

Public Hearing Regarding

HB 1621 and 1622

House Health Committee Hearing

December 18th, 2013 – Harrisburg

**Testimony of**

**Neal Bisno**

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**SEIU**Healthcare®  
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Good morning, I am Neal Bisno, president of SEIU Healthcare Pennsylvania, the state's largest union of nurses and healthcare workers uniting nearly 25,000 caregivers in hospitals and other healthcare facilities across the Commonwealth. We are part of the largest healthcare union in North America, representing over 1 million nurses and healthcare workers in the United States, Canada, and Puerto Rico. Thank you for providing me the opportunity to testify at this important hearing.

As healthcare workers, we are committed to ensuring access to quality, affordable healthcare for our patients and every member of our community. We are also keenly aware of the imperative to contain rising healthcare costs, which is putting healthcare out of reach for working families and placing great pressure on the budgets of private employers as well as Federal, State, and local governments.

We strongly support House Bills 1621 and 1622, the Assuring Patient Access and Consumer Choice Act, commonsense legislation that would ensure access, promote competition, and help contain healthcare costs for taxpayers and all Pennsylvanians.

Virtually every month, a new headline appears somewhere in our state announcing that a community hospital is in talks with or has reached agreement to be taken over by a large healthcare conglomerate. This trend toward consolidation has been accelerated by the passage of the Affordable Care Act and its promotion of efficiency in healthcare delivery, collaboration and coordination among providers, evidenced-based medical practice, and investment in electronic medical records.

Let me be clear: consolidation in healthcare is very likely inevitable, and is not necessarily a bad thing, if it helps move our healthcare system toward an emphasis on quality over quantity and value rather than volume as the guiding principles of healthcare delivery and financing. Indeed, large integrated health systems can lead to very positive results by granting small community hospitals access to capital to invest in plant and equipment, minimizing duplication of expensive services and technology, fostering collaboration among previously siloed teams of caregivers, and ensuring that healthcare is delivered at just the right time, in just the right setting, in just the right way.

However, by vesting a handful of sprawling healthcare institutions with significant power over pricing and access, consolidation of our healthcare system can also have significant potential negative impacts on healthcare quality and cost. Simply put, unregulated monopolies in healthcare – like those in other industries – lead to higher costs, lower quality, and diminished accountability and transparency.

Research indicates that healthcare providers in concentrated markets charge higher prices, which are passed along through higher insurance premiums, in both individual and employer-provided plans. Yet higher prices do not correlate to more efficiency, higher quality, or better health outcomes.

The effects of healthcare consolidation are even more pronounced in “vertical monopolies,” in other words, when hospital systems combine with insurers, physician practices, and urgent care centers. Like

the vertical monopolies of old, these mammoth institutions control much of the supply chain and therefore wield outsize market power.

As anyone who lives in western Pennsylvania or has been following healthcare there knows, this issue is neither abstract nor hypothetical for millions of residents of the second most populous region of our state. In western PA, UPMC – the region’s largest healthcare provider – has for years been steadily acquiring hospitals and physician practices while operating its own insurance arm, and Highmark – for years the region’s largest health insurer – has recently acquired West Penn Allegheny Health System and several other hospitals to form the Allegheny Health Network. Both are now integrated delivery networks, combining providers and insurers in one large entity.

The western Pennsylvania experience is very clear and very instructive. After years of aggressive acquisitions, UPMC now controls approximately 61 percent of the acute care hospital admissions in Allegheny County. And UPMC’s costs at its flagship hospitals Presbyterian and Shadyside are among the highest in the country. Yet higher costs are not translating into better health outcomes. Allegheny County ranks in the bottom half of Pennsylvania counties of various population health measures like diabetes, cancer death rate and heart disease.

UPMC’s market dominance is having profound implications not just for cost but also for access. We are all aware that UPMC has announced its intention to deny Highmark subscribers in-network access to most of its hospitals and doctors on January 1<sup>st</sup>, 2015. This action would effectively lock hundreds of thousands of western Pennsylvanians – the majority of the residents of the region – out of most of the region’s hospitals and physician practices, wreaking havoc on patient care and on the healthcare market.

Already, UPMC has taken the almost unimaginable step of refusing to render services – even on an out of network or cash basis – to thousands of our union’s members and other western Pennsylvanians who are members of Highmark’s Community Blue plan, literally cutting off patients from their longtime UPMC doctors and treatment centers.

As professionals on the front lines of care, registered nurses have a unique and highly credible perspective on this issue. In a recent poll of nurses – both union and nonunion – in Allegheny County, 90 percent, including 87 percent of nurses employed in UPMC’s own hospitals, agreed that when hospitals refuse to contract with insurers, they put patients at risk by disrupting the continuity of care. And 89 percent of nurses – including 88 percent of UPMC-employed nurses – said they support a new contract between UPMC and Highmark.

Beyond the serious patient care issues raised by UPMC’s announced plans, UPMC’s business decision raises serious questions about the responsibilities of a so-called “purely public charity,” which is of course a tax exempt status granted by the State. It is simply wrong for an institution that was literally built through the generous tax exemptions granted by its community to refuse those same members of the community reasonable access to its services simply because they carry the “wrong” insurance card.

For all of these reasons, we strongly support HB 1621 and 1622 and urge its passage as soon as possible. This legislation would promote patient access and consumer choice, and hold all integrated delivery networks accountable to truly competing on the basis of quality, cost, and transparency – not market power and dominance. The result would be secure access, lower cost, and higher quality for the consumer.

I want to end by emphasizing several additional points:

First, although UPMC's plan to cut off Highmark patients from in network access is the most striking example of the need for this legislation, the bills as written are in no way "targeted" toward UPMC. Indeed, they would apply equally to Allegheny Health Network and other integrated delivery networks. All combined health systems and insurers would be held to one, reasonable standard.

Second, as we will hear, this is not a western Pennsylvania issue. Geisinger already operates as a huge and growing integrated delivery network in central and eastern PA, and experts project that the trend toward providers uniting with insurers will accelerate rapidly across the state and country in coming years.

Third, as evidenced by the partisan affiliations of its chief sponsors, this legislation is not and should not be a political issue. Rather, it is a consumer and a patient issue. SEIU Healthcare Pennsylvania looks forward to working with legislators on both sides of the aisle as well as the Corbett Administration to enact this commonsense legislation to protect patient choice and competition and promote quality and cost efficiency in our changing healthcare system.

Finally, the time to act is now. Unless Harrisburg steps forward to address this issue, the healthcare of hundreds of thousands of western Pennsylvanians will be disrupted not years from now, but months from now. We simply cannot allow the health, safety, and well being of so many of our citizens – and the economy of an entire region – to be jeopardized by a business dispute between two large and powerful institutions who are both charged to be accountable to taxpayers and the community.

Thank you.



TO: PENNSYLVANIA NURSE ALLIANCE

FROM: DONNA VICTORIA  
VICTORIA RESEARCH & CONSULTING

RE: **NURSES AT UPMC AND OTHER PROVIDERS SUPPORT A NEW CONTRACT BETWEEN UPMC AND HIGHMARK; VOICE CONCERN ABOUT COMPROMISED PATIENT CARE**

DATE: NOVEMBER 14, 2013

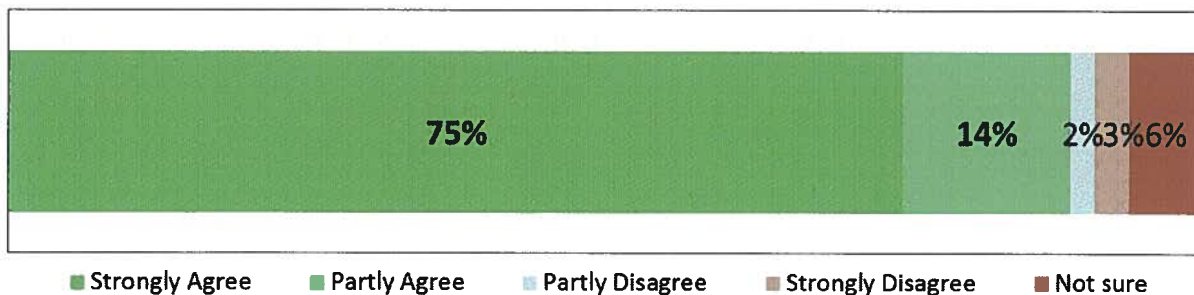
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Nurses provide front-line care to millions of patients in Western Pennsylvania every year. Providing quality care and protecting public health is a top priority expressed by nurses in Allegheny County, according to our recent survey of registered nurses. This is consistent with polling that has recognized nurses as America's most trusted profession in Gallup's annual poll since 2001. In fact, 85% of Americans rated nursing as America's most *honest* and *ethical* profession in 2012.

In Pittsburgh, where healthcare giants UPMC and Highmark have been embroiled in a public battle, nurses are weighing into the debate.

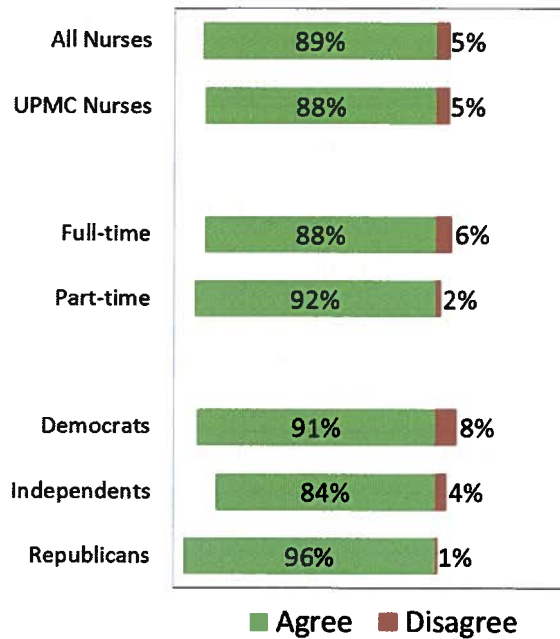
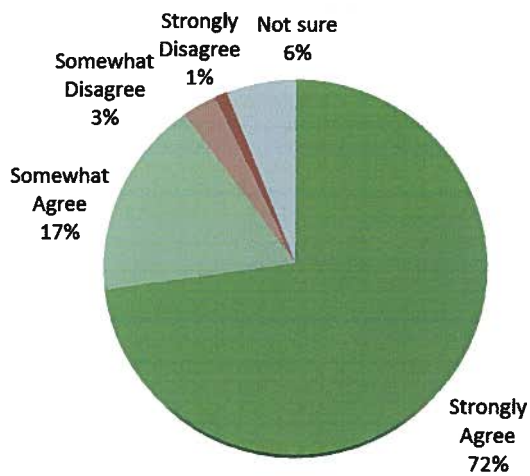
Ninety percent (90%) of nurses, including 87% of UPMC nurses agree with the following:

**"When hospital networks refuse to contract with insurers, they put patients at risk by disrupting the continuity of care between a doctor and the patient."**



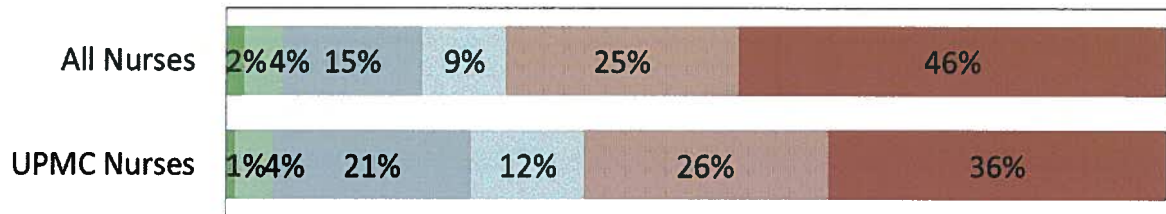
A vast majority of nurses say they support a new contract between UPMC and Highmark. **Overall, 89% of hospital RNs in Allegheny County (those who are currently working for a hospital or hospital-owned facility) agree that there should be a new contract, with 72% -- nearly 3/4s of all nurses surveyed -- expressing strong agreement.**

UPMC and Highmark should resolve their differences and settle a new contract.

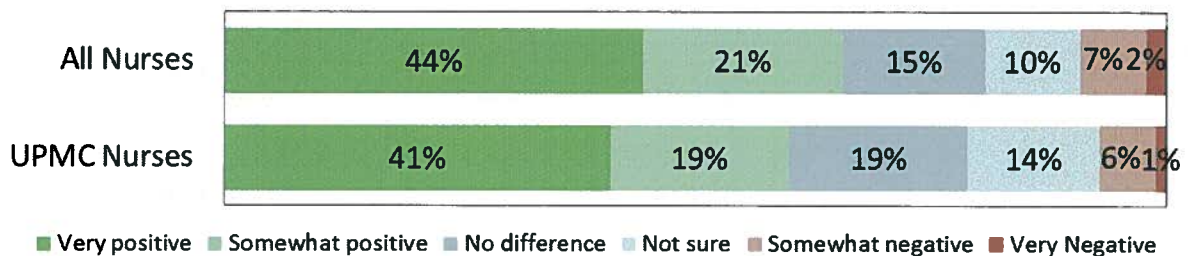


**Allegheny RNs are consistent, no matter how the question is worded – if the rift between UPMC and Highmark is not mended with a contract, patient care is going to suffer. Seventy-one (71%) percent of Allegheny RNs believe patient care will be negatively affected if Highmark insurance customers in-network UPMC facility access is not restored. Sixty-two percent (62%) of UPMC’s own nurses say that UPMC’s actions will negatively impact patient care. The flip side of this equation is also true: 65% of Allegheny RNs say that patient care will be positively impacted if UPMC and Highmark renew their contract (59% of UPMC nurses agree patient care will be positively impacted).**

“In Allegheny County, UPMC and Highmark are in a dispute about the future of healthcare in our region. UPMC has said that because Highmark has purchased a competing health system, UPMC must now refuse in-network access to patients with Highmark insurance beginning in 2015. What impact do you think this action by UPMC would have on patient care in our region – very positive, somewhat positive, somewhat negative, very negative, or is there no difference?”



“Highmark has said that in order to ensure patient access , choice, and competition, UPMC should renew its contract with Highmark and provide in-network access to all patients regardless of their insurance. What impact do you think continued in network access for all patients to UPMC doctors and hospitals would have on patient care in our region – do you think it would be very positive, somewhat positive, somewhat negative, very negative, or is there no difference?”

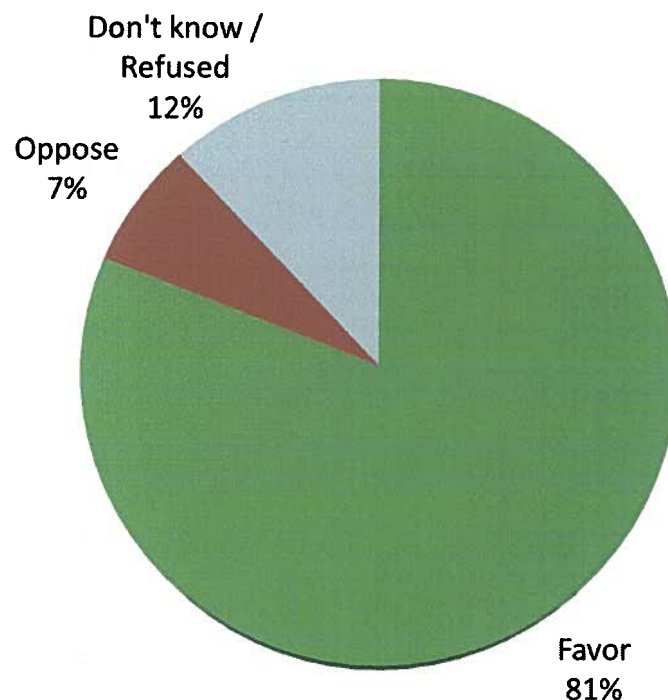


**Additionally, nurses express overwhelming support for a legislative fix to protect patient care.**

**A similarly lop-sided majority of nurses in Allegheny County, 81%, are in favor of the legislation introduced by Representatives Frankel and Christiana to require integrated delivery networks (IDNs) to accept patients from all willing insurers.**

This is particularly striking as very few policy issues these days show such strong support across partisan lines.

Support for law proposed by Frankel and Christiana to protect patient access

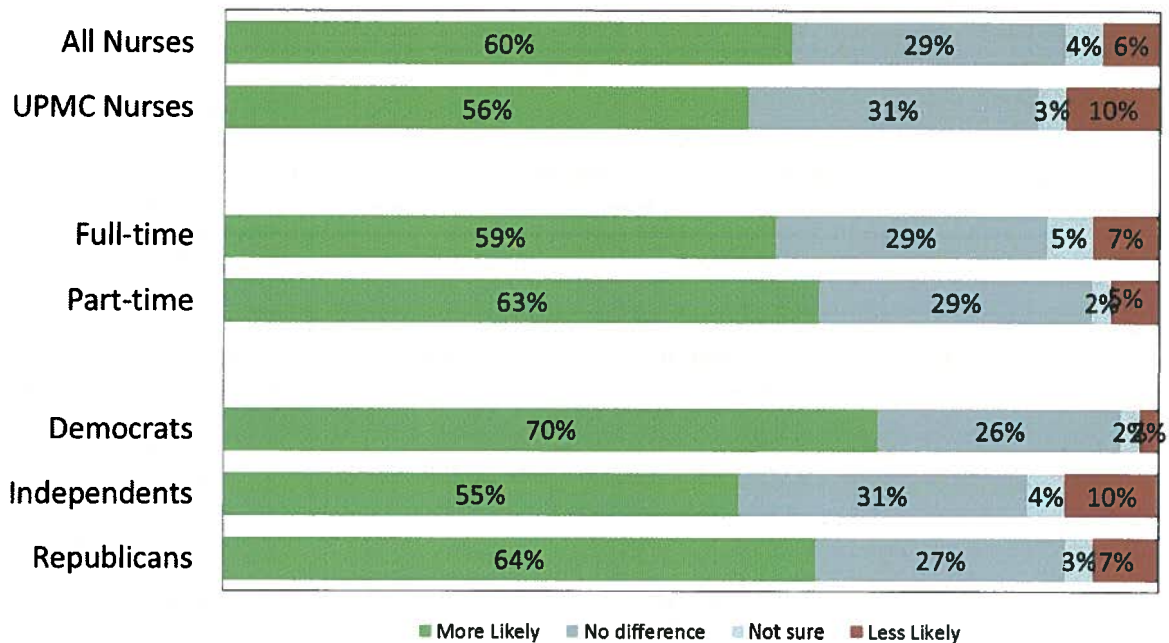


The issue of protecting patient care is so important to nurses in Allegheny County that they are willing to cast their vote on the issue. **Fully 60% of nurses say they would be more likely to support a candidate who takes action to get UPMC and Highmark to resolve their differences.**



As seen below, there is very little difference on this issue based upon whether nurses work for UPMC (56% more likely), or their partisan identification (Democrats 70% more likely to support a candidate, Republicans 64% More likely). RNs who are Independents were slightly less motivated by this, although a solid 55% majority still say “more likely” to support that type of candidate.

**Nurses will support a candidate who pledges to take action to get UPMC and Highmark to settle new contract**



*This memorandum reports on the findings of a survey taken of registered nurses in Allegheny County, PA between November 3<sup>rd</sup> and November 8<sup>th</sup>. The survey completed 283 interviews with Registered Nurses within Allegheny County. All respondents verified that they were currently employed as Registered Nurses working at a hospital facility either full-time (66%) or part-time (34%). Results have a margin of error of plus or minus 5.8% at a 95% confidence interval. 113 respondents (40%) reported that they worked for a UPMC hospital. All questions about this memo or its contents should be referred to Donna Victoria (DonnaV@VictoriaResearch.com).*