

Tony Farah, MD
Testimony
PA Senate Banking & Insurance Committee
Tuesday, September 13, 2011

Good afternoon and thank you for the invitation to participate in today's hearing. I am Dr. Tony Farah, Chief Medical Officer and President of the West Penn Allegheny Health System Physician Organization. I have been associated with Allegheny General and West Penn Allegheny as a practicing cardiologist for more than 20 years. I have also served on the boards of Allegheny General and the West Penn Allegheny System.

David McClenahan has eloquently addressed the financial dynamics and needs of the System and the considerable due diligence that has been conducted for nearly a year and has led us to this discussion today. David has under-stated the commitment and caution with which the board has approached the proposed Highmark partnership. It would have been easier, perhaps, for the board and David as chairman, to engage with the first well-capitalized partner that expressed interest. I want to express my appreciation on behalf of the physicians aligned with West Penn Allegheny for the deliberative and thorough negotiations that our board has pursued. I also want to underscore that this transaction has progressed because both parties, West Penn Allegheny and Highmark, share a commitment to preserving and growing critical community assets.

I would like to focus my comments today on the physician perspective of the proposed affiliation with Highmark. Much of what I will share applies to the other nearly 12,000 members of the caregiver team as well: nurses, technicians, support staff and administrators. Too often, these important members of the team are under-recognized for their excellence in all aspects of patient care.

I have been fortunate to practice medicine at Allegheny General Hospital my entire career. Like many of my colleagues throughout the larger organization that we now know as West Penn Allegheny, I have chosen to stay here in spite of other enticing offers because I believe in the mission: to improve the health of the people of western Pennsylvania. Over the years we have lost some of our very good physicians and clinical staff who have been wooed by opportunities in other regions of the country, returning to their family roots or joining practices and hospitals with opportunities in their areas of clinical interest.

Others have moved their practices just a few miles across town. In some cases those decisions involved large groups of doctors and, I believe, were intended to bring Allegheny General and its parent to a breaking point. These acquisitions caused disruptions in daily operations but, more importantly, disrupted the doctor-patient relationship stressing both the patient and his or her provider.

Commentators and so-called “experts” have suggested that a West Penn Allegheny-Highmark merger will only accelerate the movement of physicians from one camp to another and vice versa, further disrupting the patient experience. These broad statements ignore the fine details of physician contracts and the institutional philosophies about physician involvement in decision making.

Since June I have received many calls from physicians throughout the region (primarily UPMC employed physicians) asking if there is a place at the new West Penn Allegheny-Highmark organization for them to practice. Similar calls have been made to other physician leaders at West Penn Allegheny. Physician contracts generally have non-compete clauses that restrict the geography in which they can practice for a period of time. I have heard time and again from these callers that UPMC contracts are particularly restrictive limiting the physician choices to remain in a closed system or move out of the region. Therefore, it is highly unlikely that there will be a mass exodus from the UPMC physician network to the West Penn Allegheny-Highmark organization, as top UPMC officials have officially stated.

Like others in the field of cardiology, I care for many individuals over decades of their lives. Hopefully with new technologies, pharmaceuticals and patient compliance we will be able to extend that relationship even longer. We come to know each other, run into one another in the grocery

store, at church and at social events. I have met countless patient family members and some I know as well as I know my own.

It has been suggested that the breakdown in contract talks between UPMC and Highmark will result in patients being forced to sever their relationships with their physicians. Regrettably, this situation will only exacerbate a trend that we at West Penn Allegheny have been experiencing for 12 years or more. Thousands of my patients as well as those of my colleagues have had to reluctantly search for new physicians due to the exclusion of West Penn Allegheny and other independent providers from the UPMC Health Plan.

For many years as patients were enrolled in the UPMC Health Plan, for whatever reason, their access to me and other West Penn Allegheny physicians has been terminated. In other words, UPMC and its Health Plan have been a closed network. Remarkably, UPMC is now touting its new-found interest in collaboration with national insurers, suggesting that it is 100% in favor of competition in the insurance market. I am not sure how UPMC can make this claim when it refuses to renew a contract with the largest local insurance provider and continues to restrict access to a sizable portion of the physician and hospital market. UPMC executives have dismissed the potential disruption patients will experience as minor and something that happens to people in other markets when they change plans all the time.

I am here to assure you that the physicians at West Penn Allegheny do not dismiss this break in our caregiving of individuals as minor and we see no value in comparing our patients to those in other markets in which we neither practice nor reside. The trust between clinicians and their patients is the cornerstone of excellent healthcare and must be valued as we transition to new delivery systems.

On a broader policy basis the current closed UPMC network prompted the expenditure of approximately \$300 million on what appears to be an unnecessary hospital in Monroeville. Subsequently, UPMC purchased Hamot Medical Center in Erie, also committing nearly \$300 million generated from patient care activities in the Pittsburgh market.

Early on, as UPMC was aggressively “selling” the need for a new hospital in the eastern suburbs, West Penn Allegheny publicly stated that it would be willing to grant privileges to UPMC physicians and care for UPMC Health Plan enrollees at Forbes Regional Hospital, which is located less than a mile from the new facility. The offer was flatly refused by UPMC leaders and we are experiencing renewed predatory activities in that market as UPMC begins to hire physicians, nurses and staff.

I meet with physicians in our System all day, nearly every day and I can assure you that the optimism and enthusiasm for the merger with Highmark is palpable. I am asked at each meeting when the deal will be done. The urgency to get beyond the struggles of the last decade or more is

immeasurable and, more importantly, the commitment to delivering care in an innovative model is absolute.

The proposed integrated delivery system which combines physicians, hospitals and a major payor will provide a unique and timely opportunity to reduce healthcare costs for our community. This issue has become a priority for our citizens and employers alike. This will be accomplished by shifting the emphasis from a volume driven reimbursement model to one which is centered on outcomes, quality, appropriateness and the patient experience. This promises to significantly reduce the costs while rewarding providers for such outcomes.

Equally important to the goal of achieving a competitive position in the market, the new system will support the education of future generations of doctors, nurses and allied health professionals. The system will emphasize the ongoing acquisition of knowledge and the adoption of best practices, both organically grown and those learned from experts in the field.

As a physician leader at West Penn Allegheny, it is my responsibility to assure physicians that are seeking an innovative, collaborative and supportive environment that rewards quality patient care, that we have a home for them, notwithstanding the contract issues I discussed earlier.

It is my pleasure to thank my colleagues who have stayed true to the cause and encourage them to stay aboard.

To you, the public officials who have the important authority to approve this transaction, I respectfully urge you to review the details thoroughly and expeditiously. We are united in our responsibility to ensure excellent care and full access for all patients in western Pennsylvania. Thank you.