



BlueCross of Northeastern Pennsylvania

19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302
www.bcnepa.com

March 27, 2013

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

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Corporate & Financial Regulation

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Pennsylvania
Insurance Department

Dear Mr. Johnson:

Enclosed please find the Community Health Reinvestment Activities (CHRA) 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.

As you are aware, this filing represents a prospective view of anticipated CHR activities for the period July 1, 2013 through June 30, 2014. Unlike previous filing years, this prospective look ahead is being done during a period of unprecedented change in our industry as we prepare for full implementation of the Affordable Care Act (ACA). While the immediate and longer term impacts of health care reform continue to evolve, full implementation of the ACA as it pertains to insurance market reforms will likely impact the content of future filings under 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 570-200-6402. Please send notice of the Department's approval or disapproval of this filing directly to me. Thank you.

Sincerely,

John Fulginiti
Director, Actuarial/Technical Analyst

Cc: William Farrell, Sr. Vice President, Finance & Enterprise CFO/Treasurer
Suzanne Fletcher, Vice President, Finance & Administrative Services
Brian Rinker, Sr. Vice President, Chief Administrative Officer
Kim Kockler, Vice President Government Affairs
JoAnn Baldo, Director, Compliance and Audit Services
Cynthia Yevich, Senior Director, Corporate Affairs
John Moore, Director, Financial Services



**PLAN PROPOSAL FOR
COMMUNITY HEALTH REINVESTMENT ACTIVITIES**

Proposal for Fiscal Year July 1, 2013 to June 30, 2014

FEIN: 2 4 [REDACTED] 0 6 1 5 1 7 7

NAIC: 5 4 7 4 7

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				
1. Proposed annual community health reinvestment activities for health care coverage for persons unable to pay for coverage (list and describe proposed endeavors below):					
a. Subsidy of Income Based Products: Special Care (5,933 members)	\$ 3,100,000				
<table border="0"> <tr> <td><u>Products</u></td> <td><u>Est. 7/13 – 12/13 Losses</u></td> </tr> <tr> <td>Special Care</td> <td>\$ 3.1 million</td> </tr> </table> <p>Note: The Special Care losses noted above are for the period 7/13– 12/13 due to the Individual Exchange effective 1/1/14.</p>	<u>Products</u>	<u>Est. 7/13 – 12/13 Losses</u>	Special Care	\$ 3.1 million	
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Special Care	\$ 3.1 million				
2. 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):					
a. The Blue Ribbon Foundation of Blue Cross of Northeastern Pennsylvania makes grants available to community nonprofits to support health and wellness education, prevention, and access to care programs.	\$130,000				
All Blue Ribbon Foundation grants are approved by The Foundation's Board of Directors. Funded projects must meet The Foundation's published eligibility criteria. All Board meetings are pending for the period July 1, 2013, to June 30, 2014, so it is impossible to provide a detailed breakdown of grant expenditures. No grants will be approved during this period that fall outside our published grant criteria.					
b. 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.	\$65,000				
c. BCNEPA supports the health and human services programs of United Way agencies throughout our 13 counties through annual corporate contributions to 14 community-based United Way campaigns. An estimated \$122,000 in United Way support is expected to be distributed in the third quarter of 2013.	\$122,000				

3. 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):															
a. Subsidy of Income Based Products: Special Care	See 1. a.														
b. Subsidy of Non-Income Based Products: Assure EPO, PPO Conversion, FPH Conversion & Security 65.	See 4. a.														
4. Other proposed annual community health reinvestment activities (list and describe proposed endeavors below):															
a. Subsidy of Non-Income Based Products:	\$ 4,100,000														
<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Products</u></th> <th style="text-align: right;"><u>Estimated 7/13 - 6/14 Losses</u></th> </tr> </thead> <tbody> <tr> <td>• *Assure EPO (3,023 est. members)</td> <td style="text-align: right;">\$ 2.0 million</td> </tr> <tr> <td>• *PPO Conversion (2,175 est. members)</td> <td style="text-align: right;">\$ 1.0 million</td> </tr> <tr> <td>• *FPH Conversion (804 members)</td> <td style="text-align: right;">\$.4 million</td> </tr> <tr> <td>• *FPH Direct (est. 206 members)</td> <td style="text-align: right;">\$.1 million</td> </tr> <tr> <td>Security 65 (27,308 est. members)</td> <td style="text-align: right;">\$.6 million</td> </tr> <tr> <td>Total for 33,516 est. members</td> <td style="text-align: right;">\$ 4.1 million</td> </tr> </tbody> </table>	<u>Products</u>	<u>Estimated 7/13 - 6/14 Losses</u>	• *Assure EPO (3,023 est. members)	\$ 2.0 million	• *PPO Conversion (2,175 est. members)	\$ 1.0 million	• *FPH Conversion (804 members)	\$.4 million	• *FPH Direct (est. 206 members)	\$.1 million	Security 65 (27,308 est. members)	\$.6 million	Total for 33,516 est. members	\$ 4.1 million	
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TOTALS	\$ 7,500,000														

***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.