

Pennsylvania Senate Banking and Insurance Committee

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Thank you, Chairman White and members of the Committee for the opportunity to speak with you again. With me today is Deb Rice, our executive vice president of Health Services. This morning, I will focus on some encouraging developments that have taken place during the past few months, including the overwhelming community support for UPMC and Highmark to negotiate a new contract to preserve affordable access to UPMC hospitals and physicians for all Western Pennsylvanians. I will also provide an update on the progress of the Highmark – West Penn Allegheny transaction.

Unfortunately, UPMC continues to simply dismiss the concerns that have been raised by Western Pennsylvania consumers, many elected officials, physicians, community leaders, a former U.S. Treasury Secretary, ministers, organized labor, CEOs, nurses and employers. UPMC only continues to talk about the divorce from Highmark.

I understand that one of the stated reasons for this hearing is to discuss UPMC's game plan to unwind the Highmark contract. But as we said at the last hearing, Highmark doesn't want this, and the community doesn't want this either. It sends the wrong message to this community if Highmark was to spend substantial time and energy to answer these divorce questions.

Meanwhile, UPMC, to this point, has flatly refused to answer the most fundamental questions that people are asking every day about why they will restrict access to community assets that were paid for by taxpayer grants, local philanthropy and subscriber insurance premiums, and why they are making their doctors and hospitals prohibitively expensive for so many residents. Many people are also wondering why UPMC is threatening to take the radical step of cancelling the physician contracts with Highmark when these contracts are not set to expire. These are the important questions that our members, and many of your constituents, are interested in. I believe UPMC, as a public charity, has an obligation to this community to answer them.

I have read UPMC's divorce plan. My first reaction was that it was written by some administrator who knows almost nothing about patient care. All the questions in the UPMC plan about transition of care and out-of-network usage treat patients like a commodity. The plan completely overlooks the realities of patient care from a physician perspective. Physicians should not have to distinguish how they treat patients based upon which insurance card they carry. Furthermore, physicians have an obligation to make sure that all patients receive the best care possible.

Let me be more specific about the shortcomings of the UPMC plan and use the example of a patient with cancer. The course of treatment for cancer victims is unpredictable and varies from patient to patient. While patients may go to Hillman Cancer Center for chemotherapy, they may end up at Shadyside, Presbyterian, Magee or another UPMC institution for their surgery, radiation therapy, bone marrow transplant, or treatment of a drug-induced heart, kidney, liver or lung problem.

In addition, they may develop a complication while at home and be sent to a UPMC community hospital emergency room. So how can a health plan provide understandable coverage for these patients without a contract for all services and physicians at all UPMC entities?

And what happens if that same cancer patient has a heart attack? Is he or she covered as in-network because the heart condition is related to the cancer or as out-of-network because it has nothing to do with the cancer?

More importantly, why is it okay for a patient with cancer to have in-network access to UPMC facilities and physicians while someone with heart disease, lung disease, diabetes or another serious medical condition is not afforded the same in-network access?

The end result of UPMC's actions is to slice and dice the Highmark provider network so that some UPMC facilities and physicians might be in the network while other UPMC hospitals would be left out. Although that approach may advance UPMC's business interests, it's surely not fair to patients and physicians who are rightly focused on finding the best resources the community offers, at the most affordable cost, to achieve the best outcome for patients. Simply put, a health system should not limit access by excluding certain hospitals or practitioners from their networks.

Rather than debating these issues, we should be discussing what is fair and just for patients – and not a proposal that does exactly the opposite. Many of UPMC's doctors have told us the same thing. They agree the best thing for patients is for Highmark and UPMC to negotiate a new contract.

For all these reasons, Highmark will not, and should not, entertain this proposal. In fact, I'd urge this committee to refrain from discussing the details of unwinding the UPMC – Highmark relationship. Your valuable time is better spent discussing with UPMC and Highmark the need for renewing a contract that assures affordable access to all community health care assets.

In fact, I would propose that Mr. Romoff and I issue a joint statement telling the community that, despite our current disagreements, Highmark and UPMC are committed to signing a new contract that benefits the entire community by making health care more affordable and preserving the access Western Pennsylvania residents have enjoyed for nearly a century.

During the past few months, it has become abundantly clear how Western Pennsylvanians feel about this matter. They want UPMC to negotiate a new contract with Highmark. Let me share with you one of the many heart-wrenching stories we receive daily from Western Pennsylvania residents who have come forward to say how this dispute is affecting them and their loved ones.

One gentleman who came to us recently told us that his wife has renal disease and has been treated at Presbyterian Hospital for 20 years. She has received three kidney transplants and depends on the care and support of her transplant team to survive. Her husband is angry and saddened at the emotional strain this dispute has put on his family – and the emotional toll it’s taking on his wife – when their real concern should be her treatment and her well-being.

This is just one example of dozens of people who are telling their stories in the newspapers, online, in social media and to their friends and family. Stories like this reinforce the need for Highmark to stay true to its mission and continue to fight for a contract that gives our members full access to all of the non-profit community assets owned by UPMC.

While UPMC’s divorce plan clearly doesn’t meet the needs of the community, Highmark’s plan is simple and will assure the community has affordable access to all community health care assets, regardless of what insurance card you have. And it will give patients a choice.

The Highmark plan has two elements. The first is to negotiate a contract with UPMC to guarantee our customers have affordable access to hospitals built by and for the community. The second is to reinvigorate the West Penn Allegheny Health System to assure there are alternatives in health care delivery. Our plan is simple, easy to understand, and doesn't mislead anyone. And it would benefit every patient, family and business in the region.

As you may have heard, we are starting to make progress toward fulfilling the second element of our plan. Earlier this month, Highmark and West Penn Allegheny Health System signed a definitive agreement and filed a Form A with the Pennsylvania Insurance Department. We hope the Department will review and approve the filing promptly. The Attorney General's Office, the Orphan's Court of Allegheny County and the IRS must also clear the transaction.

Two weeks ago, I was proud to be at West Penn Hospital in Bloomfield where we announced plans to re-open the emergency room early next year, add new hospital beds and expand the hospital's general medicine and surgery capabilities.

As I walked around the hospital that day, I could feel the excitement and anticipation. Nurses and other hospital staff said they could hardly wait for the day when this proud facility will be very busy again. They were also grateful that Highmark had stepped in to save thousands of jobs.

I must caution that the improvements at West Penn, Allegheny General and the other hospitals in the system will take time. We still have lots of work to do to restore the physical plants at these hospitals, solidify trusting, working relationships with the physicians and establish real competition among viable health care delivery systems to hold the line on health care costs and improve the patient experience.

In closing, I must admit the current situation with UPMC has reminded me of some core values I learned in medical school. I was trained to do no harm, and to put patients and people at the center of everything I do. As this committee considers options to help resolve the dispute, I hope you are guided by a similar commitment to do the right things for patients, and to ease the anxiety and concerns that so many of your constituents are experiencing.

Deb and I are now prepared to answer any questions you may have.