

Press Conference Materials



Recommendations from House Insurance Committee

Pennsylvania Insurance Department



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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

November 24, 2008

The Honorable Joel Ario
Insurance Commissioner
1326 Strawberry Square
Harrisburg, PA 17120

Dear Commissioner Ario,

Please accept the enclosed documents as the House Insurance Committee's submission pursuant to Act 62 of 2008. The data includes: transcripts from the Committee's two public hearings held on August 25 and September 8; a DVD of the Committee's roundtable discussion; all of the information received by the Committee in regards to the consolidation; and specific comments submitted by Representatives Boyd and Roae.

As you know, the Committee held two public hearings and a roundtable discussion on the proposed consolidation. The voluminous record of comments received, both by your Department and the Committee, indicates the seriousness with which the public and interested parties are taking this proposal. In this regard, we would like to offer the following comments:

As you consider this consolidation, we ask that you take particular care in deciding what affect this proposal will have on the competitiveness of the health insurance market place and the direct affect this will have on the present policyholders of Highmark and Independence Blue Cross. We believe these are the two main considerations you should bear in mind as you complete your review. These issues, in our minds, should be your main focus as to the viability of the consolidation.

Finally, if in your estimation the consolidation should be approved, we believe the following conditions should be included in your final order:

COMMITTEES

DEMOCRATIC CHAIRMAN, INSURANCE

POLICY COMMITTEE
LEGISLATIVE BUDGET & FINANCE COMMITTEE
URBAN AFFAIRS COMMITTEE

CAUCUSES

PA AUTISM CAUCUS
PA COAL CAUCUS
PA STEEL CAUCUS
PA CHILDREN'S CAUCUS
PA FIREFIGHTERS' & EMERGENCY
SERVICES, CO-CHAIRMAN
ARTHRITIS & OSTEOPOROSIS CAUCUS

COMMISSION

PA COMMUNITY DEVELOPMENT BANK
OPERATIONAL COMMITTEE

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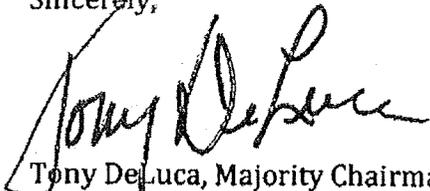
- 1) Strict accountability and enforcement so that the proposed savings are realized.
- 2) A specific commitment to continuing the consolidated companies' social mission.
- 3) A prohibition of unfair contract terms with providers including: most favored nation; prudent purchaser; and all product clauses.
- 4) Require clear and unambiguous reporting by the consolidated plan to ensure compliance with all conditions you may require. Require annual reporting of salaries, bonuses, and other forms of compensation of the consolidated entities officers, executives, and directors including any remunerations from any provider organization.
- 5) Finally, whether it is by requiring the consolidated plan to remain a non-profit for a long period of time or by some other mechanism, the Insurance Department should establish conditions which protect the health insurance consumers of Pennsylvania. That is, and should always be, your primary concern in considering consolidations of this magnitude.

The conditions listed above are a direct result of our discussions with Committee members of both political parties. These common themes rise above political considerations which is unusual for our environment.

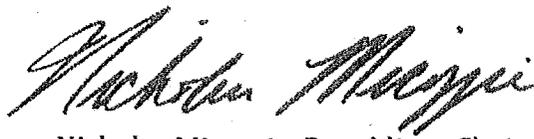
We, and all of the Committee members, recognize and appreciate the complexity of this transaction and the tremendous responsibility you have. We are confident in your expertise in this matter and trust you will use your best judgment in making this decision.

Finally, we, regardless of your final decision, remain committed to working with you and the Department in protecting the consumers of Pennsylvania.

Sincerely,



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