BEFORE THE INSURANCE DEPARTMENT OF THE COMMONWEALTH OF PENNSYLVANIA

Statement Regarding the Acquisition of Control of or Merger with Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;

Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;

Highmark Senior Resources Inc.; HM Casualty Insurance Company;

HM Health Insurance Company, d/b/a Highmark Health Insurance Company;

HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,

d/b/a First Priority Health; Inter-County Health Plan, Inc.;

Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;

United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;

United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

RESPONSE TO PID INFORMATION REQUEST 4.6.2 FROM THE PENNSYLVANIA INSURANCE DEPARTMENT

REQUEST 4.6.2:

Explain the advantages and disadvantages of the Transaction for members, subscribers, enrollees, policy holders, hospital providers, other health care providers, pharmacies and other affected persons.

RESPONSE:

The proposed Highmark – WPAHS affiliation will provide a variety of benefits for many segments of the community. It will help preserve provider choice of multiple high-quality, health care options for Highmark customers and for all Western Pennsylvania residents.

The proposed affiliation, supported by Highmark's broader provider network strategy, will also offer Western Pennsylvanians the choice of a lower-cost health care system for individuals and employer groups that are trying to keep the cost of health care services as affordable as possible. In the absence of choice, Highmark believes that residents of the Western Pennsylvania region would experience much higher medical costs and poorer community health, as more people forego necessary care due to the unaffordable cost.

Preserving competitive choices of health systems is also important to independent physicians. The proposed affiliation will allow them to maintain their practices in the community while offering choices to their patients.

Restoring WPAHS to financial stability also will have a direct, positive impact for the system's 11,000 employees – preserving employment for the doctors, nurses, technicians and administrators. In addition, the preservation of these jobs will bolster the economic vitality of the region by assuring the vibrancy of local communities in which the WPAHS hospitals are located. Also benefiting will be the neighborhoods, small businesses and pharmacies that surround and serve these institutions and the suppliers that provide goods and services to the institutions.

Most importantly, the Transaction is vital to the tens of thousands of people who rely on the WPAHS institutions to meet their family's health care needs.

See also the strategic vision statement filed with the UPE Form A.

UPE 120 Fifth Avenue Pittsburgh, PA 15222