

**Testimony of
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State Director**

**Before the
Senate Public Health & Welfare Committee
Harrisburg, PA
Wednesday, October 26, 2011**

On behalf of the nearly 14,000 small business members of the National Federation of Independent Business, I wanted to thank you for inviting me to be part of your discussion of the ongoing impasse between UPMC and Highmark.

The failure of UPMC, the dominant health care provider in the region, and Highmark, the state's largest health insurer, could have serious consequences for the Western Pennsylvania health care delivery system. Sixty-four percent of NFIB members in Western PA are insured by Highmark. Sixty-two percent also report their first choice for hospitals is UPMC.

NFIB wants to ensure that the small business community is able to purchase quality, affordable health care in the private marketplace. This can only occur with vibrant competition between providers and between health plans. A competitive environment allows our members to compare health plans that fit their business's needs.

The fact that the region's dominant health care provider does not want to do business with the region's dominant health plan is cause for concern. The impasse threatens the competitive market place and the ability of small business owners to access to quality health care providers. Our members also are fearful that if the UPMC/Highmark relationship does not continue, the decrease in competition also will result in even higher premiums.

Access

Our members are most concerned about how this impasse impacts their access to the care they have become accustomed to – they want to be able to continue to receive care from the same doctors and facilities that they currently use. The majority of our members with Highmark plans get their health care through UPMC.

Highmark members currently have access to the many hospitals and providers under UPMC's umbrella. Without a contract between the two, Highmark members would be forced to pay high out-of-network rates in order to keep seeing their current UPMC providers or would be forced to shop for new, in-network providers, who may not be as close to home.

Close to 90% of our members are satisfied with the quality and accessibility of health care services currently available in the Pittsburgh region. Failure by the companies to reach an agreement would disrupt this landscape, as well as health care services for millions of Pennsylvanians. That scenario would be neither responsible, nor acceptable.

Costs

Skyrocketing health-insurance premiums continue to top the list of problems facing small-business owners. Many small-business owners face double-digit rate increases annually in order to continue providing health coverage to their employees. As a result, many businesses are forced either to shift the cost of health care to the employee or drop coverage altogether.

More than one-half of all uninsured adults either work for or own small businesses. In Pennsylvania, employers pay more than \$10 billion in premiums every year.

Our members overwhelmingly agree that the cost of health insurance in the Pittsburgh region is not acceptable and that the UPMC/Highmark dispute only compounds the issue. Small business owners spend valuable time and resources seeking out affordable health care coverage. The possibility of having to switch health plans in order to have access to UPMC's network could result in much higher health care costs for small business owners and their employees. And, even if a Highmark member should choose to stay with Highmark, they and their employees would face much higher, out-of-network co-pays if UPMC providers were seen.

Easing the Transition

The potential disruption of the health care delivery system in the Pittsburgh region will force many members to transition to new providers or a new health plan. If this occurs, the burden to ensure a smooth transition should be solely on the shoulders of the two companies. Small business owners should not be penalized for the inability of the two to reach an agreement.

Here are some of the ways that our members think the two companies can ease a transition:

- Educate consumers and provide lists of participating facilities and providers
- Facilitate transfer of patient records
- Lower or eliminate out-of-network charges to allow members to continue seeing their current providers

Thank you for your consideration of the small-business perspective. We stand ready to assist you on this and other issues affecting the men and women who work for or own a Pennsylvania small business.