



April 15, 2013

The Hon. Michael F. Consedine, Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Commissioner Consedine,

During my three decades of public service -- as a Pittsburgh city councilman, state senator, auditor general and, now, as a candidate for mayor of Pittsburgh -- I have deliberately focused on jobs and public health and safety issues.

For this reason, I am writing to encourage you to approve the proposed affiliation of health care provider Highmark with the West Penn Allegheny Health System. This historic partnership would benefit all Western Pennsylvanians. It would:

- Increase competition in the marketplace, hopefully placing downward pressure on annual premium increases and making healthcare more affordable for employers and employees.
- Protect the thousands of jobs that will be in jeopardy if the affiliation does not occur and the financially troubled West Penn Allegheny Health System is forced into bankruptcy reorganization.
- Provide quality health service, particularly to the elderly and the economically disadvantaged, the most vulnerable segments of our population.

With five hospitals, 1,700 physicians, and almost 12,000 employees, the West Penn Allegheny System is a vital health-care provider and major employer in the Pittsburgh region. WPAHS each year admits 60,000 patients, has 170,000 emergency room visits, and delivers 5,000 babies.

According to its records, 54 percent of WPAHS patients are on Medicare and another 15 percent on Medicaid, indicating that about 70 percent of its customers are the poor and elderly. What will happen to them if WPAHS is forced to shutter or reduce services because of its financial troubles? How will these people get the medical care they need if the hospital closest to them is closed?

And what will happen to the 12,000 people employed by the WPAHS? While it's true that Pittsburgh has weathered the Great Recession better than many other metropolitan areas, the potential loss of so many good-paying jobs would be a severe blow to our economy.

Highmark, the largest health insurer in the region, can provide the financial helping hand that WPAHS needs.

A Highmark-WPAHS affiliation also could inject increased competition into Pittsburgh's health industry, potentially saving customers hundreds of dollars each year. It's no secret that Pittsburgh has the highest hospital costs in the country. Over the past decade, health-care costs in Western Pennsylvania increased an average of 6 percent a year -- that's twice the rate of wage growth.

Highmark's promise of increasing economic pressure on UPMC, Pittsburgh's largest health-care provider, by instituting a more consumer-based model called "pay for performance" -- in which payments are based on doctors' and hospitals' ability to deliver high quality services and care, rather than the standard fee-for-service model now in vogue -- seems to be an experiment worth exploring.

Pittsburgh, as you probably know, has topped many surveys as one of the best places in the world to live. A big reason for our lofty ranking are the high-quality health-care providers we are blessed to have in our region. A Highmark-WPAHS affiliation will help Pittsburgh maintain its stature as a world leader in top-notch, affordable health care.

After reviewing the relevant data, I am certain that you will reach the same conclusion, that a Highmark-West Penn Allegheny Health System affiliation is a win-win-win for consumers, workers, and the Commonwealth of Pennsylvania.

Sincerely

A handwritten signature in cursive script, appearing to read "Jack Wagner", written in dark ink. The signature is fluid and somewhat stylized, with a long horizontal stroke extending to the right.

JACK WAGNER