



Capital BlueCross

April 30, 2012

The Honorable Michael Consedine
Commissioner
Pennsylvania Department of Insurance
13th Floor
Strawberry Square
Harrisburg, PA 17120

Dear Commissioner Consedine:

Enclosed please find a copy of Capital BlueCross' filing required under Act 62 of 2008. It includes our anticipated expenditures for the State Fiscal year July 2012 through June 2013, as requested by the Pennsylvania Insurance Department. Capital BlueCross budgets on a calendar year basis, which does not correspond to the Commonwealth's fiscal year. Further, because we are a not-for-profit community health plan—and as part of our basic mission—we are called upon periodically to respond to pressing community and business needs. As a result, these expenditures are not easily quantified in advance. Accordingly, the numbers included in the filing are estimates generated from our calendar year 2012 forecast.

We note that due to our payment of substantial premium taxes, our subsidization of low income programs, and other voluntary contributions made in response to pressing community needs, the total amounts shown on the attached form far exceed the value of state tax exemptions attributable to our not-for-profit status. Additionally, we have not claimed any credits or offsets to expenditures included on the form for advertising expenses or sponsorships.

Thank you, in advance, for your time and attention to this matter.

Sincerely,

Aji M. Abraham, Esq.
Government Counsel

Enclosure

AMA/hmh

**PLAN PROPOSAL FOR
COMMUNITY HEALTH REINVESTMENT ACTIVITIES**

Proposal for Fiscal Year 2012 – 2013.

FEIN: 2 3 0 4 5 5 1 5 4

NAIC: 5 4 7 2 0

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

CAPITAL BLUECROSS
2500 ELMERTON AVENUE
HARRISBURG, PA 17177

ATTN: Aji Abraham

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. Company projects explicit subsidies for certain individual products (i.e., Traditional, Security65, SpecialCare, CHIP, etc.). Includes an estimate of additional anticipated losses incurred under these programs in excess of the intended subsidy.	\$17,260,000
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):	
a. Community Health Initiatives (in partnership with hospitals, physicians and other providers) that provide health services including, but not limited to, health for uninsured women, health fairs, loans for specialty physicians, palliative care and EMR support. All of which goes toward the provision of health care services.	\$220,000
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):	
a. Community Health Education Initiatives that include participation in health fairs.	\$30,000
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):	No longer applies due to the expiration of the Community Health Reinvestment Agreement on December 30, 2010.
5. Other proposed annual community health reinvestment activities (list and describe proposed endeavors below):	
a. Donations to nonprofit community organizations such as Keystone Human Services, the Weller Center, the National MS Society, the Cystic Fibrosis Foundation and others. Pursuant to Act 62 of 2008, this amount does not include sponsorships.	\$437,500
TOTALS	\$ 17,947,500

***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**