

**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.

**BCNEPA RESPONSE TO INFORMATION REQUEST 5.6.1 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.6.1:

Identify and analyze the potential impact of the Transaction on the availability of health insurance and health care services (including public accessibility to medical professionals and facilities) in each area in Pennsylvania in which a Highmark Entity or BCNEPA Entity has current or future plans to do business, and demonstrate that the Transaction will not be hazardous or prejudicial to the insurance buying public.

RESPONSE:

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

BCNEPA has been told that it is Highmark's vision for the northeastern Pennsylvania area is to continue the long-standing commitments of BCNEPA to its policyholders/subscribers, employees, providers and the communities that BCNEPA has served for more than 75 years. BCNEPA believes that merging 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.

BCNEPA has also been told that Highmark's goal for the Transaction is that it will provide long-term opportunities for consumers to maintain access to seamless, high-quality, cost-competitive and understandable products, effective population health management programs and broad access to regional providers within the BCNEPA service area and in the contiguous counties where Highmark today offers products and services to its subscribers.

Highmark has stressed to BCNEPA that it will focus on preserving existing business interests in the northeastern Pennsylvania region and surrounding contiguous service areas where

Highmark already has subscribers through more seamless product offerings, health and wellness programs, administration and provider networks across the two currently separate service areas. BCNEPA believes that the Transaction will position Highmark to participate more effectively in federal and state sponsored health insurance programs.

BCNEPA believes that the Transaction also will allow Highmark to gain additional economies of scale that will produce synergies and benefits for customers/subscribers in the BCNEPA service area.

BCNEPA believes that Highmark's current Blue-branded products and its position in the contiguous counties that border the BCNEPA service area, its broad professional network, its commitment to other parts of Pennsylvania through its commercial and government business segments, and its ownership of a diversified portfolio of dental, vision and stop loss companies, will assure the best possible positioning of the Blue brand in the BCNEPA service area, as well as best serve the regional employment and other needs of the northeastern Pennsylvania community.

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