



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 21, 2008

Gary St. Hilaire
Senior Vice President & Chief Financial Officer
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

By Fax (717.651.8877 and Mail

Re: 2008 Community Health Reinvestment Application

Dear Mr. St. Hilaire:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Capital BlueCross ("Capital") submitted November 30, 2007, for calendar year 2008. The Department has reviewed the submission and finds it acceptable, with adjustments noted herein, under the terms of the CHR Agreement. Thus, the Department finds the Annual Community Health Reinvestment amount ("Annual CHR") set forth to be a reasonable estimate. The Department also finds to be reasonable the projected 60% Commonwealth Directed Low Income Health Insurance Portion amount. The Department does recognize that CBC's credits outweigh its 60% portion payments, such that it will not be making quarterly payments unless the audit and reconciliation process indicates otherwise.

Finally, the Department anticipates that CBC will commit to continued support of community based health initiatives in spite of the absence of a mention thereof in its Application. Should CBC's Annual CHR calculation be revised such that CBC has a 40% Portion obligation, the Department anticipates that CBC's 40% Permitted Community Health Reinvestment Endeavors amount of its CHR will be expended on approvable expenditures, distributions, or utilizations.

This approval is subject to the audits and reconciliations contemplated by the CHR Agreement as to the amounts of the Annual CHR and the 60% and 40% portions thereof, and as to the scope of expenditures for the 40% Permitted Community Health Reinvestment Endeavors portion.

Thank you for your participation in this community health reinvestment effort for the benefit of Pennsylvanians.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joel Ario".

Joel Ario
Acting Insurance Commissioner

cc: Sandra L. Ykema, Esq.