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Brackbill, Robert

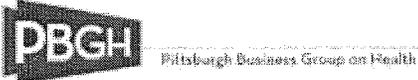
From: Laura Wicker [laura.wicker@pbghpa.com]
Sent: Monday, April 16, 2012 10:59 AM
To: Brackbill, Robert
Subject: Revised comments
Attachments: Pittsburgh Business Group on Health Comments Final PA Insurance Department April 17 2012 Hearing.docx

Robert,
Since the comments are to be posted on the web, Chris Whipple wanted to send her revised comments.

Thank you very much,

Laura

Laura Wicker
Administrator
Pittsburgh Business Group on Health
724-266-0383



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**Pennsylvania Insurance Department
Public Informational Hearing
Highmark/WPAHS Merger
April 17, 2012**

Good morning (afternoon). I am Christine Whipple, the Executive Director of the Pittsburgh Business Group on Health, also known as PBGH. Founded in 1981 and established as a 501c3, the PBGH is the only employer-led coalition in the region. Together, PBGH's over 80 organizations include more than 60 employer members representing private and public business segments including manufacturing, service and education that provide health benefit coverage to over 1.2 million employees, retirees and dependent lives with almost half living in the Pittsburgh region. Employee totals range from 700 up to 33,000 employees with the average number of employees at 3,000. Two thirds of our members are domestic or global companies.

The Pittsburgh Business Group on Health has, over the years, championed for competition not only in health plans but also in the provision of health care services in the Pittsburgh region. We expressed deep concern when Children's Hospital was to merge into the UPMC Health System and the possibility that those highly specialized and critical services would not be available to all children if their health insurer or health plan did not have a contract with UPMC. We were pleased the terms of the merger agreement stipulated that Children's Hospital and children services would be available to everyone on the same terms, conditions, costs no matter the health plan under which a child was covered.

As the contract dispute between Highmark and UPMC Health System played out last year and the filing of the proposed merger of the West Penn Allegheny Health System and Highmark, PBGH conducted a survey of our employer members in late 2011 to determine the importance of the West Penn Allegheny Health System to our community and competition in the marketplace. Over 90% indicated that the West Penn Allegheny System is important or very important to the community and indicated that the System is important or very important for competition in health care services.

Key reasons emerged for these positions by the employers.

Employers strongly believe that competition across health care providers, for all services, is critical for their health plan benefit offerings. It is critical to employers to offer choice to employees to assure they have access to the hospitals, physicians and other health care professionals that will provide the health care services they need or will need in the future.

It is imperative that choice is affordable for both the employee and the employer and that quality of health care services is maintained. If, due to the inability of the West Penn Allegheny Health System to provide certain specialty services or there is concentration of certain services into a single entity, health care costs rise to even higher levels than what they are today, employers would not be able to absorb those costs. Employers would be forced to take action to mitigate any future cost increases choosing from a number of strategies including reducing or eliminating benefits, reducing or eliminating workforces and/or not expanding or opening new operations in the region.

Across our employer members we have seen a movement to increasing monthly employee contributions along with implementing high deductible health plans. With employees having a greater responsibility for the costs of health care services, it will be increasingly important, and critical, for costs to be as low as possible without compromising the services delivered or the care expected.

One way to bring pressure to bear on cost and quality of services is to infuse transparency into the health care system. We must insist the cost of care, the prices employers and employees are expected to pay, be available and easily obtained and understood. Ranges, averages, medians, stars or some other indicator system is unacceptable moving forward.

Equally important is being assured the services that will be provided is the care that is needed, nothing more and nothing less.

Pennsylvania has a unique, independent organization that is equipped to provide this type of information in an unbiased way. The Pennsylvania Health Care Cost Containment Council can be tasked with ensuring not only employers and their employees have access to cost, quality and value information, but that all people in the region can obtain this information.

The merger of Highmark and West Penn Allegheny Health System is not without its concerns. Some fear ramifications of this merger may limit employers' and employees' ability to access critical, specialty services. There is also concern the merger could lead to unnecessary duplication of certain, expensive specialty services and/or facilities.

With a significant concentration of services in the Pittsburgh region of certain specialty services like oncology, access to these services could be compromised if they would only be available at out-of-network charges, not at the cost or price of these services. This, in turn, could impact the ability of employers in offering benefit plans to their employees.

We have, however, a model in place that could provide a remedy to this potential. As mentioned earlier, when Children's merged into the UPMC Health System, the consent decree provided the terms for equal access to the Children's Hospital and children's services no matter the health plan that provided coverage.

This same solution could be applied to those services that are community assets. The terms and situations could be defined, so as long as the region continued under those terms and situations, those specialized, critical services would be equally available to all no matter the health plan of coverage. Once the terms/situations were no longer being met, then the concern over access would no longer be meaningful.

The PBGH's board of directors, and our members, are grateful for the deliberative approach the Department of Insurance is taking regarding this merger. The issues surrounding this transaction are numerous and complex and a deliberative approach in rendering a final decision is imperative.

We do, however, support the merger and would hope that the Department will see fit to approve at the earliest possible date.