

**Comments of  
Matthew Yarnell  
President, SEIU Healthcare Pennsylvania**

**To the Pennsylvania Insurance Department  
Concerning Highmark and Allegheny Health System  
May 2017**

As President of SEIU Healthcare Pennsylvania, I am pleased to furnish these comments on Highmark's request to loosen financial restrictions on the flow of resources from Highmark to AHN by modifying the affiliation order governing the affiliation of West Penn Allegheny to the Allegheny Health Network.

SEIU Healthcare PA is the largest union of nurses and healthcare workers in the Commonwealth of Pennsylvania, uniting over 25,000 caregivers across the state. We are an affiliate of SEIU Healthcare, the nation's largest healthcare union, bringing together over 1 million nurses and healthcare workers across North America.

As nurses and healthcare workers on the front lines of care, our members are deeply committed to ensuring access to quality, affordable healthcare for every man, woman, and child in our state, and to promoting healthy communities. As part of our individual and collective responsibility to deliver safe, high quality care we value the importance of collaborating with other stakeholders in the healthcare system to create a high quality, cost effective, and just healthcare system focused on population health, that is outcomes-based, and that is financially sustainable. Our public policy positions – from our advocacy for the Patient Protection and Affordable Care Act (ACA) at the Federal level, to our championing of Medicaid Expansion here in Pennsylvania, to our previous support of this Department's approval of the Highmark-AHN affiliation in western Pennsylvania – flow from these values and commitments. And it is with these values in mind, that we also request the loosening of restrictions between Highmark and AHN.

Today, over 3,200 SEIU member caregivers work in the Allegheny Health Network as registered nurses, technical, service and clerical workers at Allegheny General Hospital, the system's flagship institution, and as RNs and service workers at the network's community hospitals in Canonsburg and Allegheny Valley. Our members are literally on the front lines of care across AHN and we believe that this gives them, and our union, an important perspective on the question before the PID.

In addition, our members visit AHN facilities as patients, and many also carry Highmark insurance. Over 3,000 SEIU Healthcare Pennsylvania members across the state – very few of whom are employed by AHN – are covered by the SEIU Healthcare Pennsylvania Health and Welfare Fund, a Taft-Hartley labor-management fund, for which Highmark is the longtime carrier. As trustees of this fund, we have a strong interest in ensuring that our members' (and their employers') hard-earned premium dollars are spent wisely, on high quality, low cost-care.

**It is therefore as advocates, caregivers, patients and consumers that we offer our support for Highmark's request.**

## **Allegheny Health Network: Poised for Transformation and to drive Value-Based Care**

Today, AHN is aligning every aspect of its system around its vision of transforming care delivery to provide value-based care, focused on improving and maintain the health of people in western Pennsylvania. Whether through aligning incentives for physicians around evidence based care that focused on quality and not just volume or the engagement of front-line staff in process improvement work through unit based teams lead by union Quality Coaches, AHN is committed and acting to be a high quality and low cost provider. As a provider, as an employer, and as an institution central to the maintenance of market competition in Western Pennsylvania, AHN plays a vital role in the region's health, in its economy, and in the development of the state's largest industry.

As part of its vision achieving improved population health, AHN has reopened West Penn Hospital in Pittsburgh's Bloomfield neighborhood in order to serve people in the city's east end, in the process upgrading West Penn's emergency department as well as its cardiac and women's health services. AHN has made similar improvements at Forbes Regional Hospital, serving eastern Allegheny and Westmoreland Counties, parts of the state that include populations most in need of ready access to quality care. Recently, AHN also opened a state-of-the-art Health + Wellness Pavilion in Wexford<sup>1</sup>; establishing a model for care that privileges prevention and early intervention. And it has established the Braddock Urgent Care Center to serve residents of the economically struggling Monongahela Valley, where poverty and transportation challenges make problems of access especially acute. These investments not only help to maintain convenient access to high quality providers for everyone in the region but also constitute the core of a delivery network that allows patients to receive care in the least expensive setting, so that premium costs can be kept down.

Through organic growth and system integration, AHN has become the fourth largest private sector employer in Pittsburgh<sup>2</sup> employing over 17,000 people across its system.<sup>3</sup> AHN's economic impact extends far beyond those who work directly for the health system. The organization indirectly supports many thousands of additional jobs in the community, a powerful ripple effect across the region.

Finally, AHN's success has been important in maintaining a more competitive healthcare market in Western PA. As economic study makes increasingly clear, competitive markets are the key to the affordability and innovation that consumers, employers and other payers need.

In order to make the investments necessary to build a viable, high quality system, AHN has overcome a history of financial challenges. Some of these challenges are common to many hospitals in western Pennsylvania, including cuts to Medicare reimbursements, an arbitrarily low Medicare Wage Index payment formula compared to similarly situated communities, and declining utilization of inpatient services. Others are unique to AHN, stemming from the massive AHERF bankruptcy in 1998.

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<sup>1</sup> <https://www.ahn.org/news/9-22-2014/highmark-allegheny-health-network-celebrate-opening-new-wexford-health-wellness-pavil>

<sup>2</sup> <http://www.bizjournals.com/pittsburgh/slideshow/2013/07/12/largest-pittsburgh-area-employers.html>

<sup>3</sup> <https://www.ahn.org/who-we-are>

Despite these challenges, the Highmark-AHN affiliation has proved a marked success, and the system has made major strides both financially and operationally. Highmark Health has continued to make significant progress in strengthening its financial position and in establishing its core platforms and infrastructure. The company has reported record year-end operating revenue of \$18.2 billion for Highmark Health. Highmark Health maintains \$6.5 billion in cash and investments and net assets of \$5.2 billion. Today the company has a comprehensive strategic plan that will allow Highmark Health to thrive after the Consent Decree with UPMC ends.

We believe it is in the interest of the patients, caregivers and payers of the region that the AHN system continue to integrate and to innovate. This means ensuring that the system have the resources to make critical capital investments in order to execute on its strategic plan. Loosening PID's restrictions to enable Highmark to continue to help to strengthen and improve the AHN network is important to the system's continued success in Western Pennsylvania.

For these reasons, SEIU Healthcare Pennsylvania strongly supports the Department's granting of Highmark's request to invest in the future of Allegheny Health Network and in doing so the health and well-being of the people of western Pennsylvania.