



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

April 6, 2006

THE COMMISSIONER

Stephen P. Fera
Vice President, Government Programs
Independence Blue Cross
1901 Market Street
Philadelphia, PA 19103

Re: 2006 Community Health Reinvestment Application

Dear Mr. Fera:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Independence Blue Cross ("IBC") Amended as of April 6, 2006 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 to be reasonable the Net 60% Commonwealth Directed Low Income Health Insurance Portion amount. The Department finds acceptable a quarterly payment schedule, with payment dates such that four equal installments will be payable on March 1, June 1, September 1, and December 1. (The March 1 payment should be made within five days of receipt of this letter.) Finally, based on the representations in IBC's Amended Application, the Department anticipates that IBC'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. Further, this approval does not constitute agreement with IBC's position as stated in its Amended Application concerning its declination to commit to making direct payments of its 60% portion of its annual CHR obligation in future years. The Department anticipates payment in accord with the CHR Agreement.

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

Sincerely,

A handwritten signature in black ink, appearing to read "M. Diane Koken".

M. Diane Koken
Insurance Commissioner

cc: Sandra L. Ykema, Esq.