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Bybee, Cressinda

From: Chronister, Ronald <ronald.chronister@bipc.com>
Sent: Tuesday, November 18, 2014 1:56 PM
To: Bybee, Cressinda
Cc: hebegebe@sunlink.net
Subject: Response to Public Comment from Eugene Brady
Attachments: HBG1_GENERAL-1894348-v1-Response to Public Comment from Eugene Brady.DOC

Ms. Bybee,

Attached please find Highmark Inc.'s response to the public comment received by the Pennsylvania Insurance Department from Eugene Brady. I am providing Mr. Brady with a copy of the response with this email.

Ron Chronister

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**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., a Pennsylvania nonprofit corporation

**Response of Highmark Inc. to
Comments of Eugene M. Brady Dated November 6, 2014**

Highmark Inc. is responding to the comment from Eugene M. Brady received by the Pennsylvania Insurance Department on November 7, 2014. The comment is numbered as Document 0761 on the Highmark/ BCNEPA Cumulative Log page of the Pennsylvania Insurance Department website.

Mr. Brady, the Executive Director of the Commission on Economic Opportunity, has offered comments on the proposed merger of Highmark and Blue Cross of Northeastern Pennsylvania (BCNEPA) supportive of the merger based on his belief that the merger will benefit residents of northeastern and north central Pennsylvania and that the merged company, with increased resources, will be able to expand the healthcare opportunities available in the local community.

Highmark Inc. is in agreement with the comments. The BCNEPA/Highmark merger presents an array of benefits to the residents of northeastern and north central Pennsylvania. For example, Highmark has made a commitment to maintain operations in the BCNEPA region and, for the first four years following the merger, to use commercially reasonable efforts to maintain local employment levels in the region that are consistent with BCNEPA's pre-merger employment levels. Highmark further has agreed to create a local Advisory Board, drawn from the current BCNEPA Board of Directors, and to appoint four additional members to the Highmark Board of Directors, also drawn from the current BCNEPA Board, both with the intent to obtain insights regarding matters of interest to residents of northeastern and north central Pennsylvania.

In terms of expanded healthcare opportunities, Highmark has substantial experience in implementing Accountable Care Organizations (ACOs) and Patient Centered-Medical Home (PCMH) program models in other regions and intends to introduce these types of programs to the current BCNEPA service area following the

merger. These programs will enhance and expand BCNEPA's existing programs. Early returns from Highmark's programs in other regions indicate that these initiatives slow the growth of health care costs while improving quality, a significant benefit to subscribers and plan sponsors. The introduction of these value-based products and programs should allow Highmark to improve health care quality in northeastern and north central Pennsylvania while still managing costs.

Highmark Inc. would like to thank Mr. Brady for his comments and support.

Highmark Inc.
120 Fifth Avenue
Pittsburgh, PA 15222

DATE: November 18, 2014

cc: Eugene M. Brady