



February 25, 2004

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

Dear Mr. Volavka:

Highmark would like to thank you for providing us with the opportunity to comment on the Pennsylvania Health Care Cost Containment Council's (PHC4's) report, "Measuring the Quality of Pennsylvania's HMOs - CY 2002 Report." Highmark is represented in the CY2002 Financial Measures Report through the combined products of KeystoneBlue commercial HMO and SelectBlue commercial POS.

Highmark has placed great emphasis on continuous quality improvement and is pleased with a number of performance measures, along with the general positive trending seen over the past three years in this report. Also, the 2003 version of "Quality Compass[®]" by the National Committee for Quality Assurance (NCQA) has recognized Highmark as exceeding the majority of its "Effectiveness of Care Measures" concerning immunizations, screenings, and other preventive and chronic measures, both nationally and regionally. In the area of patient satisfaction, Highmark has maintained a pattern of excellence based on the results of the Consumer Assessment of Health Survey (CAHPS) when compared with both state and national averages.

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 the National Committee for Quality Assurance (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 has also been named as a finalist in the "Plan of the Year" category in the Microsoft Healthcare Users Group Awards for efforts to streamline data exchanges between professional provider offices and Highmark through the Internet-based NaviNet System. The NaviNet System was launched in 2000 in order to handle administrative and billing transactions electronically and has resulted in increased efficiency and cost containment. Also, Highmark has won the Best of Blue award in the category of Best Practices in Quality Improvement for achieving positive outcomes for members enrolled in the Dr. Dean Ornish Program for Reversing Heart Disease.

Be assured that we have thoroughly reviewed the information in the 2002 report and paid particular attention to areas in which Highmark appears to have variations from the norm, both favorable and unfavorable. We also recognize that, while true variations can exist, they can also be caused by model problems, data problems or normal statistical variation.

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As an example of a model issue, Highmark's rate for in-hospital complications for lumpectomy is favorable when compared with the state average, it should be noted that this measurement is limited to *in-hospital* complications. This means that approximately 85 percent of lumpectomies are excluded from the analysis because this procedure is generally performed on an outpatient basis. Data issues are familiar to those of us on the Council's Technical Advisory Group committee. As an example, by using insurer NAIC number, rather than identifying "Blue" vs. commercial claims, PHC4 has substantially improved its reporting this year.

The issue of statistical variation can be hard to resolve until longer trends are observed. For example, the 2002 report shows Highmark's "gastrointestinal infections" have increased over the previous year. This may be random variation and a statistical issue. It may also be a data issue because of an increase in reporting as a result of the recent introduction of tests for gastrointestinal infection, etc. On the other hand, this could identify a longer-term public health concern.

When we are able to exclude other sources of variation and find true areas of difference, these items are brought to the attention of our Quality Management Department so that we can make maximal use of the data you provide. One example in which we've been able to use variation data effectively is our efforts to control asthma. Our Blues on Call program and various community efforts have resulted in improved rates of pediatric hospitalizations each of the past three years beginning in 2000.

The various reporting tables throughout the report raise another area of concern because the comparisons are not always consistent. Some tables list KHPW and HMO, others combine the HMO and POS plans, and still others don't identify the product line. It is important to note that Highmark reports are based on our combined HMO/POS products. Future reports should clearly indicate which health plans provide combined reporting and identify the comparison factors in all of the reporting tables.

Highmark is pleased with the continued efforts that PHC4 has made in managed care reporting, as represented by this report. As always, 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,

A handwritten signature in blue ink, appearing to read "DE Fetterolf MD".

Donald E. Fetterolf, MD, MBA
Chief Medical Officer/Vice President
Medical Administration