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Pennsylvania Insurance Department

Public Informational Hearing

COMMENTS BY

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WEST PENN ALLEGHENY HEALTH SYSTEM

TUESDAY, APRIL 17, 2012

Good Morning. It is my pleasure to testify before you today. I'm Dr. Tony Farah. I serve as the Chief Medical Officer for the West Penn Allegheny Health System, and also as the President of the system's Physician Organization.

I have been practicing medicine at Allegheny General Hospital for over 20 years. Like many of my colleagues at West Penn Allegheny, I have chosen to stay with the system in spite of other enticing offers because I believe in the mission: to improve the health of the people of western Pennsylvania. I am personally committed to ensuring that my patients as well as those of my colleagues have access to affordable, quality health care. I believe an affiliation between Highmark and West Penn Allegheny will help make this possible.

The System is comprised of five hospitals, a Physician Organization, numerous outpatient facilities, two schools of nursing, two medical school clinical training programs, a research institute and several other educational initiatives.

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AGH is one of just six hospitals in the state, and the only quaternary level Pittsburgh area hospital, named by Thomson Reuters to its exclusive list of the nation's 50 Top Cardiovascular Hospitals for 2011. For the second consecutive year, AGH's one year survival rate among patients undergoing heart transplantation was the best of any medical center in the state, and the hospital was one of just three heart transplant programs in the country (joining the Cleveland Clinic and Vanderbilt University) noted for better than expected patient outcomes, according to the Scientific Registry of Transplant Recipients.

Speaking of transplants – AGH's outstanding cardiovascular team recently performed the first totally artificial heart transplant in a gravely ill 62 year old man. This breakthrough procedure has been performed in only an elite group of transplant centers in the world and AGH is the only center in the region to implement this service.

The liver transplant team posted a one year survival rate that was the state's best and among the top 25 adult transplant programs in the country. The liver transplant program's one year and three year patient outcomes also were the best of Pittsburgh's three adult transplant centers.

Our system's Radiation Oncology Network has been re-accredited by the American Society for Radiation Oncology and the American College of Radiology. This is important because this accreditation represents the highest level of quality and patient safety. Our network, which includes AGH and 21 other sites in the region, is the largest accredited radiation oncology program in the United States.

Our Western Pennsylvania Cancer Institute has earned national recognition for its bone marrow transplant program, one of the largest in Pennsylvania. Among the first hospitals in the nation to join the National Marrow Donor Program, West Penn Hospital was the only hospital in the region with a blood and marrow transplant program approved by the Cancer and Leukemia Group B, a national clinical trial organization.

The West Penn Burn Center is also well known across the state, and remains the only burn center in the region that is certified to treat both children and adults.

The heart surgery program at Forbes Regional Hospital has received three stars, the highest possible rating in a comprehensive assessment of the nation's heart surgery program by the Society of Thoracic Surgeons (STS) for its overall performance and

patient outcomes. Forbes Regional is the only one in the region to receive the three-star rating for three consecutive years.

Forbes Regional Hospital and Allegheny Valley Hospital are also the only hospitals in the region to be accredited as Chest Pain Centers by the Society of Chest Pain Centers. These community hospitals also have accredited stroke centers. Patients presenting to their Emergency Departments with a stroke are evaluated efficiently to determine an appropriate course of treatment. Through the use of telemedicine, they are able to bring expert Stroke Neurologists to the patient's bedside without having to travel to the city for the consultation.

All of these achievements, and many more, have placed West Penn Allegheny Health System on an exclusive list of the country's top performing health care providers, for the third straight year, based on excellent patient care, quality and efficiency. The analysis, conducted by Thomson Reuters and published in the latest issue of Modern Healthcare Magazine, places our system among the 63 best performing U.S. health care systems in the nation. West Penn Allegheny is once again the only healthcare provider in western Pennsylvania and one of just five in the state to earn the Thomson Reuters distinction. I want to point out that Thomson Reuters bases this accolade only on objective outcomes data, not popularity polls.

These notable areas of clinical excellence are integral to West Penn Allegheny's devotion to training tomorrow's physicians. Each year we host nearly 500 medical students, residents and fellows in very robust undergraduate and graduate medical education programs. West Penn Allegheny is aligned with Drexel College of Medicine and Temple University School of Medicine to provide clinical training for third and fourth year students. The trainees receive excellent experiences as they prepare to embark on their medical careers. The challenge, however, is to keep them in western Pennsylvania to address a dramatic shortage of physicians. The affiliation with Highmark will absolutely give these young people confidence to choose the Pittsburgh area for their medical careers.

Now I would like to change hats and tell you how these achievements translate to the physician-patient relationship. Like many in the field of cardiology, I care for numerous individuals over decades of their lives. We come to know each other and form relationships over time. Because of the bond I share with my patients, there have been many times when I have known – simply by a facial expression as we say hello – that one of my patients is experiencing difficulty. I know their history; I know their families; I know what questions to ask and what treatments may be most effective. My patients tell me that I know them by heart.

I mention this because you should understand that the business side of healthcare can foster or sever these ties.

Let me explain. For too many years, I have seen patients who were forced to change their doctor because the insurer their employers chose would not contract with West Penn Allegheny physicians. The result was that the patients were denied in-network access to the physicians who know them and West Penn Allegheny hospitals. When patients are denied access to their doctor, it not only disrupts continuity of patient care but also breaches the physician-patient relationship. This has affected thousands of patients in our community each year for over a decade. And it is wrong.

I am here to assure you that the physicians at West Penn Allegheny do not dismiss this break in our care giving of individuals as minor and we see no value in comparing our patients to those in other markets in which we neither practice nor reside. Therefore, I am extremely heartened by Highmark's affirmation that they would like West Penn Allegheny to remain an open network – in other words, we would contract with as many insurance providers as feasible to give patients more choice and access. This is what a non-profit health system *should do*.

I meet with physicians in our system all day, nearly every day, and I can assure you that the optimism and enthusiasm for the affiliation with Highmark is palpable. I am asked at each meeting when the deal will be done. The urgency to get beyond the struggles of the last decade or more is immeasurable and, more importantly, the commitment to delivering care in an innovative model is absolute. This is what will help

us ensure that we provide affordable care – a second imperative of a non-profit health system.

The West Penn Allegheny Health System is already known for its outstanding reputation, as the accolades I mentioned earlier confirm. The fact that our people have achieved significant quality of care distinctions is particularly noteworthy considering the financial strain in the System throughout the past twelve years. These achievements further differentiate our hospitals and physicians from the competition and confirm the fact that you can achieve high quality care at a low cost.

The integrated finance and delivery system, which Highmark is working to create with us, promises to incentivize physicians to focus even more on quality and outcomes and on appropriate care rather than numbers of patients or procedures. It will provide the infrastructure, processes and rewards for health and wellness as well as caring for chronically ill patients. The new system is not based upon ensuring that hospital beds are full, but rather, on avoiding unnecessary hospitalizations through preventative care. In addition, West Penn Allegheny and Highmark are committed to ensuring that care is delivered in the right setting. This can often be in an outpatient office or, sometimes, in the patient's home. If you were to look at the Pennsylvania Health Care Cost Containment Council data, you will see that West Penn Allegheny hospitals already provide care extremely efficiently versus our competitors. Yet, we know that by working with Highmark, we can do even more to help lower healthcare costs for people in Western PA and this can certainly be a model which is replicated elsewhere in the country.

For all the reasons I've cited, I believe the region needs an affiliation between West Penn Allegheny and Highmark. The proposed integrated finance and delivery system will create the necessary synergies and aligned incentives to improve the financial performance of our system and lower healthcare costs while maintaining the high quality care and access our region deserves. Without Highmark, we would have already closed West Penn Hospital. Many of the quality programs that I just outlined would also fail as a result of the system's limited resources. Patients would have no

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choice in where to receive health care without West Penn Allegheny. To me, this is unconscionable.

This is why, on behalf of my fellow physicians I appreciate the fact that The Department is moving forward to review the transaction that will result in an affiliation between Highmark and West Penn Allegheny Health System. This affiliation will preserve affordability, access and quality in healthcare for our families and neighbors.

Thank you for your time today.