



March 4, 2003

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 Pennsylvania Health Care Cost Containment Council's (PHC4'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 a million members in Western Pennsylvania.

As part of our mission to help individuals lead longer, better lives, 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, health and wellness programs offered through our regional HealthPLACE centers, 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 2002 version of "Quality Compass"® by the National Committee for Quality Assurance (NCQA), Highmark exceeded national and regional 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 PHC4 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 and cannot tell the whole story about our efforts. Highmark remains committed to working with its members to ensure that they receive the proper care at the proper time.

PHC4'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, including NCQA, which is regarded as "the gold standard" in measuring managed care plan performance. We're proud of Highmark's "Excellent" accreditation from NCQA, which is its highest accreditation status.

Highmark in 2002 maintained 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. Importantly, a sound financial position enables Highmark to offer many of the programs that improve our members' lives.

Also, last year, Highmark Blue Cross Blue Shield's "Blues On Call", a health support and information program, received national recognition for consumer education innovations and improving the quality, access and cost of health care. For example, the National Business Coalition on Health presented "Blues On Call" with an Innovation Award for its efforts in supporting informed consumer decision-making by Highmark members. In addition, "Blues On Call" received a Leadership in Health Care Award from the Biotech Medical Management Association, an organization that encourages the exchange of ideas and information between pharmaceutical manufacturers and health insurers.

Highmark applauds the PHC4 for the advances it has made in managed care reporting, as represented by this report. PHC4 has done a good job in laying out the "Limitations of the Data;" readers should pay close attention to these cautions in order 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 PHC4'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. Highmark will continue to support PHC4's further reporting enhancements by pointing out areas for improvement.

We remain committed to assisting the PHC4 to ensure that the Council's reports are as accurate and useful as possible for all Pennsylvanians.

Sincerely,



David O'Brien
Executive Vice President
Government Services