



BlueCross of Northeastern Pennsylvania

Independent Licensee of the Blue Cross and Blue Shield Association
®Registered Mark of the Blue Cross and Blue Shield Association

19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302

January 11, 2011

Mr. Stephen J. Johnson, CPA
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation
1345 Strawberry Square
Harrisburg, PA 17120

Dear Mr. Johnson:

Enclosed please find the Community Health Reinvestment Activities filing for the Hospital Service Association of Northeastern Pennsylvania (d/b/a Blue Cross of Northeastern Pennsylvania), per the requirements of Article XXV of The Insurance Company Law of 1921, as amended by section 9 of Act 62, 2008.

If the Insurance Department ("Department") has any questions pertaining to the activities outlined in this filing or needs additional information, please contact me at 570.200.6403. Please send notice of the Department's approval or disapproval of this filing directly to me. Thank you.

Sincerely,

Mitch Kalish
Vice President & Chief Actuary

cc: William J. Farrell, Senior Vice President, Finance & Enterprise Chief Financial Officer
Suzanne Fletcher, Vice President, Finance
Brian Rinker, Senior Vice President Service Operations
Kim Kockler, Vice President Government Affairs
Michael Lampe, Vice President, Advertising, Communications and Public Affairs
Cynthia Yevich, Senior Director of Community and Foundation Affairs
Trish Savitsky, Vice President, Corporate Assurance & Compliance
John Fulginiti, Director, Actuarial
John Moore, Director, Financial Services



BlueCare

Traditional • PPO • Comprehensive • Senior
Security • Cooperative • Major Medical • Student
Plans from Blue Cross of Northeastern Pennsylvania
Highmark Blue Shield
Independent Licensee of the Blue Cross and Blue Shield Association
®Registered Mark of the Blue Cross and Blue Shield Association



BlueCare

Traditional • PPO • Qualified High Deductible PPO
Comprehensive • PPO Individual Conversion • Direct
Plans from First Priority Life Insurance Company
Independent Licensee of the Blue Cross and Blue Shield Association
®Registered Mark of the Blue Cross and Blue Shield Association



BlueCare

HMO • POS • HMO Individual Conversion
Plans from First Priority Health
Independent Licensee of the Blue Cross and Blue Shield Association
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**PLAN PROPOSAL FOR
COMMUNITY HEALTH REINVESTMENT ACTIVITIES**

Proposal for Fiscal Year July 1, 2010 to June 30, 2011

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I. HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH SERVICE PLAN CORPORATION NAME AND ADDRESS:

Hospital Service Association of Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern Pennsylvania
19 North Main Street
Wilkes-Barre, PA 18711

II. PLANNED EXPENDITURES:

	Projected Expenditures
<p>1. Proposed annual community health reinvestment activities for health care coverage for persons unable to pay for coverage (list and describe proposed endeavors below):</p>	
<p>a. Subsidy of Income Based Products: Special Care</p> <p>Section 2 (e) within the agreement on CHR indicates that "Permitted Community Health Reinvestment Endeavor" means Health coverage programs for low income and/or uninsured persons, including, but not limited to, adultBasic, CHIP, Special Care or any similar successor programs. Special Care is anticipated to yield an underwriting loss of approximately \$ 2.9 million from July 1, 2010 through June 30, 2011.</p>	<p>\$2,897,000</p>
<p>b. Commonwealth Directed Low Income Health Portion of CHR</p> <p>For the projected time period of July 1, 2010 through June 30, 2011, BCNEPA will estimates providing cash payments totaling \$2.2 million paid directly to the Commonwealth of Pennsylvania under the guidelines established within the CHR application/ reconciliation process along with including a voluntary payment to the Commonwealth of \$ 1 million to support the adultBasic program thru June 30, 2011. In November 2009, BCNEPA submitted to the Commonwealth the 2010 CHR application supporting the net amount towards the Low Income CHR obligation of approximately \$ 2.4 million. Approximately \$ 1.2 million pertains to the period July 1, 2010 thru December 31, 2010.</p>	<p>\$2,182,000</p>
<p>2. Proposed annual community health reinvestment activities for health care services for persons uninsured and unable to pay for services (list and describe proposed endeavors below):</p>	
<p>a. The Blue Ribbon Foundation of Blue Cross of Northeastern Pennsylvania's Access to Care Grants for the Un/Underinsured makes funds available to community nonprofits to help them improve the quality and/or increase the quantity of direct health care services for the un- and underinsured</p> <p>All Blue Ribbon Foundation grants are approved quarterly by</p>	<p>\$ 45,000</p>

<p>The Foundation's Board of Directors. Funded projects must meet The Foundation's published eligibility criteria (attached). Two board meetings have occurred but others are pending for the period July 1, 2010, to June 30, 2011, so it is impossible to provide a detailed breakdown of <i>Access to Care for the Un/Underinsured</i> grant expenditures. Rest assured that no grants will be approved during this period that fall outside our published grant criteria.</p>	
<p>3. Proposed annual community health reinvestment activities for programs for prevention and treatment of disease or injury or the promotion of health or wellness (list and describe proposed endeavors below):</p>	
<p>a. The Blue Ribbon Foundation of Blue Cross of Northeastern Pennsylvania's <i>Health & Wellness Impact Grants</i> and <i>Health & Wellness Mini-Grants</i> makes funds available to community nonprofits to support health and wellness education, prevention, early intervention, and lifestyle change programs</p> <p>All Blue Ribbon Foundation grants are approved quarterly by The Foundation's Board of Directors. Funded projects must meet The Foundation's published eligibility criteria (attached). Two board meetings have occurred but others are pending for the period July 1, 2010, to June 30, 2011, so it is impossible to provide a detailed breakdown of <i>Health & Wellness Impact Grants</i> and <i>Health & Wellness Mini-Grants</i> grant expenditures. Rest assured that no grants will be approved during this period that fall outside our published grant criteria.</p>	\$ 75,000
<p>b. Blue Cross of Northeastern Pennsylvania participates in a statewide partnership with Highmark and IBC to subsidize the <i>Health eTools for Schools Program</i> for K-12 schools in our 13 counties to help them monitor student health, deliver health information to families, and meet PA DOH and PA DOE health mandates</p>	\$45,000
<p>c. Blue Cross of Northeastern Pennsylvania partners with Susquehanna Health in <i>The LifeCenter</i>, a retail health and wellness storefront dedicated to community health outreach, classes and seminars, and free or reduced-cost screenings.</p>	\$60,000
<p>d. Matching grant program with the Pennsylvania Department of Health to fund the introduction of new physical activity curricula in elementary and middle school settings throughout BCNEPA's 13-county service area. In the fall of 2010, eight schools each received a \$10,000 Active School grant from BCNEPA for the 2010/11 academic year:</p>	\$80,000
<p>e. BCNEPA supports the health and human services programs of the United Way agencies throughout our 13 counties through annual corporate contributions to 14 community-based United Way campaigns. It is planned that contributions totaling \$122,000 will be distributed in the second quarter of 2011.</p>	\$122,000
<p>4. Community health reinvestment activities proposed in your application under paragraph 3 of the Agreement dated February 5, 2005 and published at 35.Pa.B. 4155 or any successor or other agreements (list and describe proposed endeavors below):</p>	
<p>a. Subsidy of Income Based Products: Special Care</p>	See 1. a.
<p>b. Commonwealth Directed Low Income Health Portion of CHR</p>	See 1. b.
<p>c. Subsidy of Non-Income Based Products: BlueCare Cooperative, BlueCare Major Medical, BlueCare Student and BlueCare Security</p>	See 5. a.
<p>5. Other proposed annual community health reinvestment activities (list and describe proposed endeavors below):</p>	
<p>a. Subsidy of Non-Income Based Products: BlueCare</p>	\$7,140,000

Cooperative, BlueCare Major Medical, BlueCare Student and BlueCare Security	
For the period July 1, 2010 through June 30, 2011, BCNEPA is estimating an underwriting loss of \$ 7.14 million for the Blue Care Cooperative, Blue Care Major Medical and Blue Care Security programs. Section 2 e) ii of the CHR agreement indicates "Permitted Community Health Reinvestment Endeavors" includes rate subsidies for individual programs paid by any Blue Plan that have not been collected from group premiums, and operating subsidies for public health provider programs. Below is a breakout of the losses for each of the respective products.	
<u>Products</u>	<u>Estimated 7/10 - 6/11 Losses</u>
Blue Care Cooperative	\$ 4.2 million
Blue Care Major Medical	\$ 1.7 million
Blue Care Security	\$ 1.2 million
Total	\$ 7.1 million
TOTALS	\$ 12,646,000

***NOTE: IF A PROPOSED ACTIVITY APPLIES TO MORE THAN ONE CATEGORY, IT MAY BE REPORTED IN EACH APPLICABLE CATEGORY; HOWEVER, THE PROJECTED EXPENDITURE MAY ONLY BE COUNTED ONCE**

Note from Blue Cross of Northeastern Pennsylvania:

This disclosure contains forward-looking statements that are based on Management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors. The company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report.