



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 21, 2008

J. Kenneth Suchoski
Vice President, Finance and Chief Financial Officer
Blue Cross of Northeastern Pennsylvania
19 North Main Street
Wilkes-Barre, PA 18711

By Fax (570-200-6780) and Mail

Re: 2008 Community Health Reinvestment Application

Dear Mr. Suchoski:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Blue Cross of Northeastern Pennsylvania ("BCNEPA") dated 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 finds acceptable a quarterly payment schedule, with payment dates such that four installments will be payable on March 1, June 1, September 1, and December 1, with one quarterly payment adjusted as needed to address the ¶4(b) reconciliation for 2007 and the ¶6 reconciliation for the 2007 adultBasic underwriting loss/gain.

Finally, based on the representations in NEPA's Application, the Department appreciates NEPA's commitment to continued support of community based health initiatives in spite of the anticipated absence of an obligation therefor under the CHR Agreement. Should NEPA's Annual CHR calculation be revised such that NEPA has a 40% Portion obligation, the Department anticipates that NEPA'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, if applicable, 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 black ink, appearing to be 'JA' or similar initials, written in a cursive style.

Joel Ario
Acting Insurance Commissioner

cc: Sandra L. Ykema, Esq.