



To Our Clients:

Earlier this past year, I wrote to you regarding the “war” between UPMC and Highmark. While the war is not over, the two parties have agreed upon what can be considered a “truce.”

UPMC has agreed to allow its hospitals, and now, its physician groups to continue treating individuals and groups insured by Highmark. This will continue until July 1, 2013. Much can happen between now and then.

UPMC, when it broke off negotiations this past summer, cited the fact that Highmark was going to invest in a rival hospital system – West Penn Allegheny. UPMC said it would not offer a contract to a competitor.

We know that Highmark’s planned investment in West Penn Allegheny is under review by the Pennsylvania State Insurance Commissioner. There are no guarantees that the Commissioner will agree to the investment or will agree to even make his decision within the time frame Highmark has laid out.

If Highmark decides to withdraw its offer to West Penn Allegheny, does that open the door to a new contract with UPMC? Stay tuned to the next installment of this melodrama but know that nothing that has been done or will be done will have a significant impact on rising health care costs.

Regards,
Dick Farrell
President