic and financial benefits to consider. WPAHS employs more than 11,000 people in our region in family-sustaining jobs. As the national and regional economy have been finding footing with a bit more assurance in recent quarters, retaining 11,000 full-time jobs is absolutely vital. This does not take into consideration the multiplier effect these jobs have on the economy of the region.

In our opinion, the Highmark partnership with West Penn Allegheny will be good for the entire community, retaining jobs, ensuring meaningful competition, and enabling a highly-rated provider to continue to grow in our region. In short, we believe that the Highmark-West Penn Allegheny alliance can contribute to making a good regional health-care market great, through expanded options, more doctors remaining here, and stronger cost containment.

We have the chance to preserve and expand a very strong provider. We encourage the department to move forward as quickly and deliberately as possible, and approve this transaction.

Thank you for allowing PNC to offer comments on behalf of our company and the thousands of employees who live in the Pittsburgh region, and who will be directly affected by the outcome of these proceedings.