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Brackbill, Robert

From: Chris Whipple [chris.whipple@pbghpa.com]
Sent: Friday, April 19, 2013 2:45 PM
To: Brackbill, Robert
Cc: chris.whipple@pbghpa.com
Subject: Highmark/West Penn Allegheny Health System Affiliation: Comments
Attachments: Pittsburgh Business Group on Health Comments , Highmark, West Penn Allegheny Health System Affiliation, April 19, 2013.docx; PBGH_2013_Employer_Members.pdf

Importance: High

Attached is the letter from the Pittsburgh Business Group on Health regarding the affiliation of Highmark and the West Penn Allegheny Health System.

Should you have any questions, please do not hesitate to contact me.

Chris Whipple
Executive Director
724-251-0230



Pittsburgh
Business Group
ON HEALTH



Pittsburgh
Business Group
ON HEALTH

April 19, 2013

Robert Brackbill
Chief, Company Licensing Division
Insurance Department
1345 Strawberry Square
Harrisburg, PA 17120

Dear Chief Brackbill:

On behalf of the Board of Directors of the Pittsburgh Business Group on Health (PBGH) and its 66 Employer Members (see attached member list), our positions on the pending affiliation of Highmark and the West Penn Allegheny Health System are below.

Founded in 1981 and established as a 501c3, the PBGH is the only employer-led coalition in the Pittsburgh region 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. With employee covered lives ranging from 700 up to 33,000 employees (average number of employees at 3,000), two thirds of our employer members are domestic or global companies.

The Pittsburgh Business Group on Health has been a champion of competition and choice in health care not only for health plans but also in the provision of health care services in the Pittsburgh region. In a survey of our membership regarding the affiliation of Highmark and the West Penn Allegheny Health System, well over 90% indicated that the West Penn Allegheny System is important or very important to the community and assures competition in health care services in our region.

It is critical to employers that they have the ability to offer choice to employees and assure access to the hospitals, physicians and other health care professionals that will provide the health care services when employees and their family members need them.

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 health care services or there is concentration of services into a single health system entity, employers believe strongly health care costs will rise significantly. At that time, they could end up hostage (along with health plans) to a

monopolistic system in our market. This, along with what employers are facing from health care reform, could jeopardize their ability to provide affordable benefits in the future. 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.

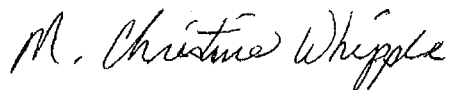
The affiliation of Highmark and West Penn Allegheny Health System is not without its concerns. As a result of this merger employers' and employees' ability to access critical, specialty services may be limited. There is also concern the merger could lead to unnecessary duplication of certain, expensive specialty services and/or facilities and that Highmark's financial health could be in jeopardy. However, we believe without this affiliation, access and choice to some of the region's affordable, premier health care physicians and facilities will be in greater jeopardy and could leave a significant void in health care services.

The PBGH and our employer members also believe it is necessary to infuse transparency into the health care system. We must insist the cost of care, the prices employers and employees are expected to pay, are available and easily obtained and understood. Equally important is assuring the services that will be provided are 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.

PBGH's boards of directors, and our employer members, are grateful for the deliberative approach, and the due diligence, the Department of Insurance has taken in reviewing the proposed affiliation of Highmark and the West Penn Allegheny Health System. The issues surrounding this transaction are numerous and complex. It is now time to finalize the decision. We strongly request the Department render a positive decision on this affiliation sooner rather than later.

Respectfully,

A handwritten signature in cursive script that reads "M. Christine Whipple".

M. Christine Whipple
Executive Director
724-251-0230

Cc: PBGH Employer Members



Pittsburgh Business Group ON HEALTH

Employer Members

84 Lumber Company
Alcoa, Inc.
Allegheny County Airport Authority
Allegheny Technologies
American Eagle Outfitters
Ampco-Pittsburgh Corporation
ANSYS, Inc.
ArcelorMittal Tubular Products USA Corp.
Ariba, Inc.
ATI Allegheny Ludlum Corporation
Bayer Corporation
Butler Area School District
Calgon Carbon Corporation
Carmeuse North America
Carnegie Mellon University
Carpenter Technology
CENTRIA
City of Pittsburgh
Clearview Federal Credit Union
Cleveland Brothers
CONSOL Energy Inc.
Crown Castle International
Del Monte Foods
Development Dimensions International
Dick's Sporting Goods, Inc.
Dollar Bank, F.S.B.
Duquesne Light Company
Duquesne University
Eckert Seamans Cherin & Mellott, LLC
Education Management Corporation
Electronics for Imaging, Inc.
Elliott Company
Ellwood Group Inc.
FedEx Ground Package System Inc.

First Commonwealth Bank
First National Bank of PA
FirstEnergy
GENCO Distribution System
General Nutrition Centers, Inc.
Genesis Worldwide II, Inc.
Giant Eagle, Inc.
The Hillman Company
H.J. Heinz Company
Joy Global Inc.
King's Family Restaurants
L.B. Foster Company
Leed's
Levin Furniture
Management Science Associates, Inc.
MARC USA
Matthews International Corporation
Microbac Laboratories, Inc.
Mine Safety Appliances Company
NOVA Chemicals
Penn United Technology, Inc.
Peoples Natural Gas
PITT OHIO
PPG Industries
Reed Smith LLP
SMC Business Councils
Transtar, Inc.
Trib Total Media
U.S. Steel and Carnegie Pension Fund
University of Pittsburgh
Wabtec Corporation
Wesco Distribution, Inc.
Westinghouse Electric Company LLC