

14TH DISTRICT
JOHN T. YUDICHAK

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Corporate & Financial Regulation

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SEP 25 2014

Pennsylvania
Insurance Department



Senate of Pennsylvania

September 23, 2014

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SEP 24 2014

INSURANCE DEPARTMENT
LEGISLATIVE OFFICE

Ms. Cressinda E. Bybee
 Senior Insurance Company Licensing Specialist
 Insurance Department
 Bureau of Company Licensing & Financial Analysis
 1345 Strawberry Square
 Harrisburg, Pennsylvania 17120

Dear Ms. Bybee:

It has come to my attention that Blue Cross of Northeastern Pennsylvania (BCNEPA) and Highmark are proposing to merge. I wish to extend my highest personal support for the merger.

The proposed merger will help create greater health care efficiencies and new products and services for customers in northeastern and north central Pennsylvania. Currently, BCNEPA has more than 540,000 members and is a major economic driver in northeastern Pennsylvania. Pending approval, BCNEPA's local operations will merge with Highmark, and Highmark will become the Blue Cross and Blue Shield Association affiliate for BCNEPS's 13-county service area.

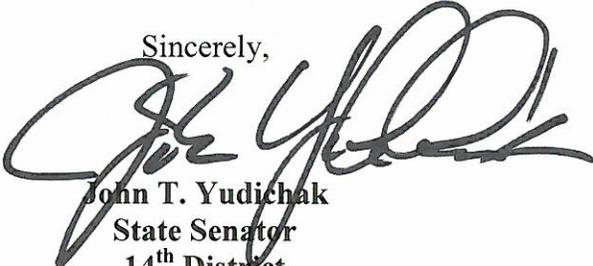
Currently, BCNEPA has more than 700+ employees in Wilkes-Barre. Highmark will make efforts to maintain substantial staffing levels for at least four years in the region. A local advisory board will have a voice in the major matters for at least four years. Furthermore, nearly 100 million dollars will be contributed to yet-to-be formed charitable entities that support health care and other purposes across the 13-county region that continues that historic mission of BCNEPA.

Together, BCNEPA and Highmark share a history of effectively serving health needs of residents in northeastern and north central Pennsylvania. The merger of Highmark and BCNEPA is a natural development of the successful business relationship that the two companies have had for decades to better serve the health care needs of the residents of northeastern and north central Pennsylvania.

I understand that Highmark has a good track record of successful relationships and consolidations with other Blue Cross and Blue Shield companies. Highmark Blue Cross Blue Shield Delaware and Highmark Blue Cross Blue Shield West Virginia are both examples of successful affiliations. Finally, aligning with a larger organization, BCNEPA can bring benefits to the communities it serves in order to improve the quality, accessibility and affordability of health care.

As a member of the Pennsylvania State Senate, I would again like to express my full and complete support for this very pivotal merger. Thank you for your consideration in this matter.

Sincerely,



John T. Yudichak
State Senator
14th District