



EDWARD J. KRESS **DISTRICT 3 REPRESENTATIVE**

OFFICE OF THE COUNTY COUNCIL

119 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219
PHONE (412) 350-6535 • FAX (412) 350-6499
EDWARD.KRESS@ALLEGHENYCOUNTY.US
[HTTP://WWW.ALLEGHENYCOUNTY.US/COUNCIL](http://www.allegHENYcounty.us/council)

For Immediate Release

Council Member Kress Seeks Information Relating to Use of Community Education Funds

6 March 2015 – Allegheny County Council Member Ed Kress has announced that he has received an initial reply to queries that he sent to the Pennsylvania Insurance Commission and Office of the Attorney General. Mr. Kress had requested information relating to those agencies' use of approximately \$4 million in funding that had been provided to them by UPMC and Highmark.

Under the terms of consent decrees entered by Highmark and UPMC this past summer, \$2 million was provided to the Insurance Commission and \$2 million to the Office of the Attorney General. The consent decrees characterized these funds as intended to pay for community education relating to the two insurers' dissolution of their prior contractual relationship. According to the information received from the Insurance Commission, just over \$1.1 million of the revenue allocated to that entity have been spent on research, creative development, dedicated staff to respond to questions, and print, outdoor, transit, digital and radio media outreach activities. According to the information that County Councilman Ed Kress received very little of it was spent during time period of 2014 when many insureds had to choose their health insurer.

However, according to the information received from the Office of the Attorney General, no money was spent on educating the public in 2014, but instead \$1 million shall be spent in 2015 to educating consumers while the other \$1 million has been reserved for attorneys' fees and litigation expenses, with the office delineating current fees and costs totaling \$432,796.86. There has been no written explanation from the Office of Attorney General regarding a breakdown of time, costs, description of time, and hourly rate for the calculated the figure even though Councilman Kress requested such detailed information. Based on the conversations that Councilman Kress had with the Office of Attorney General, all work was supposedly done by attorneys who were employees of the Attorney General's Office and no outside attorneys were employed in calculating in the amount of \$432,796.86.

"It is deeply concerning that money from health insurers for the intended purpose of educating these same health insureds and the general public about an issue of such great significance went unspent for that during such a crucial period went individuals and companies had to choose their health insurance some six months after the consent decrees were executed," said Mr. Kress. "It is even more concerning that, of the approximately \$2.1 million spent or reserved to date, \$1 million has been reserved for attorneys' fees and litigation costs, which serve no public educational purpose at all."

In the wake of receiving these responses, Mr. Kress has indicated that he will seek additional information from both the Insurance Commission and the Office of the Attorney General. "The public deserves a full and transparent accounting of how this money has been spent and how it is going to be spent in the future," said Mr. Kress. "We, as elected officials, owe the public our very best efforts in assuring that this is done."

For additional information, please contact Council Member Kress at 412-350-6535.

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