

**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 SUPPLEMENTAL INFORMATION RESPONSE TO THE
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST:

N/A

SUPPLEMENTAL RESPONSE:

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

There are technical federal income tax requirements which result in the need to maintain the Organization and the Foundation and, while their missions are similar, there will be differences in how each carries out its exempt purposes, as follows:

Both charities will be grant-making organizations. It is expected, however, that the Organization – at least initially – will typically make unrestricted donations to a number of other §501(c)(3) organizations in Northeastern and North Central Pennsylvania whose missions are common to or which complement the goals of the Organization.

The Foundation, on the other hand, with its significantly larger endowment, is expected to support more extensive, programmatic charitable activities, either by itself or, perhaps, in concert with other exempt organizations. The Foundation anticipates that it will require more in depth grant applications, and more detailed grant proposals, select for funding more targeted programs in the healthcare arena, and that its oversight of the application of funds which it grants

would be more extensive than would be the case with donations to other public charities for unrestricted purposes.

Finally, the Organization, unlike the Foundation, will be engaged in fundraising activities.

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