



Good morning. My name is Jonathan Greer and I am the President and CEO of the Insurance Federation of Pennsylvania, a multi-line state trade association that includes commercial health insurers as its members.

At the outset, we thank the Insurance Department for today's hearing on Highmark's Request for Modification of the 2013 Order that placed Conditions on its acquisition of the West Penn/Allegheny Health System that has since been rebranded as the Allegheny Health Network. We advocated for this hearing as part of our February 9th submission opposing the Request for Modification and are pleased this matter is getting the public attention it deserves.

The comment letters Highmark solicited in support of its position characterize the Request for Modification as a form of deregulation of Conditions that are no longer needed. As the Department knows well, the Insurance Federation does not seek regulation just for the sake of regulation.

That said, we continue to share the sentiments expressed in the 2013 Order that its accompanying conditions are necessary ***"to preserve and promote competition in insurance in the Commonwealth of Pennsylvania, to protect the public interest, and to protect the financial stability of the Highmark Insurance Companies."*** The Department also concluded the imposition of these conditions ensured the transaction did not violate Section 1402 of the Insurance Holding Companies Act – a position we also continue to share.

In support of its assertion these conditions have outlived their purpose, Highmark also argues the 2013 Order should be dissolved since its Conditions now impose what it refers to as a "unique burden." This raises a question for the Department – is the 2013 Order unique and is it imposing a burden on Highmark? Based on the evidence, the answer to both is no.

First, as recently as March 27th the Insurance Department granted conditional approval to the acquisition of Geisinger Health by Riant Health and the Kaiser Foundation Hospitals that, in utilizing the same standard of review that was applied in 2013, witnessed the imposition of more than 20 conditions – many of which mirror those in the 2013 Highmark AHN/Order. And despite Highmark's assertion that orders of

this nature typically terminate after ten years, many of those conditions are not time-limited and those that are last for fifteen years.

Second, with respect to Highmark's "burden" argument, we refer you to the findings of the Department's retained consultant – Compass Lexecon – which as part of its 2023 analysis found the Conditions contained within the 2013 Order as ***"necessary to promote competition and the public interest going forward in [western Pennsylvania]."***

Compass Lexecon goes on to find ***"no indication that the 2013 Order has had an adverse effect on health insurance, healthcare delivery, or the quality of care and variety of plans available to Highmark members or other consumers in western PA."*** Further, Compass Lexecon also notes the Order's inclusion of a waiver process that it refers to as a ***"safeguard for Highmark"*** that it has successfully pursued in the past. We take these conclusions as demonstrable proof the Order's Conditions have worked well for all affected parties and continue to achieve their intended purpose.

We would be remiss if we failed to mention the March 4, 2024, comments issued by Compass Lexecon in response to Highmark's use of its findings in the Request for Modification. Consistent with our February 9th comments which raised concerns as to what might occur in the absence of the Order's Conditions, Compass Lexecon reiterates its position that, contrary to Highmark's mischaracterization of its findings, the Conditions contained within the 2013 Order should remain in place in order ***"to preserve competition and the public interest."***

For all of these reasons, and in the absence of any evidence to the contrary, we continue to see no objective basis to grant Highmark's request.

Thank you for the opportunity to speak before you today.