



The Pennsylvania Senate Banking and Insurance Committee

Written Statement of David Fields President and CEO of HealthAmerica

Erie, Pennsylvania - September 22, 2011

Good afternoon. I am David Fields, president and CEO of HealthAmerica. On behalf of HealthAmerica, our parent company, Coventry Health Care, and our Pennsylvania employees, thank you Senator White, members of the Pennsylvania Senate Banking and Insurance Committee, and Senator Earll for this opportunity to address the citizens and employers in her Senatorial District in Erie, Pennsylvania.

HealthAmerica is a leading health insurer in the commercial sector and government programs, such as Medicare, Medicare Part D, and Medicaid. We provide quality, accessible, and affordable benefits to the citizens of the Commonwealth and have done so for nearly four decades. We offer a wide portfolio of health insurance products to nearly 12,000 employers and over 520,000 members in Pennsylvania and Ohio. Through our provider network, we serve all 67 counties in Pennsylvania. In fact, we are one of the few health plans in Pennsylvania to offer access to a directly contracted, statewide network.

HealthAmerica is locally managed with offices in Pittsburgh, Erie, Harrisburg, Plymouth Meeting, and King of Prussia. In conjunction with our corporate parent, we have approximately 2,500 employees across the state, making Pennsylvania the single largest employment site for the corporation. All our employees are offered comprehensive health benefits, so access to high-quality providers is critical to us both as an insurance carrier and an employer.

With respect to the critical discussion today about the future of health care delivery and access in western Pennsylvania, I would respectfully like to make three key points.

First, HealthAmerica supports any regulatory or legislative action that spurs greater competition in the health care market and ensures that employers and consumers in western Pennsylvania have a choice in health coverage.

Competition among insurers and providers can help lower the rate of medical cost increases. In western Pennsylvania, one insurance carrier has dominated the region. Over the last decade, this carrier's dominance has grown for one simple reason: it has a significant medical cost advantage granted to it by key providers in the marketplace. This advantage has historically discouraged competitors from entering the market – with the exception of a few carriers, including HealthAmerica.

Due to recent contracting initiatives by UPMC, at least six different insurers now aggressively vie for customers based on price, quality, service, and access. We believe five of these six insurers offer – and will continue to offer – full access to all UPMC hospitals and doctors well beyond June 2012. All have the capacity to take on new business if consumers want to keep their UPMC providers but change insurers. As a result, consumers in western Pennsylvania will experience more competitive pricing and reap the benefits of competition among health insurers that other consumers already enjoy throughout the state.

Second, any market changes must preserve employer and consumer choice. UPMC's decision to broaden its contract base with other carriers ensures that consumers in western Pennsylvania have appropriate access to a wide range of providers today and after June 2012.

UPMC has broadly and repeatedly communicated its intentions with Highmark, which gives western Pennsylvania employers and consumers adequate time to investigate other health insurance options. To the best of our knowledge, such advanced notice for provider terminations is unprecedented in Pennsylvania and other health insurance markets. If employers and consumers wish to consider HealthAmerica as an alternative, we are certainly ready and willing to work with them on benefit design and transition of care.

HealthAmerica has years of experience in helping new members transfer to our health plans. Our customer service call centers and IT services are located in several places throughout the state and staffed with experienced associates who can guide members through a seamless transition. In addition, HealthAmerica is establishing a transitional care team to serve new customers and ensure the change to HealthAmerica is handled flawlessly.

Third, the proposed acquisition of Allegheny General Hospital and the West Penn Health System by Highmark must not result in Highmark's limiting the ability or authority of WPAHS to independently contract with other insurers at competitive rates and terms.

Like Highmark, HealthAmerica has a long-standing relationship with WPAHS. In fact, until HealthAmerica recently broadened its contractual relationship with UPMC, WPAHS was the primary tertiary-care facility in our western Pennsylvania network. HealthAmerica believes the transaction is acceptable so long as it is negotiated in good faith and includes provisions to guarantee continued access to WPAHS at competitive rates. For example:

- Current contracts would remain in place; longer term extensions of these contracts will be required.
- Facility and owned physicians, including future acquired Highmark facilities and providers, will continue their participation with all health plans.

- Rates will be market-based and comparable to today's environment; any rate increases will be based on reasonable underlying medical cost trends that are offset by quality and technology-driven efficiencies.
- WPAHS contracts will not be tied to an obligation to contract with other potential Highmark or WPAHS providers or facilities.

If the WPAHS acquisition by Highmark includes these provisions, we feel assured that the focus will remain on affordability through competition, consumer choice and access.

The possibility of sacrificed quality of care, limited choice, and increased costs for the region's consumers is our primary concern. If this committee focuses on a few core principles – increasing competition, preserving consumer choice, and continuing access to efficient, cost-effective quality providers – HealthAmerica is confident that the citizens of western Pennsylvania will enjoy a healthy, sustainable, and vibrant health care market place well into the future.

Once again, thank you for inviting HealthAmerica to participate in this important community discussion about the future of health care delivery and access in the Pittsburgh region.