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**Brackbill, Robert**

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**From:** Martino, Greg [MartinoG@aetna.com]  
**Sent:** Thursday, April 12, 2012 3:33 PM  
**To:** Brackbill, Robert  
**Subject:** Aetna testimony  
**Attachments:** Testimony Young - PA Ins Dept Highmark Hearing.doc

Attached is a draft of the testimony for Aetna's Patrick Young at the Form A hearing for Highmark next week.

Please let me know if you have any questions.

Thanks

This e-mail may contain confidential or privileged information. If you think you have received this e-mail in error, please advise the sender by reply e-mail and then delete this e-mail immediately. Thank you. Aetna

**PA INSURANCE DEPARTMENT HEARING – PITTSBURGH, PA**  
**RE: HIGHMARK ACQUISITION WEST PENN HOSPITAL SYSTEM**  
**APRIL 17, 2012**

Comments by Patrick Young, Aetna President PA Marketplace

I. Introductory Remarks:

- a. Thank Commissioner Consedine for holding public hearing.
- b. Personal introduction and role within Aetna
- c. General background on Aetna
  - i. Operates as a diversified health care benefits company in the United States.
  - ii. National medical membership 18.5 million
  - iii. PA medical membership approximately 1.2 million
  - iv. Approximately 5,000 employees in PA, many in western PA

II. Aetna's presence in Western PA:

- a. Increased presence in recent year with new hospital contract with UPMC
- b. Material increase in membership in western PA in all markets, including large national employers, small employers, and individuals – look forward to continued membership growth in western PA
- c. Maintain offices and operation in western PA (Greentree- outside of Pittsburgh)
- d. Reinvested and commitment to western PA
  - i. CEO Mark Bertolini recent visit to Pittsburgh
  - ii. Hiring new employees to support new business
  - iii. Advertising and community investment
  - iv. Committed to bringing health insurer choice back to employers and individuals

III. Critical role of Competition in the marketplace:

- a. Market has been dominated by one insurer and limited competition
- b. Product choice and rate competition by many insurers
- c. Choice for employers and individuals
- d. Critical that competition exist as we enter January 1<sup>st</sup>, 2014

#### IV. Competition in Hospitals and Provider networks:

Important for consumers to have choice of hospitals and important that insurers have access and fair rates for these various hospital systems.

- i. Cost impact
- ii. Options for consumers
- iii. Appropriate facility for level of service

#### V. Highmark acquisition of West Penn Hospital System can be a positive for western PA if the right consumer and marketplace protections are part of any order from the Commissioner.

- a. Generally not allow Highmark to use West Penn acquisition to perpetuate its monopoly status in western PA
- b. Continue to allow consumer choice in network hospitals
- c. Prohibit Highmark from steering of members to the West Penn facilities
- d. Prohibit network tiering of participating hospitals in Highmark and its subsidiaries' products.
- e. Require Highmark to continue West Penn's existing insurers' contract for their stated period.
- f. Require that insurers' contracts be maintained with West Penn Hospital System in the future at similar rates as Highmark.
- g. Prohibit "Most Favored Nation" provisions in any contracts between Highmark with West Penn Hospital system.
- h. There must be a clear separation in the governance of the hospital system and the governance of the insurer, including separate boards, executives and auditors.

#### VI. Concluding remarks:

- a. Essential for continued access for all insurers at a payment structure that creates parity with Highmark.
- b. Reinforce the need to competition in western PA in marketplace and in the Hospital network system.
- c. Highmark's acquisition of West Penn can benefit western PA, but there needs to be conditions attached with the Commissioner's order to protect consumers and insurers operating and investing in western PA.

#### VII. Questions?

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