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Brackbill, Robert

From: Brackbill, Robert
Sent: Thursday, August 30, 2012 1:52 PM
To: 'Chronister, Ronald'
Subject: UPE/Highmark Form A Filing: Public Comment Received from Ms. Bittner

Mr. Chronister,

The following public comment concerning the subject filing is being forwarded to you for appropriate response.

Robert E. Brackbill, Jr. | PIR | Chief, Company Licensing Division
Insurance Department | Office of Corporate and Financial Regulation
1345 Strawberry Square | Harrisburg, PA 17120
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From: pearlreapaf@comcast.net [mailto:pearlreapaf@comcast.net]
Sent: Tuesday, August 28, 2012 3:58 PM
To: Brackbill, Robert
Subject: Fwd: Insurance Department Announces Updated Highmark Filing

Bob,

Just look at the list below, Highmark is investing 1 billion dollars in a variety of facilities that are in need and in new adventures. In order to do this they have abandon thousands of the public who are in desperate need of health insurance. They can afford only so much to pay but now because Highmark has discontinued the coverage they had, these people have no coverage. Highmark has done this to three different coverages. They have sold off their employees positions to India with the hope of saving money, They did away with Chips because they could not carry the expense all on their own. They could no longer handle the business of Medicare claim processing and COBRA claim processing so they sold that off to Florida Blue Cross. The employees went with it and lost all of their seniority if they should ever come back.

Their accounting system has many errors that no one has ever acknowledged or took the time to correct. This is after the problems being repeatedly pointed out with hard copy examples with narrative explanations. There has been multiple system problems presented before the management but not addressed due to "cost being too high" or "not in the budget" Yet "the budget" was never revealed or shared. Some how Highmark has been able to come up with \$1 billion to invest in areas that they have never been in before. Do they put a guarantee on the investments? What is their plan if any of them fail? Where was this money when the health plans were being eliminated, employees fired, jobs sold?

More needs to be looked at on how Highmark runs their business below the middle management level. There are a great number of people who have been hurt and being hurt by Highmark's "best judgment for the benefit of all" practice.

Peg Bittner
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a person makes a title, a title does not make a person. I respect a person.

----- Forwarded Message -----

From: Melissa Fox <mefox@pa.gov>

Sent: Tue, 28 Aug 2012 17:50:28 -0000 (UTC)

Subject: Insurance Department Announces Updated Highmark Filing

Good afternoon. The Insurance Department issued the following release earlier today.

Melissa Fox | Deputy Press Secretary

Insurance Department | Communications Office

1326 Strawberry Square | Hbg PA 17120

Phone: 717.787.3289 | Fax: 717.772.1969

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News for Immediate Release

Aug. 28, 2012

Insurance Department Announces Updated Highmark Filing

Harrisburg – The Pennsylvania Insurance Department today announced that UPE/Highmark has filed updated information regarding its proposed change of control and affiliation with West Penn Allegheny Health System.

"The new supplemental filing describes significant developments that have occurred since last November's original filing," said Insurance Commissioner Michael Consedine.

"This includes changes in Highmark's leadership, governance structure, an additional affiliation with another regional medical center, and the UPMC contract extension. The department will continue to analyze this new information and make it available for public review and comment."

Significant developments and changes in the proposed transaction include:

- **Integrated delivery network expenditures:** In addition to the initially proposed West Penn Allegheny Health System (WPAHS) expenditures, which remain at \$475 million, the supplemental filing describes \$525 million of additional expenditures related to Highmark's implementation of a broader integrated delivery network, including an affiliation with Jefferson Regional Medical Center (JPMC). The supplemental filing discloses the currently anticipated allocation of expenditures, which totals an estimated \$1 billion:
 - WPAHS: \$475 million
 - JPMC: \$120 million
 - Provider network expansion (physicians, community hospitals and medical malls): \$364 million
 - Infrastructure development (physician practice management company, group purchasing organization): \$41 million
- **UPMC contract extension:** The original filing anticipated that contracts between Highmark and the University of Pittsburgh Medical Center (UPMC) would be terminated effective June 30, 2012, with a one-year run out period. Those contracts have now been extended and the supplemental filing describes the impact of that extension.

- **Proposed affiliation with Jefferson Regional Medical Center:** The affiliation between Highmark and JRMC occurred in June 2012 and is described in the supplemental filing.
- **Change in UPE/Highmark CEO and description of leadership:** The supplemental filing describes the appointment of William R. Winkenwerder Jr., M.D., M.B.A. as President and Chief Executive Officer of UPE and Highmark; and also describes the proposed leadership of the Integrated Delivery Network and WPAHS, if the filing is approved.
- **Governance and reserved powers:** The supplemental filing provides a revised description of the proposed governance structure and discloses proposed amended and restated Bylaws of Highmark, including powers to be reserved to UPE.
- **Other developments:** The supplemental filing describes other developments that are relevant to Highmark's proposed change of control.

The updated filing, public comments and related materials are available on the department's website. Visit www.insurance.pa.gov and click on "Highmark/West Penn."

"A full, transparent, and robust public record has been one of our goals with this filing review," Consedine added. "The public comment period will remain open to afford everyone ample opportunity to provide written comments regarding this new information."

In November 2011, a "Form A" was filed by a newly-formed nonprofit corporation, UPE, which sought approval for change of control of Highmark and its insurance subsidiaries.

Written comments on Highmark's filing should be directed to:

Robert Brackbill, Chief, Company Licensing Division

PA Insurance Department

1345 Strawberry Square

Harrisburg PA 17120

Fax: 717-787-8557

rbrackbill@pa.gov target="_blank">rbrackbill@pa.gov

Comments received as part of the public record are available on the department's website. Additionally, all comments received are forwarded to Highmark for appropriate response. Those responses are also made available on the department's website at www.insurance.pa.gov.

Media contacts: Rosanne Placey or Melissa Fox, 717-787-3289

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