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**Producer News (06-08A)**

**June 6, 2008**

## **Conemaugh Health System Terminating Highmark Commercial Hospital Agreements**

Conemaugh Health System, consisting of Memorial Medical Center, Meyersdale Medical Center and Miners Medical Center, has terminated its hospital agreements with Highmark. These terminations will be effective on June 30, 2008. Highmark initiated discussions of a new agreement with Conemaugh several months ago. Highmark offered to extend the current contract until both organizations work out a new agreement, but Conemaugh declined the offer.

### **Balance fair reimbursement with need to control costs**

Highmark is working to reach a new agreement that achieves a delicate balance: fair and equitable reimbursement for providing appropriate care for Highmark members, while also recognizing the need to maintain comprehensive and affordable health benefit programs for its customers.

The growing cost of medical care is the primary barrier that prevents many employers and trust funds, especially small organizations, from offering health care coverage to their employees or members. Highmark group customers and members could expect to see significantly higher medical care claims costs if Highmark accepted Conemaugh's proposal. This, in turn, could make the cost of health insurance less affordable for many Cambria and Somerset County groups and individuals.

If a new agreement with the hospital is not reached by June 30, Conemaugh Health System will not be a network provider for Highmark managed care members and will not be a "participating provider" for indemnity members as of July 1, 2008. (Highmark Medicare Advantage members will *not* be affected by this decision.) All members will have a grace period for continuing to access this hospital until the end of July. Additionally, depending on the specific Highmark program they have, members will be allowed to continue to access the hospital until the end of their group's benefit period.

Highmark regrets that many Highmark members in Cambria and Somerset Counties in need of medical services may be inconvenienced by Conemaugh's unwillingness to extend its current agreements with Highmark or finalize new agreements. Because of the hospital's actions, Highmark must begin to notify physicians and affected members as soon as possible.

Conemaugh, as a leading health care institution, and Highmark, as the area's largest health insurance company, are important elements of the delivery and financing of health care in Cambria and Somerset Counties. For decades, the two organizations have worked together to help meet the medical care and health care coverage needs of Cambria and Somerset County residents.

Highmark has a long tradition of supporting health and human services programs in Cambria and Somerset counties. For example, throughout the last five years, Highmark has contributed approximately \$3 million dollars to support community programs in Cambria and Somerset counties.

**Groups and members to receive letters**

If an agreement is not reached, your clients and members will learn about this issue in a letter from Highmark that is planned to be mailed the first week of June. More detailed information will be sent to groups and members later in June.