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Senate Action Could Help Protect Consumers, Healthcare System
In Highmark-IBC Merger

HARRISBURG (March 28, 2007) – Pennsylvania Orthopaedic Society (POS) President Charles D. “Chip” Hummer, III, M.D. applauded the senate for today’s 48-0 vote in favor of a bill (SB 550) to gain state review of a proposed consolidation plan between the state’s two largest nonprofit insurers.

Meanwhile, in separate votes today, the board of Highmark and Independence Blue Cross (IBC) approved a consolidation plan to create the nation’s third largest health insurance company.

“It’s a reasonable request to require a state review of a consolidation which will create a company with about \$500 million in net income serving 7.5 million people,” Hummer said referring to the legislation which would subject the non-profit Blues companies to the same kind of scrutiny that for-profit companies that merge would

receive. “These two companies could combine to clinch 60 percent of the insured lives in Pennsylvania and that could eliminate any potential healthy competition.”

POS supports Senate Bill 550, which was introduced by Sen. Donald White (R-Indiana) and its counterpart in the House, House Bill 112, introduced by Rep. Todd Eachus (D-Luzerne). Hummer thanked Sen. Dominic Pileggi (R-Delaware) for scheduling the bill for a timely vote today. If enacted, either bill would be effective as of January 1, 2007. The bills require the holding companies to provide significant amounts of financial information and they give the state authority to reject the merger if it would “substantially lessen competition.”

Hummer noted that insurers have consistently raised the price of their insurance premium to employers while refusing to adequately pay providers for services rendered. “There’s no evidence to date that a merger will lower prices for the insureds or improve the reimbursement environment for providers, or create more access for healthcare coverage,” Hummer added. “In fact such a mega insurance company could have the effect of limiting investment in our health care system’s infrastructure while leaving patients with little consumer protection.”

House and Senate committees are expected to hold hearings on the proposed merger this spring.

POS is a professional medical specialty organization representing more than 900 orthopaedic surgeons across Pennsylvania in advocating for excellence in the practice of orthopaedic medicine. For more information on the importance of bone, joint and muscle health at every age, visit the POS website at www.paorthosociety.org.

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