

January 31, 2024

To: PA Insurance Department

From: Ernie McNeely, Chairperson, Pennsylvania Municipal Health Insurance Cooperative

Re: Highmark Modification Request

Dear Commissioner,

I am writing today as a customer of the western Pennsylvania insurance market. It is the contention of Pennsylvania Municipal Health Insurance Cooperative (PMHIC) that certain conditions outlined in the 2013 Pennsylvania Insurance Department (PID) order allowing Highmark Health to acquire control of Highmark Inc. have out served their usefulness. Though the conditions were modified in 2017, we believe that they may be hindering healthy competition and, consequently, the quality and affordability of healthcare services in the region.

We understand that the PID order was established with the primary goal of preserving competition for consumers in western Pennsylvania among hospitals and insurers. We commend the efforts made to achieve this objective, and we acknowledge the positive impact that the creation of Highmark Health has had on enhancing competition in the region.

Considering the overwhelming success of Highmark Health and AHN (Allegheny Health Network) in preserving healthcare competition in western PA, we respectfully request that you consider removing all remaining conditions in the 2013 order. We believe that a more balanced approach will further promote competition and innovation, ultimately benefiting all stakeholders involved.

Quick points on why Highmark believes that the order is no longer required:

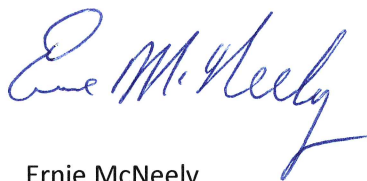
- In 2013, the Pennsylvania Insurance Department (PID) and the Pennsylvania Insurance Commissioner approved a request by Highmark Health to acquire control of Highmark Inc. and of various subsidiaries, subject to certain conditions set forth under a PID Order.
- The conditions set forth in the Order addressed the PID's concerns – at the time – about preserving competition for consumers in western Pennsylvania among hospitals and insurers.
- Ten years later, the Order has accomplished its original goal of preserving competition in western Pennsylvania, which has been enhanced following the creation of Highmark Health.
- Western PA consumers have increased options for high-quality and affordable health insurance and health care.
- Because of Highmark Health's blended health approach as an insurer and a healthcare provider, it is incentivized to deliver both high-quality of care and low cost of care.
- Allegheny Health Network (AHN) has improved access to care and maintained strong quality of care. AHN has, among other things, created six multi-specialty Health + Wellness pavilions and six outpatient centers; reopened the West Penn Hospital emergency room and expanded inpatient services; and opened seven new cancer centers, including a major new academic and research hub at Allegheny General Hospital. AHN has done this while improving patient safety and care quality, as measured by the Centers for Medicare & Medicaid Services.

- Thousands of family-sustaining health care jobs in the region have been preserved and created through AHN.
- Today, however, the Order limits Highmark Health's ability to compete with other integrated delivery systems that are not subject to the same regulatory conditions such as limiting Highmark's Provider contracts to no longer than 5 years that may increase care costs for members and financial commitment limitations that hamper Highmark Health's ability to support expanding access points to care for members through AHN.
- Highmark Health, which helped save health care competition in western PA a decade ago, is simply looking for a level playing field.

Considering the overwhelming success of Highmark Health and AHN in preserving healthcare competition in western PA, we respectfully request that you consider removing all remaining conditions in the 2013 order. We believe that a more balanced approach will further promote competition and innovation, ultimately benefiting all stakeholders involved.

We appreciate your attention to this matter and look forward to the continued success of the Pennsylvania insurance market in providing quality healthcare services to our community.

Sincerely,



Ernie McNeely
Chairperson, Pennsylvania Municipal Health Insurance Cooperative (PMHIC)