

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

**Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers:**

**Hospital Service Association of Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern Pennsylvania;
First Priority Life Insurance Company, Inc.;;
HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health**

By Highmark Inc.

**HIGHMARK INC. (“Highmark”) RESPONSE TO INFORMATION
REQUEST 5.6.14 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.6.14:

**Discuss the manner in which the Transaction meets Highmark's and
BCNEPA's overall strategic objectives.**

RESPONSE:

Highmark certifies to the best of its knowledge, information and belief as follows:

The Transaction meets Highmark’s overall strategic objectives in the follow
ways:

1. Long-term financial stability of Blue-branded business in the NEPA region.
Highmark’s vision for the northeastern Pennsylvania region is to continue the long-standing commitments of BCNEPA to its policyholders/subscribers, its employees, providers and the communities that BCNEPA has served for more than 75 years. Highmark believes that merging BCNEPA with Highmark will ensure the long-term financial stability of Blue-branded business, consumer access to innovative products and services and broad provider networks in the region.
2. Preserves Highmark’s business interests in the NEPA and contiguous geographic area of north central Pennsylvania. The Transaction will assist Highmark in protecting its existing business interests in the northeastern

Pennsylvania region and surrounding contiguous geographic area where Highmark already has subscribers by allowing Highmark to offer more seamless product offerings, health and wellness programs, administration and a single provider network across the two currently separate geographic areas. The Transaction also will position Highmark to participate more effectively in federal- and state-sponsored health insurance programs.

3. Supports Highmark large employer and national customers domiciled in Pennsylvania. The BCNEPA service area is important to Highmark's interest in providing comprehensive products to large employers operating within Pennsylvania and nationally. A significant number of Highmark's largest employer group customers with operations in Pennsylvania have employees who reside in the BCNEPA service area. In these highly-competitive areas where Highmark competes with larger commercial carriers, efficient and seamless administration, choice of provider networks and availability of innovative products and services differentiate health carriers.
4. Provides additional economies of scale across Highmark's business. The Transaction also will allow Highmark to gain additional economies of scale that will produce synergies and a benefit not only for customers/subscribers in the BCNEPA service area, but in Highmark's other service areas as well.

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