

An open letter about HIGHMARK & UPMC

For generations, Western Pennsylvanians have taken comfort in the fact that they have a variety of high-quality health care options to choose from when selecting a physician, hospital or health care professional. Highmark has always been committed to preserving a choice of health care providers that Western Pennsylvania residents have enjoyed for more than 70 years. At the same time, we act in the best interest of our customers by trying to keep the cost of health care services as affordable as possible. But our efforts to continue to ensure affordable choices are being challenged by UPMC Health System ("UPMC").

Highmark and UPMC have been talking about a new contract for several months. In recent weeks, public statements by UPMC have created confusion and concern among consumers, employers, physicians and other health care professionals. In the interest of clarity and fairness, we are presenting some important facts to clear up some of the confusion.

Here are the facts:

Fact: Highmark has and continues to seek to negotiate new contract terms with UPMC in order to maintain provider choice. The community clearly expects us to preserve their access to important community hospitals and physician services. Our goal has always been to reach an agreement that assures access to UPMC for our members.

Fact: For our commercial customers, UPMC has demanded a 40% hike in payments plus an annual inflation increase from Highmark. These demands are unreasonable and unaffordable for our members. UPMC's demands would translate into a \$400 million increase in health care expenses and significant increases in local insurance premiums.

Fact: Highmark is in discussions with several independent health care delivery systems, hospitals and physicians to assure continued choice for our members. We are committed to preserving your choice of quality and affordable health care services in Western Pennsylvania.

Fact: Because of our efforts to preserve choice, UPMC broke off talks and refuses to negotiate. It is important to understand that UPMC is both a health delivery system and a health insurance company. Despite UPMC claims that they support competition, they walked away from negotiations with Highmark.

Fact: Community institutions must be available for the public good. By refusing to negotiate with Highmark, UPMC is threatening to limit access for millions of people to a number of important UPMC facilities that are viewed as critical community institutions, including Magee-Womens Hospital, Hillman Cancer Center and Western Psychiatric Institute. These institutions were built and have been supported by the Western Pennsylvanian community with the intention to serve all members of the community.

Fact: Highmark members will continue to be covered for UPMC hospital services through June 30, 2013. If UPMC terminates the contract with Highmark on June 30, 2012, under the terms of the contract, our members will continue to have the same access to UPMC hospital services through mid-year 2013. No special permissions or approvals are required.

Highmark continues to look for common ground and a reasonable contract with UPMC. Our region deserves the security that comes with knowing that Western Pennsylvanians can choose among multiple viable health care systems, independent hospitals, physicians and other health care providers that deliver high-quality medical care at reasonable, affordable costs.

