



Penn Medicine

University of Pennsylvania Health System

February 9, 2024

Mr. Michael Humphreys
Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Submitted Electronically via: kimsheaffe@pa.gov

Re: Highmark Modification Request

Dear Commissioner Humphreys:

Thank you for the opportunity to provide comments on Highmark, Inc.'s (Highmark) request for modification of the Insurance Department's (Department) Approving Determination and Order dated April 29, 2013 (2013 Order).

Penn Medicine is one of the world's leading academic medical centers, dedicated to the related missions of medical education, biomedical research, excellence in patient care, and community service. The organization consists of the University of Pennsylvania Health System and Penn's Perelman School of Medicine, founded in 1765 as the nation's first medical school.

The University of Pennsylvania Health System's patient care facilities stretch from the Susquehanna River in Pennsylvania to the New Jersey shore. In Pennsylvania, these include the Hospital of the University of Pennsylvania, Penn Presbyterian Medical Center, Chester County Hospital, Lancaster General Health, and Pennsylvania Hospital—the nation's first hospital, founded in 1751. Additional facilities and enterprises include Good Shepherd Penn Partners, Penn Medicine at Home, and Lancaster Behavioral Health Hospital, among others. Penn Medicine's patient care facilities conduct more than 6.9 million outpatient visits, 413,000 emergency department visits, 135,000 hospital admissions, and 19,600 births.

As you know, this is a transformative time in health care. Penn Medicine is proud to be at the forefront of some of the breakthroughs revolutionizing health care delivery and treatment therapies, including CAR T cell therapy for cancer and the mRNA technology used in COVID-19 vaccines. In addition to these remarkable improvements, the health care sector is simultaneously experiencing financial pressure and continued consolidation, including the growth of integrated delivery networks that include health insurance.

As the Department evaluates Highmark's request, as well as any future requests for exceptions, Penn Medicine encourages the Department to do so with a careful examination of the current realities of the local health care market, both in western Pennsylvania and across in the Commonwealth. We are in the midst of unprecedented changing market conditions, and it is critical that the Department review this request with the goal of ensuring continued access to high quality, appropriate, geographically proximate and affordable health care services for Pennsylvania residents. The rapid pace of transformation, combined with continued consolidation and the expansion of vertically integrated delivery networks ("payviders"), has made it more challenging for providers and consumers to navigate this unique moment in health care.

Recognizing the distinctive nature of vertically integrated delivery networks and the interconnected incentives between these organizations, the Department must possess the information required to oversee and monitor the financial standing of these entities. The enduring stability of these organizations directly impacts the accessibility and affordability of healthcare services for residents across the Commonwealth. It is critical that the Commonwealth have information on both sides of the ledger – insurance and delivery system – and the impact, both positive and negative, that the combination of payer and provider has on patients.

In light of the present circumstances, the Department should undertake an independent, transparent assessment of this request to ensure a suitable level of oversight, a careful review of detailed operating disclosures, and guarantee fair competition in the state's health care sector. Fostering a vibrant and competitive healthcare marketplace is critical to Pennsylvania's residents, aligning with the triple aim of enhancing the healthcare experience, promoting population health, and lowering per capita healthcare costs.

Penn Medicine appreciates the opportunity to provide these comments and welcomes the opportunity to engage further with the Department and other interested stakeholders.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Andrew J. Sharp". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Andrew Sharp
Director of State Government Relations
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