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**PBGH**

Celebrating 30 Years  
Pittsburgh Business Group on Health

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**PA House Insurance Committee  
August 25, 2011 Public Hearing**

**Representative Sonney and Committee Members:**

**Thank you for this opportunity to provide comments regarding the expiration of the network provider contract between UPMC Health System and Highmark Blue Cross Blue Shield.**

**I am Christine Whipple, Executive Director of the Pittsburgh Business Group on Health, known as PBGH. PBGH, celebrating its 30<sup>th</sup> anniversary this year, is the only employer-led coalition in the Pittsburgh region and represents over 55 employer members that provide health care benefits to over 800,000 employees and their dependents across the country with over a quarter of a million lives in the Pittsburgh metropolitan and WPA regions. 39% of these companies also provide health care benefits to over 225,000 retirees and dependents.**

**There are many areas of concern for PBGH employer members regarding what has become a very public contract dispute between the two largest health care entities in the**

**greater Pittsburgh metropolitan region. No matter the final resolution of this dispute, both parties should be at the table and stop using the public arena for presenting their positions which is causing panic and fear for employees and their families, not to mention the disruption in the workplace. Public negotiations do not work in the employer world and they are not working here either.**

**Employers are facing several critical decision points regarding the termination of negotiations between UPMC Health System and Highmark one year before the contract would actually terminate, not the least of which is the difference in termination provisions included in the facility contracts versus the physician contracts. Highmark indicates that the hospital contracts, which would terminate as of June 30, 2012, allow for the continuation of services at the current negotiated hospital rates through June 30, 2013 which, for all intents and purposes, will keep the hospitals as in-network providers with Highmark until the middle of 2013, almost 2 years from now. It appears that UPMC does not dispute this. The rub is with the physician services.**

**UPMC Health System maintains that the physician contract for the UPMC-owned physicians allows for the termination of physicians as in-network providers at any time provided 60 days notice is given. While UPMC has indicated the**

**physician contract for their owned physicians will terminate, it is unclear as to the date of termination. If this would be in sync with the termination date of the hospital contract, then UPMC would not need to notify Highmark of the termination of physician services until April 30, 2012 for a termination effective date of June 30, 2012. Yet, will physician services continue through June 30, 2013 as Highmark has indicated? UPMC says no. Employers do not have the information they need to make appropriate decisions for the future of their benefit offerings.**

**For many employers, benefit plans and options have already been determined for the 2012 open enrollment periods. In fact, for a number of employers their decisions were already made before the contract dispute between UPMC and Highmark broke this spring. Employers were unable to make changes to decisions which had already been set in motion.**

**For termination of services in the middle of a year, employers could face a major disruption to their benefit plans. This will prove costly for many employers through the time, effort and staff commitment it would take to evaluate if changes need to be made at that point in time and then implement any changes to their benefit offerings to their employees. A critical decision point is the impact on employees should a change in plan offerings be**

warranted. Will employee contributions increase? Will benefit levels need to be adjusted? Will employees need to meet copays and/or deductibles that had already been met should they want to switch plans during the year? The impact of mid-year terminations impact both employers and their employees.

Another area of great concern for the employers is the impact on health care costs. In a survey of PBGH employer members, 90% indicated that they believe costs will increase due to this situation. While UPMC Health System has entered into in-network provider contracts with Aetna, CIGNA, HealthAmerica and UnitedHealthcare, indications are that these are at “market rates.” According to an article in the May 25<sup>th</sup> Erie Times-News, UPMC CEO Jeffrey Romoff indicated that “Highmark has paid significantly lower than market rates.” If Highmark rates have been lower and if the contracts with the other carriers are at “market rates,” the only conclusion that can be drawn is that employers’ claims costs will increase significantly no matter what happens. Of course, no one really knows how rates are set or what these rates are. PBGH and our employer members strongly believe in true price and care transparency in health care services. Both employers and their employees need access to the payments for health care services and not charges and also the results of care being provided. All contracts

**should include language to guarantee this requirement is met.**

**Another critical area is the access to services. If physicians have been terminated from a network, how will services continue if an enrollee has been diagnosed, but treatment has not yet started? What about enrollees who are currently undergoing treatment or are in remission? How will it be assured that services will continue and for how long? And if these services would be considered out-of-network, how will it be assured that patients will not be required to pay more than their copayments, deductibles or coinsurance? And if the patients don't pay, will the additional costs then be passed on to the employers?**

**These questions are especially important for specialty services like cancer care, women's health and behavioral health if it is proven that these services are highly concentrated in the UPMC Health System. Oncology services seem to be highly concentrated within UPMC-owned physician practices. With the disruption in the network, will there be sufficient alternative specialists available to truly allow the patient a choice without enduring financial hardship?**

**Like Children's Hospital, these services are community resources and must be available to all who need them**

**regardless of their physician or health care plan. And they must be available on the same terms and conditions and not held hostage for a competitive advantage.**

**PBGH and its employer members recognize everyone has their own business needs and the need to conduct business under the terms and conditions that best serve their interests. The tactics being used and the impact of how long a resolution to the issues could take is the real issue at this point in time.**