

PRELIMINARY—SUBJECT TO PUBLIC REVIEW

Table A.III-2b

Bed Capacity and Share in the Pittsburgh MSA

Hospital Name	City	County	All Staffed Beds (Incl. Nursing)	Share of Beds
WPAHS System Total			1,622	21.7%
Western Pennsylvania Hospital	Pittsburgh	Allegheny	500	6.7%
Allegheny General Hospital	Pittsburgh	Allegheny	460	6.1%
Forbes Regional	Monroeville	Allegheny	300	4.0%
Alle-Kiski Medical Center	Natrona Heights	Allegheny	258	3.4%
Canonsburg General Hospital	Canonsburg	Washington	104	1.4%
Jefferson Regional (Affiliated with UPE)	Clairton	Allegheny	No Data Available	
UPMC System Total			3,265	43.6%
UPMC Presbyterian	Pittsburgh	Allegheny	1,510	20.2%
UPMC Shadyside	Pittsburgh	Allegheny	Incl. with UPMC Presbyterian	
UPMC Montefiore	Pittsburgh	Allegheny	Incl. with UPMC Presbyterian	
UPMC Mercy	Pittsburgh	Allegheny	395	5.3%
UPMC Passavant	Pittsburgh	Allegheny	330	4.4%
Children's Hospital of Pittsburgh of UPMC	Pittsburgh	Allegheny	296	4.0%
Magee-Women's Hospital	Pittsburgh	Allegheny	278	3.7%
UPMC St. Margaret	Pittsburgh	Allegheny	249	3.3%
UPMC McKeesport	McKeesport	Allegheny	207	2.8%
Excelsa System Total			610	8.2%
Excelsa Westmoreland Regional Hospital	Greensburg	Westmoreland	365	4.9%
Excelsa Latrobe Area Hospital	Latrobe	Westmoreland	162	2.2%
Excelsa Frick Hospital	Mount Pleasant	Westmoreland	83	1.1%
Heritage Valley System Total			483	6.5%
Heritage Valley Beaver	Beaver	Beaver	312	4.2%
Sewickley Valley Hospital	Sewickley	Allegheny	171	2.3%
St. Clair Memorial Hospital	Pittsburgh	Allegheny	291	3.9%
Washington Hospital	Washington	Washington	274	3.7%
Butler Memorial Hospital	Butler	Butler	260	3.5%
Monongahela Valley Hospital	Monongahela	Washington	224	3.0%
Uniontown Hospital	Uniontown	Fayette	189	2.5%
ACMH Hospital	Kittanning	Armstrong	170	2.3%
Ohio Valley General Hospital	McKees Rocks	Allegheny	92	1.2%

Note: Butler Memorial Hospital includes values for all locations in the Butler Memorial Health System

Source: File "Hospital Locations List_CKD" provided by Economists Incorporated on April 3, 2012

Table A.III-3a

Harris Supplement 1, Table 1A

Table 1A
Shares by Service Line
West Penn Allegheny Health System 90% Service Area
Acute Care, Commercial Payors

Service Line Number	Service Line Description	UPMC Health System	West Penn Allegheny Health System	St. Clair Memorial Hospital	Heritage Valley System ¹	Exempla Health System ²	Jefferson Regional Medical Center	Washington Hospital	Butler Memorial Hospital	Other Hospitals in Highmark's WPA Service Area ³
26	Surgical Tracheostomy	66.8%	21.3%	1.2%	2.2%	1.3%	2.8%	1.1%	0.2%	2.8%
21	Psychiatry	66.7%	8.3%	8.3%	0.0%	8.3%	0.0%	8.3%	0.0%	0.0%
14	Neurosurgery	65.0%	28.0%	1.3%	1.2%	0.4%	0.3%	0.1%	0.3%	2.9%
17	Oncology/Hematology	58.2%	17.9%	5.2%	3.7%	3.3%	2.2%	1.7%	1.4%	6.2%
25	Spine	58.2%	16.1%	3.3%	0.9%	2.0%	1.7%	3.8%	1.2%	4.2%
27	Thoracic Surgery	54.3%	17.2%	7.1%	5.8%	2.0%	3.3%	2.1%	1.5%	5.9%
30	Other	53.7%	17.1%	6.0%	3.0%	4.2%	3.2%	1.7%	1.8%	8.5%
7	General Surgery	51.4%	14.9%	5.0%	7.3%	4.5%	4.0%	2.0%	1.0%	8.6%
6	General Medicine	50.6%	15.4%	6.1%	4.2%	4.4%	2.6%	4.3%	1.7%	10.7%
13	Neurology	49.5%	19.5%	6.3%	2.9%	3.4%	3.1%	3.2%	2.5%	9.8%
16	Obstetrics	49.3%	17.3%	6.7%	0.9%	5.8%	0.0%	2.5%	2.2%	9.4%
20	Other Orthopedics	49.3%	18.0%	8.5%	4.2%	2.7%	3.0%	2.7%	1.4%	9.8%
19	Other O&A	48.6%	20.1%	4.3%	3.3%	6.1%	0.0%	2.0%	1.9%	13.0%
9	HIV	48.6%	31.4%	2.9%	5.7%	0.0%	8.0%	0.0%	0.0%	2.9%
24	Rheumatology	46.3%	19.0%	5.2%	5.2%	4.8%	3.0%	3.9%	2.6%	10.5%
12	Nephrology	45.3%	14.0%	8.8%	3.9%	4.7%	4.5%	3.6%	1.9%	13.2%
28	Urology	44.3%	15.6%	5.4%	5.0%	5.5%	5.9%	3.9%	2.5%	14.3%
4	Endocrinology	43.1%	13.7%	9.2%	4.1%	5.8%	4.8%	3.7%	1.8%	13.9%
10	Major Joint Procedures	43.0%	14.3%	9.7%	7.8%	3.7%	4.9%	3.6%	2.8%	12.3%
8	Gynecology	43.0%	15.7%	4.2%	8.1%	6.3%	0.6%	3.9%	3.4%	15.7%
18	Open Heart	42.9%	16.8%	8.4%	5.5%	4.5%	8.1%	5.3%	5.5%	3.0%
3	Dermatology	42.0%	12.3%	8.3%	5.2%	6.6%	6.1%	3.3%	1.9%	13.7%
5	Gastroenterology	41.6%	16.0%	8.1%	5.0%	6.3%	5.1%	3.4%	1.9%	12.6%
22	Pulmonary	38.6%	13.1%	9.9%	5.6%	5.6%	5.9%	4.3%	2.1%	15.0%
29	Vascular Surgery	37.7%	14.1%	9.1%	10.5%	6.8%	6.3%	3.8%	4.0%	7.8%
2	Cardiology	35.2%	14.4%	10.0%	6.0%	6.7%	6.1%	5.3%	2.7%	13.3%
1	Cardiac Cath	34.0%	12.4%	8.1%	7.5%	7.8%	6.0%	7.3%	5.1%	11.6%
	Total Hospital Share	46.6%	16.0%	7.2%	5.8%	5.0%	3.6%	3.1%	2.1%	10.6%

Sources: PennPlex/Ventura hospital inpatient migration data reported to the Pennsylvania Health Care Cost Containment Council (PHCCC), purchased through DataBay Resources. Data reflect discharges from April 2010 through March 2011. Service Line Definitions come from the Indiana State Dept of Health at www.in.gov/ishd/healthcare_data/2010/2010.html.

Notes:
1) The Heritage Valley System consists of: Heritage Valley Beaver and Sewald Valley Hospital.
2) The Exempla Health System includes Exempla Westmoreland Regional Hospital, Exempla Larache Area Hospital, and Exempla Frick Hospital.
3) Highmark's WPA service area includes the following 29 counties: Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Centre, Clarion, Crawford, Elk, Erie, Fayette, Forest, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Mercer, Potter, Somerset, Venango, Warren, Washington, and Westmoreland.

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Table A.III-3c

Harris Supplement 1, Table 2

Table 2
Number of DRGs for which UPMC Health System has Patient Discharges
and the Number of These DRGs Overlapping with Other Hospitals
Acute Care, All Payers

1. Number of DRGs for which UPMC Health System Has Patient Discharges - 722

2. Of UPMC Health System's 722 DRGs, the Number of Overlapping DRGs for Other Hospitals

Hospital	Number of DRGs Overlapping with UPMC Health System	Number of DRGs Not Overlapping with UPMC Health System	Number of Patient Discharges at UPMC Health System for DRGs Not Overlapping with UPMC
WPAHS	713	9	69
St. Clair Memorial Hospital	591	131	6,553
Heritage Valley System	617	105	4,059
Excella Health System	616	106	4,820
Jefferson Regional Medical Center	563	159	22,635
Washington Hospital	561	161	8,172
Butler Memorial Hospital	507	215	9,432

Source: Pennsylvania hospital inpatient migration data reported to the Pennsylvania Health Care Cost Containment Council (PHC4), purchased through DataBay Resources. Data reflect discharges from April 2010 through March 2011

PRELIMINARY—SUBJECT TO PUBLIC REVIEW

Table A.III-4

Summary of Discharge Shares by Service Line

Summary of Service Lines for Hospitals in Pittsburgh and Surrounding Counties

Service Line	All Payor Discharges				High Weight (≥ 2.5) Discharges				Low Weight (< 2.5) Discharges			
	All Area	UPMC System	WPAHS System	Other Area	All Area	UPMC System	WPAHS System	Other Area	All Area	UPMC System	WPAHS System	Other Area
Neurosurgery	4,852	65.6%	28.6%	5.8%	2,012	70.3%	26.8%	2.9%	2,840	62.2%	29.9%	7.9%
Surgical Tracheostom	1,963	64.1%	21.3%	14.6%	1,933	63.8%	21.6%	14.6%	30	83.3%	6.7%	10.0%
HIV	191	57.6%	26.2%	16.2%	65	53.8%	32.3%	13.8%	126	59.5%	23.0%	17.5%
Neonatology	3,835	59.7%	19.9%	20.4%	1,893	65.5%	24.0%	10.5%	1,942	54.2%	15.8%	30.0%
Other OB	1,898	55.6%	18.7%	25.7%	-	-	-	-	1,898	55.6%	18.7%	25.7%
Spine	10,074	59.8%	16.4%	23.7%	3,949	65.7%	13.1%	21.2%	6,125	56.1%	18.5%	25.4%
Oncology/Hematology	14,202	52.8%	16.9%	30.2%	1,207	64.0%	22.5%	13.5%	12,995	51.8%	16.4%	31.8%
Neurology	17,167	45.0%	20.5%	34.5%	188	59.0%	26.6%	14.4%	16,979	44.8%	20.5%	34.7%
Urology	6,017	43.6%	16.7%	39.7%	935	54.2%	22.1%	23.6%	5,082	41.7%	15.7%	42.6%
Other	8,773	53.2%	17.2%	29.6%	2,472	53.5%	20.5%	26.0%	6,301	53.1%	15.9%	31.0%
Cardiac Caths	4,243	35.4%	16.3%	48.3%	507	42.4%	22.7%	34.9%	3,736	34.5%	15.4%	50.1%
Cardiology	45,337	33.1%	17.1%	49.8%	3,744	37.4%	17.5%	45.1%	41,593	32.7%	17.0%	50.3%
Dermatology	7,936	38.1%	15.7%	46.2%	-	-	-	-	7,936	38.1%	15.7%	46.2%
Endocrinology	7,784	38.8%	16.5%	44.7%	-	-	-	-	7,784	38.8%	16.5%	44.7%
Gastroenterology	29,300	39.3%	17.8%	42.9%	-	-	-	-	29,300	39.3%	17.8%	42.9%
General Medicine	16,255	42.4%	18.1%	39.5%	697	47.8%	25.7%	26.5%	15,558	42.1%	17.8%	40.1%
General Surgery	26,584	50.4%	15.2%	34.4%	9,169	51.5%	15.5%	33.0%	17,415	49.8%	15.0%	35.2%
Gynecology	5,791	43.9%	14.8%	41.3%	52	59.6%	11.5%	28.8%	5,739	43.8%	14.8%	41.4%
Major Joint Procedure	13,917	41.5%	15.9%	42.7%	2,187	45.0%	21.9%	33.0%	11,730	40.8%	14.7%	44.5%
Nephrology	12,930	38.5%	18.5%	43.0%	-	-	-	-	12,930	38.5%	18.5%	43.0%
Normal Newborn	20,470	46.8%	16.9%	36.2%	-	-	-	-	20,470	46.8%	16.9%	36.2%
Obstetrics	23,136	48.3%	17.0%	34.7%	-	-	-	-	23,136	48.3%	17.0%	34.7%
Open Heart	4,119	45.4%	16.6%	38.0%	4,119	45.4%	16.6%	38.0%	-	-	-	-
Other Orthopaedics	17,503	45.4%	18.4%	36.3%	2,273	54.3%	17.8%	27.9%	15,230	44.1%	18.4%	37.5%
Psychiatry	19,735	24.4%	12.9%	62.7%	33	42.4%	30.3%	27.3%	19,702	24.4%	12.9%	62.8%
Pulmonary	34,629	34.6%	15.9%	49.5%	874	52.6%	15.3%	32.0%	33,755	34.2%	15.9%	49.9%
Rehabilitation	7,559	44.3%	20.2%	35.5%	-	-	-	-	7,559	44.3%	20.2%	35.5%
Rheumatology	1,210	41.2%	18.3%	40.6%	-	-	-	-	1,210	41.2%	18.3%	40.6%
Thoracic Surgery	3,147	52.3%	17.0%	30.7%	1,866	55.7%	16.7%	27.6%	1,281	47.3%	17.4%	35.3%
Vascular Surgery	6,321	38.5%	16.6%	45.0%	3,297	43.4%	17.3%	39.3%	3,024	33.1%	15.8%	51.2%

Includes all discharges at hospitals located in Allegheny, Armstrong, Beaver, Butler, Washington, and Westmoreland counties.
Service lines where hospitals outside of the UPMC and WPAHS systems account for less than 25% of discharges are outlined.

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Table A.III-5

Excess Capacity and Potential Incremental Admissions (Community Blue and All Other Hospitals)
Region: 29-County Western PA (WPA) Area

Hospital	Hospital Affiliation	In 7-county Area	Total Staffed Beds	Admissions	Occupancy Rate	Estimated Occupancy at 75%	Estimated Admissions at 75%	Estimated Occupancy at 80%	Estimated Admissions at 80%	Excess Staffed Beds	Potential Incremental Admissions
										at 75%	at 80%
Total		27	12,784	556,525		9,191	610,493	9,808	651,193	1,791	2,292
Accepting Community Blue¹											
Total		20	9,049	374,248		6,394	447,399	6,823	477,226	1,668	2,097
Western Pennsylvania Hospital	West Penn System	X	500	17,337							
Allegheny General Hospital	West Penn System	X	460	30,102	70.0	345	32,252	368	34,402	23	46
Excelsa Westmoreland Regional	Excelsa Health	X	365	20,708	71.9	273	21,600	292	23,040	11	30
Heritage Valley Beaver	Heritage Valley	X	312	16,486	67.6	234	18,290	249	19,510	24	39
Western Pennsylvania Hospital - Children's Hospital of Pittsburgh of St. Clair Memorial Hospital	UPMC System	X	300	16,023	66.3	225	18,125	240	19,333	27	42
Washington Hospital		X	291	15,599	68.7	218	17,029	232	18,164	19	33
Butler Memorial Hospital		X	274	15,801	62.0	205	19,114	219	20,388	36	50
Alle-Kiski Medical Center	West Penn System	X	258	13,038	53.8	195	18,175	208	19,387	56	69
Monongahela Valley Hospital		X	224	10,730	57.2	193	14,069	206	15,006	46	59
Uniontown Hospital		X	189	8,811	62.5	168	10,573	179	11,278	28	39
Sewickley Valley Hospital	Heritage Valley	X	171	10,275	59.2	141	13,017	151	13,885	30	40
ACMH Hospital		X	170	9,950	62.5	128	11,940	136	12,736	22	30
Excelsa Latrobe Area Hospital	Excelsa Health	X	162	8,589	58.9	127		136		27	36
Canonsburg General Hospital	West Penn System	X	162	8,858	57.4	121	11,574	129	12,345	29	37
Ohio Valley General Hospital		X	104	4,049	44.5	78	6,824	83	7,279	32	37
Excelsa Frick Hospital	Excelsa Health	X	92	4,641	53.8	69	6,469	73	6,901	20	24
Highlands Hospital		X	83	4,121	68.0	62	4,545	66	4,848	6	10
Jefferson Regional Medical Center		X	71	2,645	46.1	53	4,303	56	4,590	21	24
Conemaugh Miners Medical Center	Conemaugh Health		503	24,315	69.2	377	26,352	402	28,109	29	54
Saint Vincent Health Center	St. Vincent Health		467	16,970	57.4	350	22,173	373	23,651	82	105
Altoona Regional Health System			440	19,236	53.9	330	26,766	352	28,550	93	115
Jameson Hospital			254	10,662	51.1	190	15,648	203	16,691	61	74
Sharon Regional Health System			239	10,559	60.6	179	13,068	191	13,939	35	47
Meadville Medical Center			233	7,539	50.6	174	11,174	186	11,919	57	69
Elk Regional Health Center			218	3,792	65.6	163	4,335	174	4,624	20	31
DuBois Regional Medical Center			203		48.4	152		162		54	64
Bradford Regional Medical Center			182	4,089	50.6	136	6,060	145	6,464	44	53
UPMC Northwest	UPMC System		182	8,085	55.9	136	10,847	145	11,570	35	44
Indiana Regional Medical Center			162	8,817	59.0	121	11,208	129	11,955	26	34
Millcreek Community Hospital			145		43.6	108		116		45	53
Somerset Hospital			117	4,630	45.7	87	7,598	93	8,105	34	40
Grove City Medical Center			109	2,644	20.2	81	9,816	87	10,471	59	65
Warren General Hospital			105	3,496	40.7	78	6,442	84	6,871	36	42
Clearfield Hospital			96		44.7	72		76		30	34
Ellwood City Hospital			95	2,794	40.6	71	5,161	76	5,505	33	38
Charles Cole Memorial Hospital			94	2,103	68.3	70	2,309	75	2,463	6	11
Clarion Hospital	QHR		79	3,276	38.6	59	6,365	63	6,789	29	33
Southwest Regional Medical Center	Essent Healthcare		77	3,003	63.1	57	3,569	61	3,807	9	13
J. C. Blair Memorial Hospital	QHR		73	2,531	36.4	54	5,214	58	5,562	28	32
Windber Medical Center			53	2,213	29.2	39	5,684	42	6,063	24	27
Titusville Area Hospital			50		30.8	37		40		22	25
Nason Hospital			44	2,040	43.3	33	3,533	35	3,769	14	16
Punxsutawney Area Hospital			44	2,115	45.2	33	3,509	35	3,743	14	16
Brookville Hospital			35	1,587	48.0	26	2,479	28	2,645	10	12
Corry Memorial Hospital			35		40.6	26		28		12	14
Kane Community Hospital			31	1,086	38.1	23	2,137	24	2,280	12	13
Miners Medical Center	Conemaugh Health		30	811	33.9	22	1,794	24	1,913	12	14
UPMC Bedford Memorial	UPMC System		27	2,221	60.2	20	2,767	21	2,951	4	5
Tyrone Hospital			25	1,026	36.8	18	2,091	20	2,230	9	11
Meyersdale Medical Center	Conemaugh Health		20	428	22.9	15	1,401	16	1,495	11	12
Not Accepting Community Blue											
Total		7	3,735	182,277		2,797	163,094	2,985	173,967	123	195
UPMC Presbyterian	UPMC System	X	1,510	63,913	83.1	1,132	57,683	1,208	61,528		
UPMC Mercy	UPMC System	X	395	18,716	73.3	296	19,150	316	20,426	7	27
UPMC Passavant	UPMC System	X	330	17,031	76.2	247	16,762	264	17,880	13	
Magee-Womens Hospital of UPMC	UPMC System	X	278	20,413		208		222			
UPMC St. Margaret	UPMC System	X	249	14,996	81.4	186	13,816	199	14,738		
UPMC McKeesport	UPMC System	X	207	9,784	79.7	155	9,207	165	9,820	1	36
UPMC Shadyside	UPMC System	X	Included with UPMC Presbyterian		83.1	Included with UPMC Presbyterian		Included with UPMC Presbyterian		Included with UPMC Presbyterian	
UPMC Hamot Medical Center	UPMC System		351	17,410	60.2	263	21,690	280	23,136	52	69
Mount Nittany Medical Center			207	11,299	66.7	155	12,705	165	13,552	17	27
UPMC Horizon	UPMC System		198	8,715	54.1	148	12,081	158	12,887	41	51
Edgewood Surgical Hospital			10		10.6	7		8		6	7

Notes:

¹Only West Penn hospitals are shown.

The seven counties are Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland.

Source: Hospital information is from "Hospital Locations List_CKD.xlsx" provided as backup material to the Harris Report.

VI. Inpatient Service Availability in Highmark's Community Blue Network

This analysis evaluates inpatient service availability in Highmark's Community Blue network in Western Pennsylvania. It examines inpatient services based on DRGs using discharge data for all of the acute-care hospitals used by patients in the 29-county Western Pennsylvania area. The data support the conclusion that the Community Blue network provides access to a large number of hospitals that provide virtually every inpatient service, and which represent a substantial current share of the volume of discharges in virtually every inpatient service. Thus, while consumers may choose a more costly wider network insurance product, the analysis shows that the Community Blue network is capable of providing the full array of inpatient hospital services to consumers (at lower cost) that effectively exclude UPMC hospitals.

In the table below, each number represents a DRG for which a patient could be admitted to an acute-care hospital. The highlighting is used to show whether the Community Blue network provides coverage of these DRGs. The DRGs highlighted in red have fewer than ten discharges in the twelve-month period of the data across patients in the 29-county area. These are less relevant to the determination of service coverage because these treatments are performed relatively infrequently. Of the 739 DRGs with at least ten discharges listed below, Community Blue hospitals have at least a 20-percent share in 729 (98.6 percent of DRGs). The ten DRGs highlighted in blue are those where the Community Blue network has a share of less than 20 percent, illustrating that Community Blue hospitals provide a substantial percentage of services in all but a very few DRGs (ten DRGs, less than 2 percent of total DRGs). Nearly every DRG that an insurance network in Western Pennsylvania would need to serve can be covered by Community Blue.

The DRGs where Community Blue hospitals account for less than 20 percent of discharges are:

- 6 - LIVER TRANSPLANT W/O MCC
- 7 - LUNG TRANSPLANT
- 10 - PANCREAS TRANSPLANT
- 22 - INTRACRANIAL VASCULAR PROCEDURES W PDX HEMORRHAGE W/O CC/MCC
- 34 - CAROTID ARTERY STENT PROCEDURE W MCC
- 113 - ORBITAL PROCEDURES W CC/MCC
- 117 - INTRAOCULAR PROCEDURES W/O CC/MCC
- 406 - PANCREAS, LIVER & SHUNT PROCEDURES W CC
- 454 - COMBINED ANTERIOR/POSTERIOR SPINAL FUSION W CC
- 455 - COMBINED ANTERIOR/POSTERIOR SPINAL FUSION W/O CC/MCC

Table A.III-6a

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PRELIMINARY—SUBJECT TO PUBLIC REVIEW

Table A.III-6b

Summary of Service Lines for Hospitals in Pittsburgh and Surrounding Counties

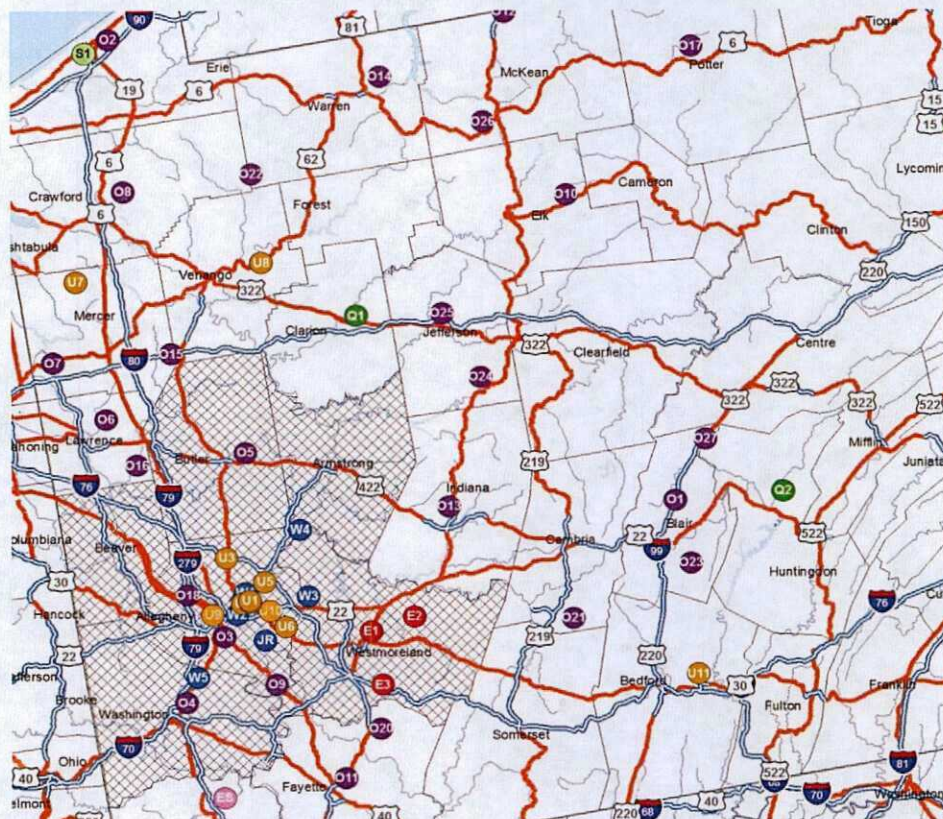
Service Line	All Payor Discharges			High Weight (≥ 2.5) Discharges			Low Weight (< 2.5) Discharges		
	All Area	Community Blue	Non Community	All Area	Community Blue	Non Community	All Area	Community Blue	Non Community
		Hospitals	Blue		Hospitals	Blue		Hospitals	Blue
Neurosurgery	4,852	44.6%	55.4%	2,012	37.1%	62.9%	2,840	49.8%	50.2%
Surgical Tracheostom	1,963	39.5%	60.5%	1,933	39.9%	60.1%	30	16.7%	83.3%
HIV	191	44.5%	55.5%	65	47.7%	52.3%	126	42.9%	57.1%
Neonatology	3,835	51.2%	48.8%	1,893	53.5%	46.5%	1,942	49.1%	50.9%
Other OB	1,898	44.6%	55.4%	-	-	-	1,898	44.6%	55.4%
Spine	10,074	40.4%	59.6%	3,949	34.7%	65.3%	6,125	44.1%	55.9%
Oncology/Hematology	14,202	54.2%	45.8%	1,207	41.6%	58.4%	12,995	55.4%	44.6%
Neurology	17,167	61.5%	38.5%	188	47.3%	52.7%	16,979	61.7%	38.3%
Urology	6,017	58.6%	41.4%	935	48.2%	51.8%	5,082	60.5%	39.5%
Other	8,773	59.7%	40.3%	2,472	49.9%	50.1%	6,301	63.6%	36.4%
Cardiac Caths	4,243	64.9%	35.1%	507	57.8%	42.2%	3,736	65.9%	34.1%
Cardiology	45,337	67.7%	32.3%	3,744	62.8%	37.2%	41,593	68.1%	31.9%
Dermatology	7,936	66.8%	33.2%	-	-	-	7,936	66.8%	33.2%
Endocrinology	7,784	69.7%	30.3%	-	-	-	7,784	69.7%	30.3%
Gastroenterology	29,300	64.4%	35.6%	-	-	-	29,300	64.4%	35.6%
General Medicine	16,255	63.2%	36.8%	697	54.9%	45.1%	15,558	63.6%	36.4%
General Surgery	26,584	53.5%	46.5%	9,169	50.9%	49.1%	17,415	54.8%	45.2%
Gynecology	5,791	57.5%	42.5%	52	40.4%	59.6%	5,739	57.6%	42.4%
Major Joint Procedure	13,917	58.6%	41.4%	2,187	55.0%	45.0%	11,730	59.2%	40.8%
Nephrology	12,930	63.4%	36.6%	-	-	-	12,930	63.4%	36.6%
Normal Newborn	20,470	53.7%	46.3%	-	-	-	20,470	53.7%	46.3%
Obstetrics	23,136	51.7%	48.3%	-	-	-	23,136	51.7%	48.3%
Open Heart	4,119	58.8%	41.2%	4,119	58.8%	41.2%	-	-	-
Other Orthopaedics	17,503	58.8%	41.2%	2,273	51.7%	48.3%	15,230	59.8%	40.2%
Psychiatry	19,735	75.8%	24.2%	33	63.6%	36.4%	19,702	75.8%	24.2%
Pulmonary	34,629	70.5%	29.5%	874	58.2%	41.8%	33,755	70.8%	29.2%
Rehabilitation	7,559	55.7%	44.3%	-	-	-	7,559	55.7%	44.3%
Rheumatology	1,210	61.7%	38.3%	-	-	-	1,210	61.7%	38.3%
Thoracic Surgery	3,147	51.0%	49.0%	1,866	47.4%	52.6%	1,281	56.2%	43.8%
Vascular Surgery	6,321	62.7%	37.3%	3,297	58.4%	41.6%	3,024	67.4%	32.6%

Includes all discharges at hospitals located in Allegheny, Armstrong, Beaver, Butler, Washington, and Westmoreland counties.

Service lines where hospitals outside of the UPMC and WPAHS systems account for less than 25% of discharges are outlined.

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Table A.III-7



West Penn Allegheny

W1	West Penn
W2	Allegheny General
W3	Forbes Regional
W4	Alle-Kiski
W5	Canonsburg General

Jefferson Regional

JR	Jefferson Regional
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St. Vincent

S1	St. Vincent
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UPMC Health System

U1	Presbyterian
U2	Mercy
U3	Passavant
U4	Magee-Women's
U5	St. Margaret
U6	McKeesport
U7	Horizon
U8	Northwest
U9	East
U10	Children's
U11	Bedford Memorial

Excelsa Health

E1	Westmoreland
E2	Latrobe
E3	Frick

QHR

Q1	Clarion
Q2	J. C. Blair Memorial

Essent Healthcare

ES	Southwest Regional
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Other/Unaffiliated Hospitals

O1	Altoona Regional
O2	Hamot
O3	St. Clair Memorial
O4	Washington
O5	Butler Memorial
O6	Jameson
O7	Sharon Regional
O8	Meadville
O9	Monongahela Valley
O10	Elk Regional
O11	Uniontown
O12	Bradford Regional

Other/Unaffiliated Hospitals

O13	Indiana Regional
O14	Warren General
O15	Grove City
O16	Ellwood City
O17	Charles Cole Memorial
O18	Ohio Valley General
O19	Fulton County
O20	Highlands
O21	Windber
O22	Titusville Area
O23	Nason
O24	Punxsutawney Area
O25	Brookville
O26	Kane Community
O27	Tyrone

APPENDIX IV

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Appendix IV: ADDITIONAL INFORMATION ON HIGHMARK'S OPERATIONS

The following three tables show membership, adjusted premiums and member months information for Highmark in the 29 county WPA region, from 2008 to 2011. The information was provided by Highmark.

Table 1: Number of Highmark Members by Plan Group, Region: 29-County Western PA (WPA) Area. This table shows Highmark's membership by plan groups for the 29 county WPA region from 2008 to 2011 and computes the change in membership over the 2008-2011 period for each group. WPA membership includes individuals (Direct Pay members) who live in 29 counties and have purchased coverage as individuals. For group business, it includes groups that are headquartered in Western Pennsylvania, but these groups may also have members who live outside of the 29 county service area. We received the data from Economists Incorporated in the backup materials to the Harris Report (Highmark Membership Files 2007-2011.xlsx). For each of the 29 counties, the file reports membership by region and plan group (the "Segmentation" column), and flags if the plan is either commercial or Medicare Advantage. We created a summary table by aggregating over all counties by plan group for the WPA region.

Table 2: Premium and Share by Highmark Plan Type, Region: 29-County Western PA (WPA) Area. This table shows Highmark's adjusted premiums by plan type, and each plan type's share of total premiums. We received the information from Highmark (5(d).pdf).

Table 3: Total Member Months and Share by Highmark Plan Type, Region: 29-County Western PA (WPA) Area. This table shows Highmark's member months by plan type, and each plan type's share of total member months. Information received from Highmark (5(d).pdf). Member months on an annual basis measures the total number of months members were enrolled in a given plan throughout the year.

The following two tables show membership information for Highmark's top customers as of January of each year. We received the information from Highmark (Top 30 Western Regional Clients 2008 - 2012.xlsx). The data lists Highmark's top 30 customers as of January of each year for each of the years 2008 to 2012.

Table 4: Top 20 Highmark Customers. This table shows membership information for Highmark's Top 20 customers as of January 2012, from 2008 to 2012. The table is sorted in descending order by the number of members as of January 2012.

Table 4[a]: Top 30 Highmark Customers (in January of each year). This table shows membership information for Highmark's Top 30 customers as of January in each of the years from 2008 to 2012. The table is sorted in descending order by the number of members as of January 2012.

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**Number of Highmark Members by Plan Group
Region: 29 County Western PA (WPA) Area**

	2008	2009	2010	2011	2008 - 2011 Change
<i>Commercial - Total</i>	1,316,697	1,306,370	1,266,829	1,254,468	-4.7%
Individual					
Regional - Small Group					
National/Regional/Mid-Atlant					
All Other					
Medicare Advantage	210,964	215,436	218,023	220,208	4.4%

Source: Information provided by Highmark (Highmark Membership Files 2007-2011.xlsx).

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**Premium and Share by Highmark Plan Type
Region: 29-County Western PA (WPA) Area**

Plan Type	2008		2009		2010		2011	
	Adjusted Premium (in 000s)	Share of Premium	Adjusted Premium (in 000s)	Share of Premium	Adjusted Premium (in 000s)	Share of Premium	Adjusted Premium (in 000s)	Share of Premium
Total	5,634,214	100.0%	5,792,695	100.0%	5,900,857	100.0%	5,891,135	100.0%
Medicare Advantag								
PPO								
HMO								
Traditional								
HDHP								

Notes:

HDHP denotes High Deductible Health Plan (a higher deductible, qualified PPO product). Medicare Advantage includes the FreedomBlue and SecurityBlue plans. Premiums are adjusted based on members' risk factors.

Source: Information provided by Highmark (5(d).pdf).

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Total Member Months and Share by Highmark Plan Type Region: 29-County Western PA (WPA) Area

Plan Type	2008		2009		2010		2011	
	Member Months (in 000s)	Share of Member Months	Member Months (in 000s)	Share of Member Months	Member Months (in 000s)	Share of Member Months	Member Months (in 000s)	Share of Member Months
Total	12,906	100.0%	12,344	100.0%	11,792	100.0%	11,474	100.0%
Medicare Advantage								
PPO								
HMO								
Traditional								
HDHP								

Notes:

HDHP denotes High Deductible Health Plan (a higher deductible, qualified PPO product). Medicare Advantage includes the FreedomBlue and SecurityBlue plans. Member months on an annual basis measures the total number of months members were enrolled in a given plan throughout the year.

Source: Information provided by Highmark (5(d).pdf).

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**Top 20 Highmark Customers
Region: 29-County Western PA (WPA) Area**

Customer	Number of Members				
	January 2008	January 2009	January 2010	January 2011	January 2012
Total	227,866	234,268	266,646	266,646	265,440
The Steelworkers Health & Welfare Fund					
Retirees of the Goodyear Tire & Rubber					
West Penn Allegheny Health System					
Laborers' District Council of W. Penn. Welfare					
County Of Allegheny					
Greater Pennsylvania Carpenter's Medical Plan					
Pittsburgh Public Schools					
Port Authority of Allegheny County					
United Food and Commercial Workers Union					
Operating Engineers Local #66 Welfare Fund					
Western PA Electrical Employees					
City of Pittsburgh					
W. Penn. Teamsters & Employers Welfare Fund					
Excela Health					
Carnegie Mellon University Student Health Plan					
Saint Vincent Health System					
SEIU Healthcare Pennsylvania Health & Welfare					
Rosebud Mining Company					
Northwest Savings Bank					
Iron Workers Welfare Plan of Western PA					

Source: Information provided by Highmark (Top 30 Western Regional Clients 2008 - 2012.xlsx).

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**Top 30 Highmark Customers (in January of each year)
Region: 29-County Western PA (WPA) Area**

Customer	Number of Members				
	January 2008	January 2009	January 2010	January 2011	January 2012
Total	299,362	305,832	327,021	327,021	297,372
The Steelworkers Health & Welfare Fund					
Retirees of the Goodyear Tire & Rubber Company					
West Penn Allegheny Health System					
Laborers' District Council of Western Pennsylvania					
County Of Allegheny					
Greater Pennsylvania Carpenter's Medical Plan					
Pittsburgh Public Schools					
Port Authority of Allegheny County					
United Food and Commercial Workers Union					
Operating Engineers Local #66 Welfare Fund					
Western PA Electrical Employees					
City of Pittsburgh					
Western Pennsylvania Teamsters & Employers Welfare Fur					
Excela Health					
Carnegie Mellon University Student Health Plan					
Saint Vincent Health System					
SEIU Healthcare Pennsylvania Health & Welfare Plan					
Rosebud Mining Company					
Northwest Savings Bank					
Iron Workers Welfare Plan of Western PA					
City of Erie School District					
Teamsters #261 & Employers Welfare Fund					
Allegheny Intermediate Unit #3					
County of Erie					
United Refining Company					
Butler Memorial Hospital					
The Retirees of CTNA Healthcare Trust					
Sheet Metal Workers Union					
North Allegheny School District					
NLMK USA					
Public School Employee's Retirement System					
Pennsylvania Employees Benefit Trust Fund					
Hamot Health Foundation					
Altoona Regional Health System					
Union Benefit Fund					
District 1199P Health and Welfare Fund					
Armstrong Group					
Catholic Employers Benefits Plan Delaware Trust					
Superior Wells Services					
The Pennsylvania State University					
The Hershey Company					
Steamfitters Local Union #449					
The USW Retirees of Dana Corp. Health Care Trust					

Source: Information provided by Highmark (Top 30 Western Regional Clients 2008 - 2012.xlsx).

APPENDIX V

APPENDIX V
Empirical Profitability Analysis of UPE Hypothetical Price
Change to Rival Insurers

Overview: This appendix provides a summary of the empirical analyses conducted to assess the profitability of a hypothetical price increase by the vertically integrated UPE for evaluation of post-affiliation incentives and analyses presented in the Harris Report. The discussion below presents a detailed summary of the specific analyses presented in Table 5[a]. Table 5[a] provides an example of the inputs, mechanics, and analytics used to derive the figures in Table 15 of my report. Specifically, Table 5[a] shows the underlying information for the estimate of [REDACTED] in net UPE profits shown in Table 15 of my report (Table 5[a] assumes an elasticity of [REDACTED] Highmark variable contribution margin of [REDACTED] and [REDACTED] of lost admissions switch to another health insurance company).

Each of the rows in Table 5[a] has an associated Label, Equation, and Values column. The Label column uses a letter to identify the row for ease of exposition and use in calculations (e.g., the first row of the table is the WPAHS Contribution Margin which is labeled “a” and used in a computation in the third row labeled “c”). The Equation column refers to various letters in the Label column and describes the calculation relevant to that row of the table (e.g., the third row of the table, which is labeled “c,” shows the result of multiplying the values in the first two rows of the table labeled “a” and “b”). Lastly, the Values column shows the relevant numbers which are derived from the calculation described in the Equation column (e.g., in the third row of the table, which is labeled “c,” the [REDACTED] figure is the average contribution margin per “national insurer” WPAHS admission, and it is computed as the WPAHS contribution margin multiplied by the average revenue per “national insurer” WPAHS admission).

Table 5[a] is organized into two sections. The first section provides the intermediate steps and corresponding figures that build up to the rows labeled “l” and “p.” The rows labeled “l” and “p” provide estimates of the expected net WPAHS profits from the hypothetical increase in reimbursement rates and the increase in Highmark profits from enrollees diverted from national insurers due to hypothetical increase in reimbursement rates, respectively. Those two rows are added together to arrive at the total estimated net UPE profits from the hypothetical increase in reimbursement rates (the row highlighted in yellow) which in this specific example indicates estimated net UPE profits of [REDACTED]. The second section outlines the additional information used in the analysis.

Each labeled row of Table 5[a] is described in more detail below.

- Row labeled “a”: WPAHS Variable Contribution Margin – This estimate is sourced from the Harris Amended Supplement 3 at Paragraphs 8 and 9. In FY 2011, the Harris Amended Supplement 3 states that WPAHS’s actual variable costs were approx. [REDACTED]

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including salaries, benefits, supplies, purchased services and other costs that were determined to vary with patient volume, and WPAHS's total hospital payments, for inpatient and outpatient services combined, were approximately [REDACTED] in FY 2011. The Harris Report calculates that the variable contribution margin for WPAHS, based on its total patient revenues in 2011 and its estimates of variable cost, is approximately [REDACTED]

- Row labeled "b": Average Revenue per "National Insurer" WPAHS Admission (calculated number computed as row labeled "q" divided by row labeled "r" which is the same number as row labeled "s" – This calculated number divides total revenue for "national insurer" WPAHS admissions by the number of "national insurer" WPAHS admissions which averages [REDACTED] per admission)
- Row labeled "c": Average Contribution Margin per "National Insurer" WPAHS Admission (calculated number computed as row labeled "a" multiplied by row labeled "b" – this calculation converts average margins as a percentage, [REDACTED] into margins in terms of dollars, [REDACTED])
- Row labeled "d": Hypothetical Increase in Reimbursement Rates to All National Insurers – The hypothetical increase is 10 percent, which is the assumed amount by which WPAHS increases reimbursement rates charged to all of the national insurers
- Row labeled "e": Implied Elasticity – This is the assumed own-price elasticity of demand which in this framework refers to the sensitivity of the national insurance company's number of WPAHS admissions to changes in WPAHS reimbursement rates. The elasticity is calculated as one divided by the WPAHS variable contribution margin of [REDACTED]. In this example, [REDACTED] is added to the elasticity (in absolute value). A negative sign is applied to the expression. For an elasticity of [REDACTED] we are assuming that for every 1% increase in reimbursement rates, WPAHS admissions decrease by [REDACTED]
- Row labeled "f": Percentage Loss in WPAHS Admissions Due to the Hypothetical Increase in Reimbursement Rates (calculated number computed as row labeled "d" multiplied by row labeled "e" – This calculation translates the 10% rate increase into a [REDACTED] decrease in WPAHS admissions based on the elasticity of [REDACTED])
- Row labeled "g": Decrease in the Number of Annual WPAHS Admissions Due to the Hypothetical Increase in Reimbursement Rates (calculated number computed as row labeled "f" multiplied by row labeled "r" – The [REDACTED] decrease in WPAHS admissions is multiplied by [REDACTED], which is the annualized number of WPAHS admissions of national insurer enrollees in 2012, to arrive at [REDACTED] admissions)
- Row labeled "h": Loss in WPAHS Profits due to the Hypothetical Increase in Reimbursement Rates (calculated number computed as row labeled "c" multiplied by row labeled "g" – This calculation translates the estimated loss of [REDACTED] admissions to lost WPAHS profits by multiplying [REDACTED] by [REDACTED], the Average Contribution Margin per "National Insurer" WPAHS Admission, and obtaining an estimated [REDACTED])
- Row labeled "i": Gain in WPAHS Profits due to the Hypothetical Increase in Reimbursement Rates (calculated number computed as row labeled "d" multiplied by [REDACTED] which is one

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minus 23.2%, multiplied by row labeled “q” – This computation shows the increase in revenue, which is equivalent to an increase in profits, for admissions that remain at WPAHS after a 10% increase in reimbursement rates)

- Row labeled “j”: Increase in the Number of Annual WPAHS Admissions Due to the Hypothetical Increase in Reimbursement Rates from Enrollees Switching to Highmark and Remaining with WPAHS (apparently preferred hospital system) – Some of the lost WPAHS admissions shown in row labeled “g” will be recaptured by enrollees switching from a national insurer to Highmark under the logic that the enrollees have already exhibited a preference for WPAHS, and Highmark would likely be a lower cost option. Thus, we estimate this recapture of admissions via switching to Highmark as the [REDACTED] lost annual WPAHS admissions (row labeled “g”) multiplied by the assumed switching rate of 40% multiplied by Highmark’s estimated share of its own and UPMC commercial enrollees (row labeled “w”), which is estimated at [REDACTED] for a total of [REDACTED] recaptured admissions. We are implicitly assuming that some former national insurer enrollees would switch to the UPMC plan even though WPAHS is likely their preferred provider, and the UPMC plan does not include WPAHS in its provider network.
- Row labeled “k”: Gain in WPAHS Profits Due to the Hypothetical Increase in Reimbursement Rates from Enrollees Switching to Highmark and Remaining with WPAHS (calculated number computed as row labeled “c” multiplied by row labeled “j” – This calculation translates the estimated gain of [REDACTED] WPAHS admissions to increased WPAHS profits by multiplying [REDACTED] by [REDACTED], the Average Contribution Margin per “National Insurer” WPAHS Admission, and obtaining an estimated [REDACTED] WPAHS profits of [REDACTED])
- Row labeled “l”: Expected Net WPAHS Profits from the Hypothetical Increase in Reimbursement Rates (calculated number computed as rows labeled “h” plus “i” plus “k” which computes net profits to WPAHS from the losses and gains shown in those three rows – the overall estimated net WPAHS profits in this example equals [REDACTED])
- Row labeled “m”: Absolute Value of the Decrease in the Number of WPAHS Admissions Due to the Hypothetical Increase in Reimbursement Rates (adjusted for the assumed switching rate of 40%) – This row reflects the mathematical operation of taking the absolute value of the figure in the row labeled “g” to show a positive number for estimated lost annual WPAHS admissions multiplied by the switching rate of 40% in our example (equal to [REDACTED] admissions).
- Row labeled “n”: Conversion of Admissions Losses to Number of Potential Commercial Enrollees – In order to estimate the gains to Highmark from new enrollees that switch from a national insurer to Highmark, we need to convert WPAHS admissions to insurance plan enrollees. To accomplish this, we divide the row labeled “m” ([REDACTED]) by the row labeled “t” ([REDACTED]) where “t” is equal to the estimated percentage of commercial enrollees that become inpatients in a year. After performing this calculation, the estimated number of commercial enrollees is [REDACTED].

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- Row labeled “o”: Number of Lost Commercial Enrollees That Switch to Highmark (calculated number computed as row labeled “n” multiplied by row labeled “w” which converts total estimated new insurance plan enrollees to new Highmark enrollees, [REDACTED])
- Row labeled “p”: Estimated Increase in Highmark Profits from Enrollees Diverted from National Insurers Due to Hypothetical Increase in Reimbursement Rates (calculated number computed as row labeled “o” multiplied by row labeled “z” which computes the estimated increase in profits to Highmark from diverted national insurer enrollees – the estimated [REDACTED] Highmark’s profits equals [REDACTED])
- Row highlighted in yellow: This row shows the total estimated net UPE profits from a hypothetical increase in reimbursement rates to national insurers of 10%, which is the sum of rows labeled “l” and “p”, and equals [REDACTED] as discussed above.
- Row labeled “q”: Total Revenue for “National Insurer” WPAHS Admissions – This figure is the annualized revenue received by WPAHS in 2012 for admissions of enrollees in national insurance plans
- Row labeled “r”: Total Number of “National Insurer” WPAHS Admissions – This figure is the annualized number of WPAHS admissions in 2012 of enrollees in national insurance plans
- Row labeled “s”: Average Revenue per “National Insurer” WPAHS Admission (calculated number computed as row labeled “q” divided by row labeled “r” which computes the average revenue per “national insurer” WPAHS admission)
- Row labeled “t”: Percentage of Commercial Enrollees that Become Inpatients in a Year – This percentage is an estimate of the fraction of commercial enrollees that become inpatients in a year
- Row labeled “u”: Highmark’s Estimated Share of Commercial Enrollees in WPA – This percentage is an estimate of Highmark’s share of commercial enrollees in WPA in 2012
- Row labeled “v”: UPMC’s Estimated Share of Commercial Enrollees in WPA – This percentage is an estimate of UPMC’s share of commercial enrollees in WPA in 2012
- Row labeled “w”: Highmark’s Estimated Share of Its Own and UPMC’s Enrollees (calculated number computed as row labeled “u” divided by sum of rows labeled “u” and “v” which computes Highmark’s estimated share of its own and UPMC commercial enrollees in 2012)
- Row labeled “x”: Highmark’s Per Member Per Month Commercial Revenue – This figure is Highmark’s per member per month commercial revenue in WPA and is based on data for 2011 from Highmark’s response to PID Request - June 2012 (Question 5(d).
- Row labeled “y”: Highmark’s Medical Loss Ratio – The medical loss ratio is the percentage of a health insurer’s premium revenue that is spent on clinical services, and the number in

[REDACTED]

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this row is the estimate for 2011 provided in the Harris Amended Supplement 3 at Paragraphs 10-12.¹

- Row labeled “z”: Annualized Estimated Variable Margin (in \$) per Commercial Enrollee (calculated number computed as row labeled “x” multiplied by 12 and then multiplied by one minus the value in the row labeled “y” – this provides an estimate of Highmark’s annualized variable margin per commercial enrollee, which equals [REDACTED])

¹ See, e.g., Karaca-Mandic, P., J. M. Abraham, and K. Simon, “Is the Medical Loss Ratio a Good Proxy for Market Power in the Individual Market for Health Insurance?” (Working Paper, March 2013) examines the relationship between MLRs and various structural measures as well as insurer and market characteristics.

TABLE 5a

Change in Profits for UPE with a 10 Percent Increase in Reimbursement Rates for WPAHS Services to National Insurers

	Label	Equation	Values
WPAHS Variable Contribution Margin ¹	a		
Average Revenue per "National Insurer" WPAHS Admission	b	q/r	
Average Contribution Margin per "National Insurer" WPAHS Admission (in dollars)	c	a*b	
Hypothetical Increase in Reimbursement Rate to All National Insurers	d		10%
Assumed Elasticity ²	e	$-(1/a) +$	
Percentage Loss in WPAHS Admissions Due to the Hypothetical Increase in Reimb. Rates	f	d*e	
Decrease in the Number of Annual WPAHS Admissions Due to the Hypothetical Increase in Reimb. Rates	g	d*e*r or f*r	
Loss in WPAHS Profits due to the Hypothetical Increase in Reimb. Rates	h	c*g	
Gain in WPAHS Profits due to the Hypothetical Increase in Reimb. Rates	i	d*(1 + f)*q	
Increase in the Number of Annual WPAHS Admissions Due to the Hypothetical Increase in Reimb. Rates from Enrollees Switching to Highmark and Remaining with WPAHS (apparently preferred hospital system)	j	-g*w*40%	
Gain in WPAHS Profits Due to the Hypothetical Increase in Reimb. Rates from Enrollees Switching to Highmark and Remaining with WPAHS (apparently preferred hospital system)	k	c*j	
Expected Net WPAHS Profits from the Hypothetical Increase in Reimb. Rates	l	h + i + k	
Absolute Value of the Decrease in the Number of WPAHS Admissions Due to the Hypothetical Increase in Reimb. Rates	m	-g*40%	
Conversion of Admissions Losses to Number of Potential Commercial Enrollees	n	m/t	
Number of Lost Commercial Enrollees That Switch to Highmark	o	n*w	
Estimated Increase in Highmark Profits from Enrollees Diverted from National Insurers Due to Hypothetical Increase in Reimb. Rates	p	o*z	
Total Estimated Net UPE Profits from the Hypothetical Increase in Reimb. Rates**	l + p		
Additional Information Used in the Analysis			
Total Revenue for "National Insurer" WPAHS Admissions ³	q		
Total Number of "National Insurer" WPAHS Admissions ⁴	r		
Average Revenue per "National Insurer" WPAHS Admission	s	q/r	
Percentage of Commercial Enrollees that Become Inpatients in a Year ⁵	t		
Highmark's Estimated Share of Commercial Enrollees in WPA ⁶	u		
UPMC's Estimated Share of Commercial Enrollees in WPA ⁷	v		
Highmark's Estimated Share of Its Own and UPMC's Enrollees ⁸	w	$u/(u + v)$	
Highmark's Per Member Per Month Commercial Revenue ⁹	x		
Highmark's Medical Loss Ratio (high estimate) ¹⁰	y		
Annualized Estimated Variable Margin (in \$) per Commercial Enrollee	z	$x*12*(1 - y)$	

Notes:

1 Figure from Harris Amended Supplement 3 at Paragraphs 8, 9.

2 Elasticity computed as one divided by estimated WPAHS variable contribution margin of [REDACTED] in 2011 (Harris Amended Supplement 3 at Paragraphs 8, 9) plus 0.5 (in absolute value).

3 Information provided by WPAHS.

4 Information provided by WPAHS.

5 Source: Health Care Utilization Report: 2010, HCCI Health Care Cost Institute, May 2012 at p. 12 (Table 6).

6 Figure is for 2011 from Market Study Wave XVI: Western PA, Wave X: Central PA, Wave VI: West Virginia, May 2011, UPE-0006784-862.

7 Figure is for 2011 from Market Study Wave XVI: Western PA, Wave X: Central PA, Wave VI: West Virginia, May 2011, UPE-0006784-862.

8 Because a theoretical increase in reimbursement rates applies to all national insurers, it is assumed diversion to Highmark can be measured by Highmark's share of the combined share of Highmark and UPMC.

9 Information for 2011 from Highmark's response to PID Request - June 2012 (Question 5(d)).

10 Figure is from Harris Amended Supplement 3 at Paragraphs 10-12.