



Kenneth R. Melani, M.D.
Executive Vice President

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Marc P. Volavka, Executive Director
Pennsylvania Health Care Cost
Containment Council
225 Market Street, Suite 400
Harrisburg, PA 17101

Dear Mr. Volavka:

Highmark Blue Cross Blue Shield appreciates the opportunity to comment on the HC4's report, "Measuring the Quality of Pennsylvania's HMOs: A Managed Care Performance Report." Highmark is represented in the report with two lines of business: KeystoneBlue commercial HMO, and SelectBlue commercial POS. Together, these plans cover over 1 million members in Western Pennsylvania.

Highmark's goal is to help these members live longer, better lives. As part of our efforts Highmark works closely with our members and their doctors to reach treatment and lifestyle goals that are designed to improve their quality of life. Examples of these efforts include The Dr. Dean Ornish Program for Reversing Heart Disease, HealthPLACE programs, disease management programs, provider and member satisfaction surveys, and others.

Highmark concentrates on continuous quality improvement and is pleased with a number of performance measures included in this report. Based on the 2001 version of "Quality Compass"® by the National Committee for Quality Assurance (NCQA), Highmark exceeded national averages for the majority of its "Effectiveness of Care Measures" concerning immunizations, screenings, other preventive and chronic measures, and more. Also, scores for the majority of these measures increased in comparison to the prior year's rates. This same pattern of excellence exists for Highmark's CAHPS patient satisfaction measures and scores.

This HC4 report documents a number of steps that Highmark has taken to partner with its members and their doctors to improve the quality of their lives. Mailings to members, primary physicians, and specialists reminding them of the benefits of prevention are another example. Unfortunately, this report is just a snapshot of one year in an ongoing program. It cannot tell the whole story about Highmark's efforts. Highmark remains committed to working with its members to ensure that they receive the proper care at the proper time.

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HC4's report demonstrates a number of positive performance measures for Highmark's commercial managed care programs. Other organizations have also recognized Highmark's outstanding performance. For example, NCQA is currently seen as "the gold standard" in measuring managed care plan performance and Highmark's "Excellent" accreditation by NCQA is a reflection of the plan's performance with its members.

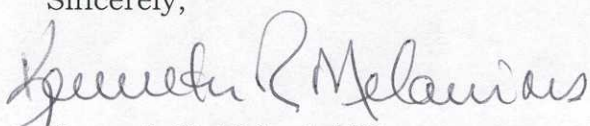
Also, Highmark has been successful in retaining an "A+" rating from Standard & Poor's and an "A" rating from A.M.Best, two of the nation's leading financial rating agencies. These ratings confirm Highmark's strong consolidated balance sheet, superior capitalization, and excellent market position.

Highmark applauds the HC4 for the advances it has made in managed care reporting, as represented by this report. HC4 has done a good job in laying out the "Limitations of the Data;" readers should pay close attention to these cautions so as to use the report most effectively. One major limitation noted in the report is that "while HMOs play an important role in the delivery of care, it is hospitals and doctors who ultimately provide health care for patients."

However, Highmark has other issues with HC4's data. While the report appropriately relies on largely existing sources of information, nonetheless there may be problems for readers trying to integrate results reflecting different sources of information. Also, some measures using hospital records appropriately attempt to adjust for the health risks of its members; unfortunately, others do not, which may explain several observations. We will continue to support HC4's further reporting enhancements by pointing out areas for improvement.

Highmark has participated in efforts to provide information and advice to the HC4 as it begins to develop reports on managed care. Highmark remains committed to assisting the HC4 to ensure that the Council's reports are as accurate and useful as possible for all Pennsylvanians.

Sincerely,


Kenneth R. Melani, MD