



To Our Clients:

America has seen many great wars; our Civil War, World Wars 1 and 2, the Cold War, and the War on Terror. All pale into insignificance as we witness the escalating war between UPMC and Highmark. The stakes are high and it appears both combatants have “gone all in.”

UPMC has, or will be, signing preferred contracts with Aetna, Cigna, United Healthcare, and perhaps HealthAssurance. Highmark, which for the past ten years has enjoyed a preferred contract with UPMC, is in the process of negotiating an Alliance with the Allegheny General-West Penn Hospital Group and, possibly, the Cleveland Clinic!

While the contract between UPMC and Highmark ends June 30, 2012, we have been advised by Highmark that the current contract contains a clause that guarantees Highmark members full access to the UPMC facilities through June 30, 2013. UPMC however, in a Post Gazette Article, stated that this is an open issue.

If this wasn't enough, the many confusing, complicated and ambiguous provisions of the Patient Protection and Affordable Care Act (PPACA), known as “Obama Care,” are emerging. As you know, by January 1, 2014, every state will have in place an Insurance Exchange to facilitate the sale of qualified benefit plans to individuals. Employers of groups with up to 100 employees will be able to participate in the Exchanges. As of January 1, 2017, any sized employer will be able to participate in the Exchange. At least that is what we are told now. Pennsylvania has just begun preliminary hearings regarding the composition of its Exchange.

Much more to come, stay tuned.

Regards,  
Dick Farrell  
President