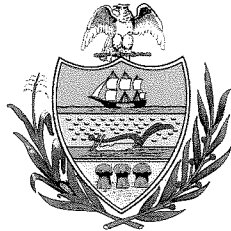


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COUNTY OF



ALLEGHENY

RICH FITZGERALD
COUNTY EXECUTIVE

April 15, 2013

RECEIVED
Commissioner's Office

APR 18 2013

Pennsylvania
Insurance Department

The Honorable Michael F. Consedine
Insurance Commissioner
PA Department of Insurance
1326 Strawberry Square
Harrisburg, PA 17120

Commissioner Consedine:

I write today to convey my support of the merger of West Penn Allegheny Health System (WPAHs) and Highmark, Inc. and urge its approval for the good of our region and its health care consumers. This affiliation will bring competition to our health care market, will further explore the use of an integrated delivery system for our residents, will improve the quality of care, will provide for additional jobs for our community, and will ensure continual patient care.

Western Pennsylvania is unique, compared to most markets in the U.S., in that we have one dominant provider system. This region has a higher utilization of outpatient services compared with the average of the Mid-Atlantic region. Compared to other cities, our residents spend a high percentage of their income on insurance premiums. Consumer choice in health care providers can be preserved by ensuring the appropriate utilization of services and a competitive market through sustainable health care costs. A WPAHS-Highmark affiliation would create regional competition among providers and offer patients a choice in their health care provider; an option which is better for the consumer. The proposed WPAHS-Highmark model also builds upon an emerging trend in integrated delivery systems. This physician-led approach creates a partnership in which the health provider and insurance payor jointly work to control health care costs and improve the quality of patient care. This trend would involve innovative reimbursement models and better engage the consumer through greater transparency.

The service that WPAHS currently provides to our region is extensive – and much needed. The system annually sees 62,000 admissions, 835,000 outpatient visits and 170,000 emergency room visits in its six hospitals/facilities. The care provided is extraordinary – WPAHS was ranked in the top 20% of medical centers in the nation by Thompson Reuters for the third year in a row. One of the facilities, Allegheny General Hospital, also has the highest heart and liver transplant survival rates for patients in the Commonwealth, as determined by the Scientific Registry of Transplant Recipients. The overall system is one of the 57 top performing health care systems in the country, based on quality, safety and patient

OFFICE OF THE COUNTY EXECUTIVE

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satisfaction. This partnership also brings vital jobs and economic growth to our region. WPAHS employs nearly 11,000 people in Western Pennsylvania and without this Highmark/WPAHS affiliation, current and future job growth would be uncertain.

As you know, time is of the essence for our region. Clearly, WPAHS must be able to meet its entire financial obligations and continue to provide quality patient care. The partnership with Highmark will ensure the implementation of a new model of health care for the region. Without this affiliation, we could see physicians leave the region. A shortage of physicians, especially primary care doctors, will also stunt job growth and opportunity. In the reverse, a shortage of consumer choice also limits physicians, where they can practice and consumer costs. Additional costs will result in employers being unable to provide benefits and more patients will go without care and may fail to seek medical attention.

The proposed West Penn Allegheny Health System and Highmark affiliation can only benefit our community. The competition it provides will result in more services, the preservation of patient choice and the controlling of costs in our region. Highmark's and WPAHS' vision aims to build a new system that transforms the market so as to reduce costs, improve quality and create a positive member experience. I urge your approval of their proposal for the benefit of the residents and businesses of Allegheny County.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rich Fitzgerald". The signature is fluid and cursive, with the first name "Rich" and last name "Fitzgerald" clearly distinguishable.

Rich Fitzgerald