



June 30, 2015

Jack M. Stover, Esquire  
Buchanan Ingersoll & Rooney PC  
One South Market Square  
213 Market Street, 3<sup>rd</sup> Floor  
Harrisburg, PA 17101-2121

RE: Community Health Reinvestment Reports pursuant to the Pennsylvania Insurance Department's Approving Determination and Order (Order No ID RC 13 06) (the "2013 Order")<sup>1</sup>

Dear Mr. Stover:

As you know, on June 19, 2015 the Department issued an approval, subject to the terms and conditions contained therein (the "Approval Letter"), of Highmark Inc.'s ("Highmark") request to provide a grant or grants of up to \$175 million to Allegheny Health Network ("AHN").

The purpose of this letter is to focus on the fact that the Approval Letter was issued to approve Highmark's request pursuant to Conditions 10 and 11(c) of the 2013 Order and not under Condition 23 (relating to Community Health Reinvestment). The Department will not consider any of the up to \$175 million in grants approved by the Approval Letter to be spending in furtherance of Community Health Reinvestment Activities ("CHR") under Condition 23.

Condition 23 requires Highmark to "dedicate to and pay for [CHR] an amount equal to 1.25% of all of Highmark's aggregate direct written premiums. . . ." CHR are defined under the 2013 Order as:

. . . community health services and projects that improve health care or make health care more accessible. The term includes funding, subsidization or provision of the following: (i) health care coverage for persons who are determined by recognized standards as determined by the Department to be unable to pay for coverage; (ii) health care services for persons who are determined by recognized standards to be uninsured and unable to pay for services; (iii) programs for the prevention and treatment of disease or injury, including but not limited to mental retardation, mental disorders, mental health counseling or the promotion of health or wellness; and (iv) such other services or programs as the Department may approve,

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<sup>1</sup> Any capitalized terms not defined in this letter shall have the meaning ascribed to them in Appendix 1 (Definitions) to the 2013 Order.

Jack M. Stover, Esquire

June 30, 2015

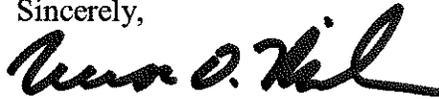
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including but not limited to health or mental health services for veterans, and the prevention of other conditions, behaviors or activities that are adverse to good health as well as donations to or for the benefit of health care providers in furtherance of any of the foregoing purposes.

Pursuant to this definition, any "donations to or for the benefit of health care providers in furtherance of any of the foregoing purposes" requires Department approval in order to constitute CHR. That approval pursuant to Condition 23 is entirely separate from any approval of a Donation under Condition 10 or of a Financial Commitment under Condition 11(c). Furthermore, Highmark has described that the expenditures by AHN will be made for capital projects and purposes. Capital projects and purposes, as such, are not in furtherance of CHR under the 2013 Order. Consequently, none of the up to \$175 million in grants approved pursuant to Approval Letter will qualify as spending for CHR purposes.

Please let me know if you have any questions about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa D. Miller". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Teresa D. Miller  
Insurance Commissioner  
Commonwealth of Pennsylvania