

Statement of Steven Johnson, President and CEO of Susquehanna Health, Before the PA Insurance Department

November 12, 2014

Thank you for the opportunity to provide a public comment on the proposed merger between Blue Cross of Northeastern Pennsylvania and Highmark.

My name is Steven P. Johnson. I am the President and CEO of Susquehanna Health. Susquehanna Health is a four-hospital integrated health system in north central Pennsylvania with a long-standing tradition of providing high-quality health care and promoting wellness to families throughout our region.

The Susquehanna Health network includes Divine Providence Hospital, Muncy Valley Hospital, Soldiers & Sailors Memorial Hospital and Williamsport Regional Medical Center. We employ 135 physicians and 60 advanced practice professionals in Lycoming, Clinton and Tioga Counties. We also own and operate two skilled nursing facilities and a comprehensive physical medicine and rehabilitation center.

Much of our service area is contained within Blue Cross of Northeastern Pennsylvania's western region, where our payer provider partnership has benefited citizens from our regional community for decades and our contracts are developed without the burden of competitive conflicts of interest.

I am here to voice our support for the merger of BCNEPA and Highmark because Susquehanna Health believes it will benefit the health and well-being of people across north central Pennsylvania. More specifically, we believe the proposed merger can actually **strengthen** the already successful regional collaboration we enjoy with BCNEPA.

For example, Susquehanna Health and BCNEPA launched a Patient Centered Medical Home (PCMH) pilot program in 2013 with Susquehanna Health Medical Group's (SHMG) primary care physician practices in Lycoming and Clinton Counties that is already producing promising results. Preliminary indicators show improvements across 15 unique quality measures, including childhood immunization rates, breast cancer screening rates, appropriate treatment of adults with bronchitis and several diabetes related measures.

Under this patient centered medical home model, every patient has an ongoing relationship with a personal physician who leads a team of healthcare professionals who are accountable for all of that patient's healthcare needs. The patient's care is based on "best clinical practices", supported by the appropriate clinical decision-making tools and carefully coordinated across various specialties and service locations. The model also emphasizes shared decision-making with our patients and their families.

This Susquehanna Health and BCNEPA program aims to ensure that patients are meeting national quality measures relating to services such as childhood immunizations, cancer screenings, diabetes testing and cholesterol management.

Under this pilot program, BCNEPA is working with our primary care physicians to make necessary office and technology improvements and better integrate and facilitate each patient's unique care coordination objectives. In addition, care coordinators in the pilot project are working with all of Susquehanna Health's patients, regardless of their insurance coverage, so this program stands to produce benefits beyond those covered only by BCNEPA.

Our physicians and staff have embraced these changes and it's showing in how we serve our patients. Patients now have access to nurses who they can call any time of the day or night. These nurses are able to immediately access the patient's medical record and respond accordingly. Patients can also access their medical information and test results, private message their provider team and make an appointment from their home computers through a confidential online patient portal.

This is just the beginning. We believe the patient-centered medical home model is an important step in transforming regional health delivery to be more accountable, responsive and efficient. The triple aim of this Susquehanna Health and BCNEPA partnership is to build on this model to increase our patients' health, improve their patient experiences and reduce overall health care costs.

We are pleased that Highmark shares BCNEPA's commitment and desire to develop innovative new models like this patient-centered medical home, reflecting both regional factors and the financial health of local providers. We also recognize that Highmark has the financial resources, advanced technology and expertise to develop and expand this and similar care models to encourage high quality care that includes cost-effective preventive care and care management, as well as other high quality low cost outcome-based approaches to health care delivery.

That is only our most recent collaboration with BCNEPA. Since 2007, Susquehanna Health and BCNEPA have jointly operated a health and wellness storefront called The LifeCenter, which provides wellness education and free or reduced-cost health screenings. Our LifeCenter clinical staff:

- conduct regular health screenings,
- complete individual evaluations of risk factors for conditions such as strokes and colon cancer and

- present educational seminars on heart disease, diabetes, asthma, health promotion and lifetime fitness, etc....

The LifeCenter is another example of how our partnership for prevention with BCNEPA helps fulfill our mission of improving the health status of those we serve. We are pleased with Highmark's financial commitment to sustain improvements in community health in the BCNEPA service area while being responsive to local community factors as identified in its filing documents.

This focus on partnering for health and wellness is also notable in the healthcare of Susquehanna Health's own employees. Although we are self-insured, we have partnered with BCNEPA to serve as our third party administrator and to serve as our employee health and wellness advisors. Their expertise has been instrumental in helping us improve the health status of our own employees while also reducing our related operating costs.

We are pleased that Highmark is committed to maintaining a regional presence to serve its subscribers and to support strong provider relations within in the entire BCNEPA service area. We are confident Highmark will not only continue BCNEPA's collaborative relationship with Susquehanna Health reflecting regional needs and desires, but will also seek ways to provide additional productive benefit for our own staff as well as those of other employers and citizens across our region while supporting the financial health not only of Susquehanna but providers generally.

In addition to the opportunities for continued innovative care delivery activities, the proposed merger can also help streamline and coordinate care for many of our patients who do not currently live within the BCNEPA service area.

Our facilities are located in three counties on the western portion of BCNEPA's 13-county service area - Lycoming, Clinton and Tioga counties. However, many of our patients come from other central Pennsylvania counties that are outside BCNEPA's region, but which are counties now serviced by Highmark.

We expect this merger to help streamline contractual arrangements and simplify relationships for health care providers like ours that currently serve patients in both the BCNEPA and Highmark regions. Eliminating these artificial borders will make it easier to serve our patients regardless of where they live.

Finally, because of Highmark's and BCNEPA's longtime working relationship, we anticipate the consolidation of their operations in the proposed merger will be considerably less disruptive than a merger with a non-Blue Cross insurance company.

In summary:

- Our experience with BCNEPA can best be characterized by mutual accountability and a collaborative synergy helping to assure that, ***“together”*** we can and do deliver higher quality, more compassionate, more accessible and more cost effective services to patients across our region.
- Our knowledge of Highmark suggests they will both sustain and expand these initiatives reflecting regional needs and differences.
- By thoughtfully engaging the provider community in a cooperative fashion and effectively deploying their expanded capabilities and resources Highmark will be able to raise the collective performance of the healthcare industry in our region, demonstrating that they can support the financial integrity of their healthcare provider partners and
 - population health status can be improved,

- the consumer experience can be better and
- the overall collective cost of healthcare to the tens of thousands of people who live and work in our region can be reduced.

Thank you for allowing me to provide this statement on behalf of Susquehanna Health and the many people we serve throughout north central Pennsylvania.