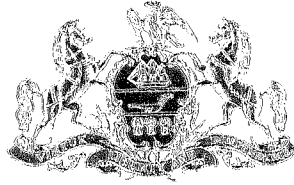


FRANK DERMODY
DEMOCRATIC LEADER
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ROOM 423 MAIN CAPITOL
PO BOX 202033
HARRISBURG, PENNSYLVANIA 17120-2033
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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

March 13, 2013

139292
DISTRICT OFFICE

1328
HARMAR
1331 FREEPORT ROAD
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FAX: (724) 274-8814

RECEIVED

MAR 13 2013

**INSURANCE DEPARTMENT
LEGISLATIVE OFFICE**

Michael F. Consedine, Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Dear Commissioner Consedine:

I am writing to support the affiliation between West Penn Allegheny Health System ("WPAHS") and Highmark and to urge your prompt approval of this transaction within a timeframe that is no later than the end of April, 2013.

I and other members of my caucus are aware that Highmark was able to successfully negotiate with the WPAHS bondholders to eliminate one of the Insurance Department's expressed concerns which was the long-term indebtedness of WPAHS. However, we are also aware that the bondholders wanted an April 30, 2013 date built into that approval (which, in any event, was the date the original affiliation was due to expire) and either WPAHS or the bondholders, after that date, if there is no approval and if the transaction is not closed, would have the right to take the system into Chapter 11 bankruptcy. This is something that we do not believe is in the best interest of Western Pennsylvania or WPAHS and believe that it could have a drastic negative effect on the 12,000 employees of WPAHS and on the long-term future of WPAHS. This, of course, would reduce competition for provider services in Western PA and increase the dominance of a UPMC monopoly, all of which could have a drastic effect on the cost of healthcare in Western PA which is already among the highest in the country.

While we appreciate the regulatory oversight that the Insurance Department provides, we are also aware that although the transaction has changed in some respects, the essence has remained the same since the Insurance Department first started looking at this at the end of 2011. Also, during 2012, a great amount of money was spent on consultants to analyze this transaction (all of which was paid by Highmark), so it is not as if an investigation of this transaction has not been underway for at least a 14-month period of time. We are very concerned that the length of time of this regulatory review jeopardizes a transaction which is very important to our many constituents in Western PA. Therefore, as the leader of my caucus in the Pennsylvania General Assembly, I wanted to set forth our desire to request your prompt conclusion of this review and your authorization to allow the transaction to proceed.

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Commissioner's Office

MAR 13 2013

Pennsylvania
Insurance Department

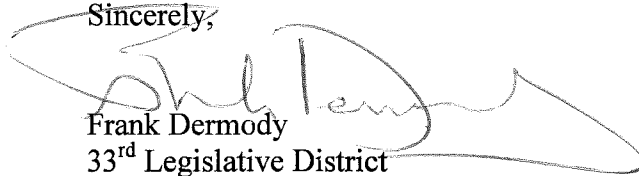
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March 13, 2013

Page 2

Thank you for your consideration of this request. It is crucial that you conclude your process within the timeframe which allows WPAHS to be saved. I would be happy to discuss this matter with you further at your earliest convenience.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank Dermody", written over the printed name.

Frank Dermody
33rd Legislative District
Democratic Leader