



COMMONWEALTH OF PENNSYLVANIA  
INSURANCE DEPARTMENT  
HARRISBURG

February 27, 2006

THE COMMISSIONER

Nanette DeTurk  
Senior Vice President, Finance and Corporate Controller  
Highmark Inc.  
Fifth Avenue Place  
120 Fifth Avenue  
Pittsburgh, PA 15222

Re: 2006 Community Health Reinvestment Application

Dear Ms. DeTurk:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Highmark Inc. ("Highmark") dated November 30, 2005 for calendar year 2006. The Department has reviewed the submission and finds it acceptable, with adjustments noted herein, under the terms of the CHR Agreement. Thus, the Department finds the Annual Community Health Reinvestment amount ("Annual CHR") set forth to be a reasonable estimate. The Department also finds the Net 60% Commonwealth Directed Low Income Health Insurance Portion amount, adjusted so that the adultBasic underwriting credit shall be not more than \$2.5 million, to be a reasonable estimate. The Department finds acceptable a quarterly payment schedule, however, the payment dates shall be adjusted such that the four equal installments will be payable on March 1, June 1, September 1, and December 1. Finally, based on the representations in Highmark's Application, the Department anticipates that Highmark's 40% Permitted Community Health Reinvestment Endeavors amount of its CHR will be expended on approvable expenditures, distributions, or utilizations.

This approval is subject to the audits and reconciliations contemplated by the CHR Agreement as to the amounts of the Annual CHR and the 60% and 40% portions thereof, and as to the scope of expenditures for the 40% Permitted Community Health Reinvestment Endeavors portion.

Thank you for your participation in this community health reinvestment effort for the benefit of Pennsylvanians.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diane Koken".

M. Diane Koken  
Insurance Commissioner

cc: Sandra L. Ykema, Esq.