

Tammy Cappel

From: Highmark Inc. [noreply@highmark.com]
Sent: Thursday, May 26, 2011 4:52 PM
To: Tammy Cappel
Subject: Highmark-UPMC Contract Clarification

We understand that there may still be confusion in the market regarding the length of the Highmark contract with select UPMC facilities and whether our members will have access to those facilities beyond the termination date of the contract. The following clarification is provided for the benefit of our customers and our producers.

Highmark Position

Our position is simple: Although UPMC has terminated its agreement with Highmark as of June 30, 2012, under terms of the current contract, Highmark members will have full access to UPMC facilities during the 12-month run-out period through June 30, 2013.

The rates for those services have been set by the terms of the contract so there should be no undue financial hardship on group policyholders or individual members. All copayments, deductibles and plan provisions will be applied during the run-out period in exactly the same manner as they are applied today. Contrary to statements we have heard in the market, we do not expect the approval process for admissions to the UPMC facilities will change significantly during the run-out period. Highmark will make every effort possible to assure the convenience of our members.

When the parties negotiated the 10-year agreement in 2002, they anticipated at the end of that long contract period there would very likely be several issues that would take time to work through. They realized the possibility that all issues would not be resolved on the contract expiration date. Not wanting to disadvantage Highmark members and UPMC patients, we collectively built in a 12-month run-out so that individuals could continue to receive care while the parties worked through any unresolved issues. Both parties actively participated in the development of this position.

What is important for you to know is that, while June 30, 2012 is still more than a year away, UPMC has mounted a communication campaign aimed at frightening Highmark policyholders and individual members that they will not have coverage beyond that date. They are conveniently ignoring the run-out period that they had helped to define in the current contract.

Highmark has and will continue to seek to negotiate new contract terms with UPMC. Our goal is to finalize an agreement that will preserve access to UPMC for our members while maintaining the choice of high-quality hospitals, physicians and community health care institutions that Western Pennsylvania residents have enjoyed for well over 50 years. This is what the community clearly expects from both parties, but UPMC refuses to negotiate.

We will make every effort to resolve our differences during the 13 months remaining on the contract and will continue those efforts during the 12-month run-out period through July 2013. In the meantime, we expect that UPMC will abide by the terms of the contract.