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FOR IMMEDIATE RELEASE:
April 29, 2013

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Insurance Department Approves Highmark's Transaction with West Penn Allegheny Health System

Mcare

Harrisburg –Pennsylvania Insurance Commissioner Michael Consedine today announced the department's approval of the [transactional filing](#) related to Highmark's proposed affiliation with the West Penn Allegheny Health System (West Penn) and the creation of an integrated delivery network (IDN).

News and Media

"Today's order approves, with conditions, Highmark's transaction to create an IDN and affiliate with the West Penn Allegheny Health System," Consedine said. "Our goal from the outset was to have a comprehensive, transparent review in order to make a fully informed and well-founded determination. We have met that goal."

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"When examining company transactions, the department is charged with analyzing specific standards regarding licensure, financial stability, business plans and management, as well as the impact the transaction would have on competition and consumers."

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"Based on these standards, we identified a number of concerns and imposed conditions to provide appropriate safeguards to protect consumers, the public and community hospitals, as well as preserve fair competition and protect the financial stability of Highmark."

Department Employees

Key conditions are designed to:

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- Promote continued competition in the region and encourage policyholder savings and reduced premiums;
- Maximize access to Highmark's IDN for unrelated providers, community hospitals and insurers;
- Monitor the impact of the transaction on community hospitals and hold Highmark accountable to its stated intention to enhance community hospitals;
- Limit potential adverse competitive effects on insurers and providers contracting with Highmark and West Penn;
- Reduce the financial risk to Highmark and its policyholders associated with continued financial commitments to West Penn or its IDN;
- Provide transparency and, where appropriate, departmental review of future transactions that may not otherwise be subject to the department's jurisdiction;
- Hold Highmark accountable for its stated benefits associated with its IDN, including policyholder savings and continued competitiveness of community hospitals;
- Require Highmark's continued commitment to community and charitable endeavors; and
- Address the potential termination of the UPMC contract in 2015 by requiring disclosure and communications to patients and subscribers.

"Our safeguards, and the department's continuing oversight, will continue to protect insurance consumers as this affiliation begins to reshape the healthcare marketplace in Western Pennsylvania," Consedine said.

Highmark's transaction was initially filed in November 2011 by a newly-formed nonprofit corporation, UPE. The transaction sought to change control of Highmark and its insurance subsidiaries under a new holding company structure that would also include West Penn. Highmark made significant changes to the filing over the course of the following 17 months, and the department's review had to examine the implication of those changes.

The review was the most complex and extensive review in the agency's history. The comprehensive record includes more than 64,000 pages of reports and analytical data, more than 10,000 pages of public comments and more than six hours of public testimony.

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"This is a landmark transaction. We were cognizant that our review and the order we issued today may serve as a model for similar transactions across the state and country going forward," Considine concluded.

The order takes effect immediately and can be viewed, along with the complete public record, at www.insurance.pa.gov by clicking on the Highmark, West Penn icon.

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

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