DIRECT PREMIUMS IN ONE STATE

STATE	COMPANY	PREMIUMS	MARKET SHARE
CA	Kaiser	$35.1 B	37%
PA	**Newco**	**$17.4 B**	**51%**
CA	WellPoint	$15.3 B	16%
CA	UnitedHealth	$10.1 B	11%
NY	UnitedHealth	$ 9.6 B	21%
PA	**IBC**	**$ 9.2 B**	**27%**
MI	BCBS of MI	$ 8.4 B	44%
CA	Blue Shield of CA	$ 8.3 B	9%
NY	WellPoint	$ 8.3 B	18%
PA	**Highmark**	**$ 8.3 B**	**24%**
CA	HealthNet of CA	$ 7.8 B	8%

MARKET SHARE IN ONE STATE

STATE	COMPANY	PREMIUMS	MARKET SHARE
ND	Noridian Mutual	$791 M	70%
AK	Premera Blue Cross	$382 M	61%
AL	BCBS of Alabama	$ 3.5 B	57%
IA	Wellmark	$ 2.4 B	54%
PA	**Newco**	**$ 17 B**	**51%**
HI	Hawaii Medical	$ 1.6 B	51%
ME	WellPoint	$ 1 B	51%
ID	Blue Cross of Idaho	$975 M	48%
NH	WellPoint	$905 M	47%
MT	BCBS of MT	$506 M	46%
MI	BCBS of MI	$ 8.4 B	44%
PA	**IBC**	**$ 9.2 B**	**27%**
PA	**Highmark**	**$ 8.3 B**	**24%**

“BLUE” MARKET SHARE IN TOP 10 STATES

STATE	TOTAL "BLUE" MARKET SHARE	MARKET SHARE of TOP 3 NON-"BLUE" COMPETITORS	MARKET SHARE of TOP 5 NATIONAL CARRIERS
CA	25%	56%	51%
TX	18%	35%	38%
NY	34%	30%	27%
FL	22%	41%	43%
IL	48%	20%	21%
PA	59%	18%	11%
OH	26%	31%	25%
MI	44%	22%	9%
GA	31%	25%	18%
NC	41%	26%	28%

REVIEW STANDARDS

- *License Requirement Standard.* **PASS**
- *Competition Standard.* **FAIL**
- *Financial Stability Standard.* **PASS**
- *Policyholder/Public Interest Standard*. **PASS**
- *Management Standard.* **PASS**
- *Insurance Buying Public Standard.* **FAIL**
- *Compliance with Law Standard.* **PASS**

COMPETITION STANDARDS

- Anti-competitive impacts at state and regional level
- Much better data at statewide level
- Statewide aspects to regional markets
- Market dynamics make anti-competitive impacts worse
- Loss of potential competition
- Efficiencies worth more than $1 billion over six years
- Anti-competitive impacts outweigh public benefits

INSURANCE BUYING PUBLIC STANDARD

- Anti-competitive impacts mean undue leverage over providers
- Competitive market for providers is best for consumers
- More leverage does not mean lower prices and better market for consumers
- Competitive market means multiple insurers <u>and</u> multiple providers
- Competitive price for providers means better provider networks
- Experience in central Pennsylvania demonstrates consumer benefits
- Blue-on-Blue competition better for providers and for consumers

CONDITIONS FOR AN APPROVABLE TRANSACTION

- **Blue-on-Blue competition**: extend the successful Blue-on-Blue competition in central Pennsylvania to other regions of the state

- **Public benefits**: ensure that reasonable share of efficiencies translate into expanded social mission to increase availability of health insurance

- **Fair market practices**: enhance competition by prohibiting unfair contracting practices, increasing transparency and reforming other anti-competitive practices

RECAP OF REVIEW PROCESS AND PUBLIC INPUT

A snapshot of how we got to today.

- April 27, 2007, the state's two largest health insurance companies, Highmark and IBC, made a filing with the Pennsylvania Insurance Department proposing to consolidate into a new company (Newco)
- PID conducted a 21-month review of the proposed consolidation
- 356 written comments from interested parties were received during the 17-month public comment period
- Public hearings held in Pittsburgh, Harrisburg and Philadelphia in which 101 people offered comments
- Comments and recommendations were received from the Pa House and Senate insurance committees
- Analyses from financial and economic experts
- Electronic record on Web site hosted nearly 50,000 pages of commentary and analysis