

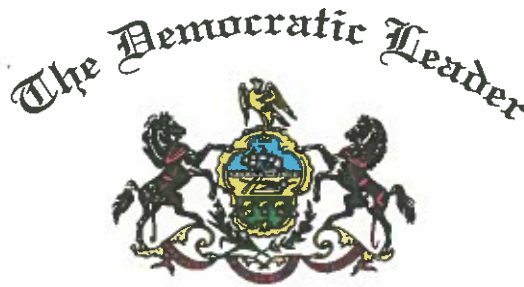
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**Senate of Pennsylvania**

**COMMITTEES**

RULES AND EXECUTIVE NOMINATIONS,  
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**TO:** All Senators  
**FROM:** Senator Jay Costa  
**DATE:** October 27, 2011  
**SUBJECT:** Introduction of legislation  
**Re: Reapplication of Charitable Status**

In the very near future, I plan to introduce legislation in response to the ongoing contract stalemate between Highmark and the University of Pittsburgh Medical Center (UPMC).

Under this legislation, the Department of Insurance cannot approve a contract termination between an insurer and hospital until, in consultation with the Department of Revenue, it is determined whether the termination of the contract will have an impact on the charitable status of each entity under the Purely Public Charities Act. As part of this determination, both the insurer and hospital must reapply for charitable status to the Department of Revenue. The legislation would also require both entities to submit information regarding the number of individuals who would be impacted by the contract termination to the Department of Insurance. The termination of the contract would be suspended for a period of 18 months during this application process.

In light of the situation between Highmark and UPMC and the fear and uncertainty it has brought to the citizens of Western Pennsylvania who deserve to know they will have continued access to medical care, I believe an update of the provisions affecting the charitable status of major healthcare providers is a necessary step.

I hope you will join me in co-sponsoring this legislation by contacting Anne Griffin in my Harrisburg office at 787-7683 or e-mailing her at agriffin@pasenate.com.

Thank you for your attention to this matter.