

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;
Highmark Senior Resources Inc.; HM Casualty Insurance Company;
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health; Inter-County Health Plan, Inc.;
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

**RESPONSE TO PID INFORMATION REQUEST 5.1.1.7 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.1.1.7:

A full and complete copy of Form 1023 filed to apply for recognition under Section 501 (c)(3) of the Internal Revenue Code, if applicable, and any communication (whether by letter, e-mail or otherwise) and/or other document provided and/or received by the entity regarding any Form 1023 filing and any amendments thereto.

RESPONSE:

Full and complete copies of Forms 1023 filed to apply for recognition under Section 501(c)(3) of the Internal Revenue Code and all communications provided and/or received regarding such Form 1023 filings with respect to UPE and UPE Provider Sub have been separately filed as confidential documents.

Attached are full and complete copies of Forms 1023 filed to apply for recognition under Section 501(c)(3) of the Internal Revenue Code with respect to the following entities:

Caring Foundation
Highmark Foundation

See also response to item 5.1.1.8.

UPE
120 Fifth Avenue
Pittsburgh, PA 15222

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.
A User Fee must be attached to this application.
 If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.
Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) HIGHMARK FOUNDATION	2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions). 25-1876666
1b c/o Name (if applicable)	3 Name and telephone number of person to be contacted if additional information is needed Carolyn D. Duronio 412-288-4106
1c Address (number and street)	4 Month the annual accounting period ends December
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. Pittsburgh, PA 15222-3099	5 Date incorporated or formed December 14, 2000
1e Web site address N/A	6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> (501(k)) d <input type="checkbox"/> 501(n)
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.	
8 Is the organization required to file Form 990 (or Form 990-EZ)? <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).	
9 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.	

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.) **See Exhibit 1.**

- a Corporation — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust — Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates.
- c Association — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here **Aaron Walton, President**
 (Signature) (Type or print name and title or authority of signer) (Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization — past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Exhibit 2 - Statement of History and Planned Activities.

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- 2 What are or will be the organization's sources of financial support? List in order of size.

The Corporation will receive contributions from Highmark Inc. The Corporation will also receive investment income on its assets.

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- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

The Corporation will not have a fundraising program. Its income will be as described above.

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

See Exhibit 3.

b Annual compensation

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

Although not disqualified persons, the following are employed by Highmark Inc., a substantial contributor: George Grode, Chairman and Director; Aaron Walton, President; Scott Becker, Director; Deborrah E. Beck, Director; Elaine Krasik, Secretary; and Melissa Anderson, Treasurer.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

N/A

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

The Corporation will make grants to exempt organizations described in section 501(c)(3) of the Code.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

The Corporation will make grants to exempt organizations described in section 501(c)(3) of the Code. See Exhibit 2 for further explanation of the grantmaking process.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions — You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?

- Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1) and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1) and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1) and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| h | <input type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10 If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
- Yes — Indicate whether you are requesting:
 - A definitive ruling. (Answer questions 11 through 14.)
 - An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 - No — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:

- a Enter 2% of line 8, column (e), Total, of Part IV-A.
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13 If you are requesting a definitive ruling under section 509(a)(2), check here and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From _____ to _____	(b) _____	(c) _____	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions).....				
	2 Membership fees received				
	3 Gross investment income (see instructions for definition)				See Exhibit 4.
	4 Net income from organization's unrelated business activities not included on line 3				
	5 Tax revenues levied for and either paid to or spent on behalf of the organization				
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)				
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)				
	8 Total (add lines 1 through 7)				
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22				
	10 Total (add lines 8 and 9)				
	11 Gain or loss from sale of capital assets (attach schedule)				
	12 Unusual grants				
	13 Total revenue (add lines 10 through 12)				
Expenses	14 Fundraising expenses				
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)				
	16 Disbursements to or for benefit of members (attach schedule)				
	17 Compensation of officers, directors, and trustees (attach schedule)				
	18 Other salaries and wages				
	19 Interest				
	20 Occupancy (rent, utilities, etc.)				
	21 Depreciation and depletion				
	22 Other (attach schedule)				
	23 Total expenses (add lines 14 through 22)				
	24 Excess of revenue over expenses (line 13 minus line 23)				

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date _____
Assets		
1	Cash	1 See Exhibit 4.
2	Accounts receivable, net	2
3	Inventories	3
4	Bonds and notes receivable (attach schedule)	4
5	Corporate stocks (attach schedule)	5
6	Mortgage loans (attach schedule)	6
7	Other investments (attach schedule)	7
8	Depreciable and depletable assets (attach schedule)	8
9	Land	9
10	Other assets (attach schedule)	10
11	Total assets (add lines 1 through 10)	11
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc., payable	13
14	Mortgages and notes payable (attach schedule)	14
15	Other liabilities (attach schedule)	15
16	Total liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ▶

HIGHMARK FOUNDATION

**Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099**

May 14, 2001

**Conformed Copies of Articles of Incorporation and Bylaws of
Highmark Foundation**

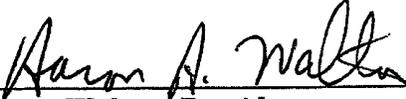
Attachment to Form 1023-Part I, Question 10

Exhibit 1

UPE-0003559

I hereby certify that the attached Articles of Incorporation and Bylaws of Highmark Foundation, are true, correct and complete copies of the Articles of Incorporation and Bylaws governing Highmark Foundation.

Date:



Aaron Walton, President
Highmark Foundation

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU
ROOM 308 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722

246

HIGHMARK FOUNDATION

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. PLEASE NOTE THE FILE DATE AND THE SIGNATURE OF THE SECRETARY OF THE COMMONWEALTH. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA. IF YOU HAVE ANY QUESTIONS PERTAINING TO THE CORPORATION BUREAU, CALL (717) 787-1057.

ENTITIES THAT ARE CHARITIES AND SOLICIT FUNDS SHOULD CONTACT THE BUREAU OF CHARITABLE ORGANIZATIONS FOR REGISTRATION REQUIREMENTS AT DEPARTMENT OF STATE, BUREAU OF CHARITABLE ORGANIZATIONS, SUITE 300 124 PINE STREET, HARRISBURG, PENNSYLVANIA 17101 (717) 783-1720 OR 1-800-732-0999 WITHIN PENNSYLVANIA.

ENTITY NUMBER: 2977828

MICROFILM NUMBER: 2000092

1214-1217

C ZETTLEMOYER
REED SMITH LLP
COUNTER

UPE-0003561

200092-1214

Microfilm Number _____

Entity Number 2977826

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed with the Department of
State on _____

Kim Ditzgenjalk

DEC 14 2000

Secretary of the Commonwealth

ARTICLES OF INCORPORATION
of
HIGHMARK FOUNDATION

In compliance with the requirements of the Nonprofit Corporation Law of 1988, 15 Pa. C.S.A. §§ 5301 et seq., as amended, the undersigned, desiring to incorporate a nonprofit corporation, hereby certifies that:

1. **Name.** The name of the Corporation is Highmark Foundation.
2. **Registered Office.** The location and post office address of the initial registered office of the Corporation in this Commonwealth is Fifth Avenue Place, 120 Fifth Avenue, Pittsburgh, Allegheny County, Pennsylvania 15222-3099.
3. **Organization.** The Corporation is incorporated under the provisions of the Nonprofit Corporation Law of 1988.
4. **Purpose.** The Corporation is formed exclusively for charitable, scientific, and educational purposes, all within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended or modified or replaced by any future United States internal revenue law (the "Code") and shall undertake charitable endeavors of Highmark Inc., including but not limited to, programs intended to promote the health and well-being of the communities served by Highmark, Inc., to the extent such endeavors further the foregoing purposes under section 501(c)(3) of the Code.
5. **Pecuniary Gain or Profit.** The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.
6. **Non-Stock Basis.** The Corporation is to be organized on a non-stock basis.
7. **Members.** The Corporation shall have members, and the initial sole member shall be Highmark Inc.
8. **Incorporator.** The name and post office address of the incorporator is Carol A. Soltes, 435 Sixth Avenue, Pittsburgh, Pennsylvania 15219.
9. **Management.** The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors of the Corporation. The number, term of office, method of selection and manner of removal of the Board of Directors shall be as set forth in the Bylaws of the Corporation.

200092-1215

10. Exempt Organization. Notwithstanding any other provision of these Articles, the Corporation shall not engage directly or indirectly in any activity which would prevent it from qualifying, and continuing to qualify, as a corporation described in Section 501(c)(3) of the Code (hereinafter referred to in these Articles as an "exempt organization"), or as a corporation contributions to which are deductible under Section 170(c)(2) of the Code. No substantial part of the activities of the Corporation shall be devoted to carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided in Section 501(h) of the Code), and the Corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

11. Earnings. Notwithstanding any other provision of these Articles, no part of the net earnings or assets of the Corporation shall inure to the benefit of or be distributable to its members, directors, trustees, officers or any other private individual; provided, however, the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to the extent that such payments do not prevent it from qualifying, and continuing to qualify, as an exempt organization and to make such lawful payments and distributions in furtherance of the purposes set forth in Article 4 hereof as may from time to time be either required or permitted by Section 501(c)(3) of the Code.

12. Foundation Status. Notwithstanding any other provision of these Articles, the Corporation shall be prohibited from engaging in any act of self-dealing (as defined in Section 4941(d) of the Code); from retaining any excess business holdings (as defined in Section 4943(c) of the Code); from making any investments in such manner as to subject the Corporation to tax under Section 4944 of the Code; and from making any taxable expenditures (as defined in Section 4945(d) of the Code), to the extent any action therewith would subject the Corporation to tax under one or more of the cited sections of the Code. To the extent required, the Corporation shall make qualifying distributions at such time and in such manner as do not subject the Corporation to tax under Section 4942 of the Code.

13. Dissolution. In the event that the Corporation shall be dissolved or liquidated, the Board of Directors, after paying or making provision for payment of all of the known liabilities of the Corporation, may transfer or dispose of the Corporation's property and assets to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

14. Personal Liability of Directors.

(a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) Applicability. The provisions of this Article shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Article is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Article. Any amendment or repeal of this Article or adoption of any bylaw or provision of these Articles which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

200092-1216

15. Indemnification

(a) **Right to Indemnification.** (1) As used herein, the word "Action" shall mean any action, suit or proceeding, administrative, investigative or other, (i) to which such person is a party (other than an action by the Corporation) or (ii) in connection with which such person is not a party but is a witness, subject to investigation or otherwise involved, in either case by reason of such person being or having been a Director or officer of the Corporation.

(2) Unless in a particular case indemnification would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code, result in the Corporation's failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code, and except as prohibited by law, each Director and officer of the Corporation shall be entitled as of right to be indemnified by the Corporation against expenses and any liability paid or incurred by such person (i) in the defense of any Action to which such person is a party or (ii) in connection with any other Action.

(3) A person who is not a Director or officer of the Corporation may be similarly indemnified in respect of service to the Corporation to the extent the Board at any time designates such person as entitled to the benefits of this Article.

(4) As used in this Article, "indemnitee" shall include each Director and each officer of the Corporation and each other person designated by the Board as entitled to the benefits of this Article; "liability" shall include amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement; and "expenses" shall include fees and expenses of counsel incurred by the indemnitee only (i) if the Corporation has not at its expense assumed the defense of the Action on behalf of the indemnitee with reputable and experienced counsel selected by the Corporation, or (ii) if it shall have been determined pursuant to Section 3 hereof that the indemnitee was entitled to indemnification for expenses in respect of an action brought under that Section.

(b) **Right to Advancement of Expenses.** Unless in a particular case advancement of expenses would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code, result in the Corporation's failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code, every indemnitee shall be entitled as of right to have his expenses in defending any Action paid in advance by the Corporation, as incurred, provided that the Corporation receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that the indemnitee is not entitled to be indemnified for such expenses.

(c) **Right of Indemnitee to Initiate Action: Defenses.** (1) If a written claim under Section (a) or Section (b) of this Article is not paid in full by the Corporation within thirty days after such claim has been received by the Corporation, the indemnitee may at any time thereafter initiate an action to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnitee shall also be entitled to be paid the expense of prosecuting such action.

(2) The only defenses to an action to recover a claim for indemnification otherwise properly asserted under Section (a) shall be (i) that the indemnitee's conduct was such that under applicable law the Corporation is prohibited from indemnifying the indemnitee for the amount claimed, or (ii) that indemnification would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code, result in the Corporation's failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code, but the burden of proving any such defense shall be on the Corporation.

(3) The only defense to an action to recover a claim for advancement of expenses otherwise properly asserted under Section (b) shall be (i) that advancement of expenses would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code, result in the Corporation's failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code or (ii) that the indemnitee failed to provide the undertaking required by Section (b), but the burden of proving any such defense shall be on the Corporation.

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(d) **Non-Exclusivity: Nature and Extent of Rights.** The rights to indemnification and advancement of expenses provided for in this Article shall (i) not be deemed exclusive of any other rights to which any indemnitee may be entitled, (ii) be deemed to create contractual rights in favor of each indemnitee who serves the Corporation at any time while this Article is in effect (and each such indemnitee shall be deemed to be so serving in reliance on the provisions of this Article), and (iii) continue as to each indemnitee who has ceased to have the status pursuant to which he was entitled or was designated as entitled to indemnification under this Article and shall inure to the benefit of the heirs and legal representatives of each indemnitee.

16. Code. References in these Articles to a section of the Code shall be construed to refer both to such section and to the regulations promulgated thereunder, as they now exist or may hereafter be amended, and to the corresponding provisions of any future federal tax code and the regulations thereunder.

IN TESTIMONY WHEREOF, the Sole Incorporator has signed these Articles of Incorporation this 14th day of December, 2000.

Carol A. Sullivan

Sole Incorporator

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BYLAWS

of

HIGHMARK FOUNDATION

(a Pennsylvania nonprofit corporation)

Adopted February 28, 2001

Index to Bylaws

<u>Section</u>		<u>Page</u>
ARTICLE I - <u>NAME AND PURPOSE</u>		
1.1	Name	1
1.2	Purpose	1
ARTICLE II - <u>MEMBERS</u>		
2.1	Members	1
2.2	Voting Rights	2
2.3	Transfer of Membership Interest	2
2.4	Additional Members	2
2.5	Annual Meeting	2
2.6	Special Meetings	2
2.7	Place of Meeting	2
2.8	Notice of Meetings	3
2.9	Quorum	3
2.10	Proxies	3
2.11	Meetings by Telephone	3
2.12	Manner of Acting	4
2.13	Unanimous Action	4
ARTICLE III - <u>DIRECTORS</u>		
3.1	Number, Election and Term of Office	4
3.2	Regular Meetings; Notice	5
3.3	Annual Meeting of the Board	5
3.4	Special Meetings; Notice	5
3.5	Organization	5
3.6	Meetings by Telephone	6
3.7	Presumption of Assent	6
3.8	Resignations	7
3.9	Committees	7
3.10	Vacancies	7

3.11	Removal	8
3.12	Personal Liability of Directors	8
3.13	Indemnification	9

ARTICLE IV - OFFICERS AND EMPLOYEES

4.1	Executive Officers	12
4.2	Additional Officers; Other Agents and Employees	12
4.3	The Chairperson	12
4.4	The Vice Chairperson	13
4.5	The President	13
4.6	The Vice Presidents	13
4.7	The Secretary and Assistant Secretaries	13
4.8	The Treasurer and Assistant Treasurers	14
4.9	Vacancies	15
4.10	Delegation of Duties	15

ARTICLE V - MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

5.1	Execution of Notes, Checks, Contracts and Other Instruments	15
5.2	Voting Securities Owned by Corporation	16

ARTICLE VI - GENERAL PROVISIONS

6.1	Offices	16
6.2	Corporate Seal	16
6.3	Fiscal Year	16
6.4	Annual Report	17

ARTICLE VII - AMENDMENTS

7.1	Amendments	17
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HIGHMARK FOUNDATION

Bylaws

ARTICLE I

NAME AND PURPOSE

Section 1.1. Name. The name of the Corporation is Highmark Foundation (hereinafter referred to as the "Corporation"), incorporated under the Pennsylvania Nonprofit Corporation Law of 1988 on December 14, 2000.

Section 1.2. Purpose. The Corporation is formed exclusively for charitable, scientific, and educational purposes, all within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended or modified or replaced by any future United States internal revenue law (the "Code") and shall undertake charitable endeavors of Highmark Inc., including but not limited to, programs intended to promote the health and well-being of the communities served by Highmark Inc., to the extent such endeavors further the foregoing purposes under section 501(c)(3) of the Code.

ARTICLE II

MEMBERS

Section 2.1. Members. The Corporation shall have members as contemplated by the Pennsylvania Nonprofit Corporation Law of 1988. Unless changed in accordance with the Articles of Incorporation and these Bylaws, the sole member of the Corporation shall be Highmark Inc.

Section 2.2. Voting Rights. Each member shall be entitled to one vote on any matters submitted to the members for a vote or as required by law or these Bylaws.

Section 2.3. Transfer of Membership Interest. A member may transfer all or any part of its interest in the Corporation upon an affirmative vote of all other members. No such transfer shall be permitted to the extent such transfer would adversely affect the Corporation's exempt status under section 501(c)(3) of the Code.

Section 2.4. Additional Members. Additional members may be admitted by an affirmative vote of all of the members, which vote shall be taken at a meeting duly held for such purpose.

Section 2.5. Annual Meeting. An annual meeting of the members shall be held each year on a date and at an hour fixed by the Board for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held at such annual meeting, or at any adjournment thereof, the members or the Board shall cause the election to be held at a special meeting of the members as soon thereafter as convenient.

Section 2.6. Special Meetings. Special meetings of the members may be called by any member, by the Board of Directors, or by the President.

Section 2.7. Place of Meeting. The place of all meetings of the members shall be at the principal office of the Corporation, or at such place as shall be determined from time to time by the Board. If no designation is made or if a

special meeting be otherwise called, the place of meeting shall be the principal office of the Corporation.

Section 2.8. Notice of Meetings. Written notice stating the place, day and hour of any meeting of members shall be delivered by mail, delivery service, e-mail, or facsimile, to each member entitled to vote at such meeting, not less than five days unless otherwise required by law before the date of such meeting, by or at the direction of the Secretary acting for the Board of Directors, or the person calling the meeting as provided under Section 2.6. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at its address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 2.9. Quorum. A quorum at any meeting shall consist of members holding a majority of the percentage interests of members. Unless stated otherwise in a transfer document, a member shall be deemed to hold a percentage interest equal to one divided by the number of members multiplied by 100. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting to a fixed date.

Section 2.10. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his or her duly authorized attorney-in-fact. No proxy shall be valid after three (3) months from the date of its execution, unless otherwise provided in the proxy.

Section 2.11. Meetings by Telephone. One or more members may participate in any regular or special meeting of the members by means of conference

telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner by a member will be considered to be attendance in person for all purposes under these Bylaws.

Section 2.12. Manner of Acting. A majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law or by these Bylaws. Each corporate member shall designate a representative to vote on its behalf.

Section 2.13. Unanimous Action. Any action required or permitted to be taken by the members may be taken without a meeting if all members consent in writing to the adoption of a resolution authorizing the action. The resolution and written consents thereto by the members shall be filed with the minutes of the proceedings of the members.

ARTICLE III

DIRECTORS

Section 3.1. Number, Election and Term of Office. The number of Directors which shall constitute the full Board of Directors shall be determined from time to time by the member(s). The member(s) shall appoint the Directors of the Corporation. Each Director shall hold office from the time of his or her appointment, but shall be responsible as a Director from such time only if he or she consents to his or her appointment; otherwise from the time he or she accepts office or attends his or her first meeting of the Board. Directors shall be appointed for a one year term, and each Director may serve an unlimited number of terms at the

discretion of the member(s). Each Director shall serve until his or her successor is duly appointed, or until his or her earlier death, resignation or removal.

Section 3.2. Regular Meetings; Notice. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated by the Board of Directors from time to time. Notice of such regular meetings shall not be required, except as otherwise expressly required herein or by law, and except that whenever the time or place of regular meetings shall be initially fixed and then changed, notice of such action shall be given promptly by telephone, e-mail or otherwise to each Director not participating in such action. Any business may be transacted at any regular meeting.

Section 3.3. Annual Meeting of the Board. A regular meeting of the Board of Directors shall be held at such date, time and place as may be fixed by the Board of Directors. Such regular meeting shall be the annual organization meeting at which the Board shall organize itself and elect the Executive Officers of the Corporation for the ensuing year and may transact any other business.

Section 3.4. Special Meetings; Notice. Special meetings of the Board of Directors may be called at any time by a member or any Director, to be held at such place and day and hour as shall be specified by the person or persons calling the meeting. Notice of every special meeting of the Board of Directors shall be given by the Secretary to each Director at least two days before the meeting. Any business may be transacted at any special meeting regardless of whether the notice calling such meeting contains a reference thereto, except as otherwise required by law.

Section 3.5. Organization. At all meetings of the Board of Directors, the presence of a majority of the Directors in office shall be necessary and sufficient

to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time to time by the Directors present until a quorum as aforesaid shall be present, but notice of the time and place to which such meeting is adjourned shall be given to any Directors not present either by being sent by e-mail or facsimile or given personally or by telephone at least eight hours prior to the hour of reconvening.

Resolutions of the Board shall be adopted, and any action of the Board upon any matter shall be valid and effective, with the affirmative vote of a majority of the Directors present at a meeting duly convened and at which a quorum is present. The Chairperson, the Vice Chairperson, if the Chairperson is unavailable, or the President, if neither the Chairperson nor the Vice Chairperson is available, shall preside at each meeting of the Board. The Secretary, or in his or her absence any Assistant Secretary, shall take the minutes at all meetings of the Board of Directors. In the absence of the Secretary and an Assistant Secretary, the presiding officer shall designate any person to take the minutes of the meeting.

Section 3.6. Meetings by Telephone. One or more Directors may participate in any regular or special meeting of the Board of Directors or of a committee of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner by a Director will be considered to be attendance in person for all purposes under these Bylaws.

Section 3.7. Presumption of Assent. Minutes of each meeting of the Board shall be made available to each Director at or before the next succeeding meeting. Each Director shall be presumed to have assented to such minutes unless

his or her objection thereto shall be made to the Secretary at or within two days after such succeeding meeting.

Section 3.8. Resignations. Any Director may resign by submitting his or her resignation to the Secretary. Such resignation shall become effective upon its receipt by the Secretary or as otherwise specified therein. Upon the resignation of a Director, the member(s) shall appoint a successor Director.

Section 3.9. Committees. By resolution adopted by the Board, standing or temporary committees consisting of at least one Director may be appointed by the Board of Directors from time to time. Subject to any applicable restrictions under the Pennsylvania Nonprofit Corporation Law of 1988, each such committee shall have and exercise such authority of the Board of Directors in the management of the business and affairs of the Corporation as the Board may specify from time to time, which may include any action which the Pennsylvania Nonprofit Corporation Law provides shall or may be taken by the Board of Directors. The Board may designate one or more Directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee, and in the event of such absence or disqualification, the member or members of such committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member. Any action taken by any committee shall be subject to alteration or revocation by the Board of Directors; provided, however, that third parties shall not be prejudiced by such alteration or revocation.

Section 3.10. Vacancies. Any vacancy that shall occur in the Board of Directors by reason of death, resignation, removal, or any other cause whatever

shall be filled by the member(s) in a manner that complies with Section 3.1, and each person so appointed shall be a Director until he or she or his or her successor is appointed at the next meeting of the Board or until his or her prior death, resignation or removal.

Section 3.11. Removal. The member(s) may remove a Director for any or no reason.

Section 3.12. Personal Liability of Directors.

(a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) Nature and Extent of Rights. The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Bylaw or provision of the Articles of the Corporation which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, Bylaw or provision.

Section 3.13. Indemnification.

(a) Right to Indemnification.

(1) As used herein, the word "Action" shall mean any action, suit or proceeding, administrative, investigative or other, (i) to which such person is a party (other than an action by the Corporation) or (ii) in connection with which such person is not a party but is a witness, subject to investigation or otherwise involved, in either case by reason of such person being or having been a Director or officer of the Corporation.

(2) Unless in a particular case indemnification would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code, result in the Corporation's failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code, and except as prohibited by law, each Director and officer of the Corporation shall be entitled as of right to be indemnified by the Corporation against expenses and any liability paid or incurred by such person (i) in the defense of any Action to which such person is a party or (ii) in connection with any other Action.

(3) A person who is not a Director or officer of the Corporation may be similarly indemnified in respect of service to the Corporation to the extent the Board at any time designates such person as entitled to the benefits of this Section.

(4) As used in this Section, "indemnitee" shall include each Director and each officer of the Corporation and each other person designated by the Board as entitled to the benefits of this Section; "liability" shall include

amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement; and “expenses” shall include fees and expenses of counsel incurred by the indemnitee only (i) if the Corporation has not at its expense assumed the defense of the Action on behalf of the indemnitee with reputable and experienced counsel selected by the Corporation, or (ii) if it shall have been determined pursuant to Section (c) hereof that the indemnitee was entitled to indemnification for expenses in respect of an action brought under that Section.

(b) Right to Advancement of Expenses. Unless in a particular case advancement of expenses would jeopardize the Corporation’s tax exempt status under Section 501(a) of the Code, result in the Corporation’s failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code, every indemnitee shall be entitled as of right to have his or her expenses in defending any Action paid in advance by the Corporation, as incurred, provided that the Corporation receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that the indemnitee is not entitled to be indemnified for such expenses.

(c) Right of Indemnitee to Initiate Action: Defenses.

(1) If a written claim under paragraph (a) or paragraph (b) of this Section is not paid in full by the Corporation within thirty days after such claim has been received by the Corporation, the indemnitee may at any time thereafter initiate an action to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnitee shall also be entitled to be paid the expense of prosecuting such action.

(2) The only defenses to an action to recover a claim for indemnification otherwise properly asserted under paragraph (a) shall be (i) that the indemnitee's conduct was such that under applicable law the Corporation is prohibited from indemnifying the indemnitee for the amount claimed, or (ii) that indemnification would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code, result in the Corporation's failure to be described in Section 501(c)(3) of the Code, or result in imposition of an excise tax under Chapter 42 of the Code, but the burden of proving any such defense shall be on the Corporation.

(3) The only defense to an action to recover a claim for advancement of expenses otherwise properly asserted under paragraph (b) shall be that the indemnitee failed to provide the undertaking required by paragraph (b).

(d) Non-Exclusivity; Nature and Extent of Rights. The rights to indemnification and advancement of expenses provided for in this Section shall (i) not be deemed exclusive of any other rights to which any indemnitee may be entitled, (ii) be deemed to create contractual rights in favor of each indemnitee who serves the Corporation at any time while this Section is in effect (and each such indemnitee shall be deemed to be so serving in reliance on the provisions of this Section), and (iii) continue as to each indemnitee who has ceased to have the status pursuant to which he or she was entitled or was designated as entitled to indemnification under this Section and shall inure to the benefit of the heirs and legal representatives of each indemnitee.

ARTICLE IV

OFFICERS AND EMPLOYEES

Section 4.1. Executive Officers. The Executive Officers of the Corporation shall be the Chairperson, Vice Chairperson, President, the Secretary and the Treasurer, and may include one or more Vice Presidents as the Board may from time to time determine, all of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person. Each Executive Officer shall hold office at the pleasure of the Board of Directors, or until his or her death or resignation.

Section 4.2. Additional Officers; Other Agents and Employees. The Board of Directors may from time to time appoint or employ such additional officers, assistant officers, agents, employees and independent contractors as the Board deems advisable; the Board shall prescribe their duties, conditions of employment and compensation; and the Board shall have the right to dismiss them at any time, without prejudice to their contract rights, if any. The Board may employ from time to time such other agents, employees and independent contractors as it may deem advisable for the prompt and orderly transaction of the business of the Corporation, and it may prescribe their duties and the conditions of their employment, fix their compensation and dismiss them at any time, without prejudice to their contract rights, if any.

Section 4.3. The Chairperson. The Chairperson of the Board shall be elected from among the Directors, shall preside at all meetings of the Board as provided herein, and shall have such other powers and duties as from time to time may be prescribed by the Board.

Section 4.4. The Vice Chairperson. The Vice Chairperson shall be elected from among the Directors, shall undertake the responsibilities of the Chairperson when he or she shall be unable to serve, and shall have such other powers and duties as from time to time may be prescribed by the Board.

Section 4.5. The President. The President shall be the chief executive officer of the Corporation. Subject to the control of the Board of Directors, the President shall have general supervision of and general management and executive powers over all the property, operations, business, affairs and employees of the Corporation, and shall see that the policies and programs adopted or approved by the Board are carried out. The President shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Directors.

Section 4.6. The Vice Presidents. The Vice Presidents may be given by resolution of the Board general executive powers, subject to the control of the Board, concerning one or more or all segments of the operations of the Corporation. The Vice Presidents shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Directors.

Section 4.7. The Secretary and Assistant Secretaries. It shall be the duty of the Secretary (a) to keep an original or duplicate record of the proceedings of the Board of Directors, and a copy of the Articles and of the Bylaws; (b) to give such notices as may be required by law or these Bylaws; (c) to be custodian of the corporate records and of the seal of the Corporation and see that the seal is affixed to such documents as may be necessary or advisable; and (d) to exercise all powers and duties incident to the office of Secretary; and such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Directors or

the President. The Secretary by virtue of his or her office shall be an Assistant Treasurer. Each officer of the Corporation by virtue of his or her office shall be an Assistant Secretary. The Assistant Secretaries shall assist the Secretary in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Directors, the President or the Secretary. At the direction of the Secretary or in his or her absence or disability, an Assistant Secretary shall exercise the powers and duties of the Secretary.

Section 4.8. The Treasurer and Assistant Treasurers. It shall be the duty of the Treasurer (a) to keep the Corporation's contracts, insurance policies, leases, deeds and other business records; (b) to see that the Corporation's lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (c) to be the principal officer in charge of tax and financial matters, budgeting and accounting of the Corporation; (d) to have charge and custody of and be responsible for the Corporation's funds, securities and investments; (e) to receive and give receipts for checks, notes, obligations, funds and securities of the Corporation, and deposit monies and other valuable effects in the name and to the credit of the Corporation, in such depositories as shall be designated by the Board of Directors; (f) to cause the funds of the Corporation to be disbursed by payment in cash or by checks or drafts upon the authorized depositories of the Corporation, and to cause to be taken and preserved proper vouchers for such disbursements; (g) to render to the President and the Board of Directors whenever they may require it an account of all his or her transactions as Treasurer, and reports as to the financial position and operations of the Corporation; (h) to keep appropriate, complete and accurate books and records of account of all the Corporation's business and transactions; and (i) to exercise all

powers and duties incident to the office of Treasurer; and such further duties from time to time as may be prescribed in these Bylaws or by the Board of Directors or the President. The Assistant Treasurers shall assist the Treasurer in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Directors, the President or the Treasurer. At the direction of the Treasurer or in his or her absence or disability, an Assistant Treasurer shall exercise the powers and duties of the Treasurer.

Section 4.9. Vacancies. Any vacancy in any office or position by reason of death, resignation, removal, disqualification, disability or other cause shall be filled in the manner provided in this Article IV for regular election or appointment to such office. Pending such election or appointment, the President may temporarily fill such vacant office him or herself.

Section 4.10. Delegation of Duties. The Board of Directors may in its discretion delegate for the time being the powers and duties, or any of them, of any officer to any other person whom it may select.

ARTICLE V

MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

Section 5.1. Execution of Notes, Checks, Contracts and Other Instruments. All notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees and all evidences of indebtedness of the Corporation whatsoever, and all deeds, mortgages, contracts and other instruments requiring execution by the Corporation, may be signed by the President, any Vice President or the Treasurer, and authority to sign any of the foregoing, which may be general or

confined to specific instances, may be conferred by the Board of Directors upon any other person or persons. Any person having authority to sign on behalf of the Corporation may delegate, from time to time, by instrument in writing, all or any part of such authority to any other person or persons if authorized to do so by the Board of Directors, which authority may be general or confined to specific instances. Facsimile signatures on checks may be used if authorized by the Board of Directors.

Section 5.2. Voting Securities Owned by Corporation. Securities owned by the Corporation and having voting power in any other corporation shall be voted by the President or any Vice President, unless the Board confers authority to vote with respect thereto, which may be general or confined to specific investments, upon some other person. Any person authorized to vote such securities shall have the power to appoint proxies, with general power of substitution.

ARTICLE VI .

GENERAL PROVISIONS

Section 6.1. Offices. The principal business office of the Corporation shall be at Fifth Avenue Place, 120 Fifth Avenue, Pittsburgh, Pennsylvania 15222-3099. The Corporation may also have offices at such other places within or without the Commonwealth of Pennsylvania as the business of the Corporation may require.

Section 6.2. Corporate Seal. The Board of Directors shall prescribe the form of a suitable corporate seal, which shall contain the full name of the Corporation and the year and state of incorporation.

Section 6.3. Fiscal Year. The fiscal year of the Corporation shall end on such day as shall be fixed by the Board of Directors.

Section 6.4. Annual Report. To the extent required, the President and Treasurer shall present an annual report to the Board of Directors in accordance with Section 5553 of the Pennsylvania Nonprofit Corporation Law of 1988.

ARTICLE VII

AMENDMENTS

Section 7.1. Amendments. These Bylaws may be amended, altered or repealed, and new bylaws may be adopted, by the members at any meeting by a majority vote of the members provided that all members shall have been given 5 days written notice of the general nature of the proposed amendment. Except as specifically set forth herein, no provision of these Bylaws shall vest any property or contract right in any person.

HIGHMARK FOUNDATION

**Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099**

May 14, 2001

Statement of History and Planned Activities

Attachment to Form 1023-Part II, Question 1

Exhibit 2

UPE-0003586

STATEMENT OF HISTORY AND PLANNED ACTIVITIES

Introduction

The Highmark Foundation (the "Foundation") was incorporated as a Pennsylvania nonprofit corporation on December 14, 2000. A copy of the Foundation's Articles of Incorporation and Bylaws are attached to this Form 1023 as Exhibit 1. The Foundation was created with the mission of improving the health, well-being and quality of life of the individuals who reside in the communities served by Highmark Inc. ("Highmark"). The Foundation will act as a grant-making foundation, and it will make grants to qualified public charities described in sections 501(c)(3) and 509(a)(1), (2), or (3) of the Internal Revenue Code of 1986.¹ The Foundation will operate in accordance with the provisions of Chapter 42 of the Code.

The Foundation's charitable grant-making activities will be conducted pursuant to a protocol which will be grounded primarily in requests for proposals ("RFPs"), that will be issued in response to key strategic health issues as identified and approved by the Foundation's Board. In addition to RFPs, the Foundation will entertain unsolicited grant proposals that speak to the Foundation's mission of improving the health of the communities Highmark serves. Specifically, the Foundation will support and promote organizations that provide (1) outreach programs to address the problems of youth violence, teen pregnancy and other community health needs; (2) programs to provide health care and benefits to individuals, including children, youth, senior citizens and low-income families in

¹ Unless noted otherwise, all section references are to the Internal Revenue Code of 1986 (the "Code"). All references to Treasury Regulations are to the regulations issued under the Code.

need; and (3) other suitable programs that charitably promote health and health care services and funding. For example, the Foundation would consider grants to research and health care organizations to study issues with respect to the overuse of antibiotics or women's health care issues, such as the availability of oncological services in the community.

The Foundation will not have an annual application deadline for grant proposals; rather, the Board of Directors will meet approximately every three months to review outstanding grant proposals. Grant applications will be required to be in letter-form and to include the following:

- a concise description of the charitable purpose of the project and a summary of the project for which the grant is being requested
- specific plans for evaluation of the services of the program
- specific project budget
- current operation budget
- a recent audited financial statement
- a statement of the organization's mission
- names and affiliations of board members
- names of staff responsible for the project
- verification of public charity status
- name and number of contact person.

Qualification Under Section 501(c)(3)

It is respectfully submitted that the Foundation qualifies for exemption from federal income tax under section 501(a) as an organization described in section 501(c)(3). Section 501(a) provides an exemption from federal income taxation for organizations meeting the following description in section 501(c)(3):

Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes . . . , no part of the net earnings of which inures to the benefit of any private

shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Treas. Reg. §1.501(c)(3)-1(b) indicates that a corporation is “organized exclusively” for one or more exempt purposes if the governing instrument limits the purposes of the corporation to one or more exempt purposes and does not expressly empower the corporation to engage in activities not in furtherance of exempt purposes. The Articles of Incorporation (the “Articles”) satisfy this requirement.

Rev. Rul. 69-545, 1969-2 C.B. 117, recognizes that the promotion of health is a charitable purpose within the meaning of section 501(c)(3) of the Code. Therefore, the promotion and support of the community health issues identified in the Articles is a charitable activity pursuant to section 501(c)(3) of the Code.

The Articles provide further that the Foundation shall make qualifying distributions at such time and in such manner as do not subject the Corporation to tax under Section 4942 of the Code. Articles, Section 12. The Foundation is expressly forbidden from engaging in any activity that may prevent the Foundation from qualifying and continuing to qualify as a charitable organization. Articles, Section 10.

Treas. Reg. §1.501(c)(3)-1(c) states that an organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of the exempt

purposes specified in section 501(c)(3). The Foundation, as a grant-making foundation limited to such exempt purposes, satisfies this requirement.

None of the net earnings of the Foundation has inured or may inure to the benefit of private shareholders or individuals within the meaning of section 501(c)(3). Articles, Section 11. No substantial part of the activities of the Foundation shall be the carrying on of propaganda, or otherwise attempting to influence legislation. The Foundation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of, or in opposition to, any candidate for public office. Articles, Section 10. Upon dissolution, all of the remaining assets shall be distributed to one or more charitable organizations as determined by the Directors. Articles, Section 13.

Section 508(e) provides that a private foundation shall not be exempt from taxation under section 501(a) unless its governing instrument includes provisions that: (1) require the foundation to make distributions at such times and in such manner as not to subject the foundation to tax under section 4942; and (2) prohibit the foundation from engaging in any act of self-dealing (as defined in section 4941(d)), from retaining any excess business holdings (as defined in section 4943(c)), from making any investments in such manner as to subject the foundation to tax under section 4944, and from making any taxable expenditures (as defined in section 4945(d)). Section 12 of the Articles includes provisions that conform with the requirements of section 508(e).

In summary, as a typical grant-making private foundation, the Foundation qualifies for exemption under section 501(c)(3).

* * *

HIGHMARK FOUNDATION

**Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099**

May 14, 2001

**Directors and Officers of
Highmark Foundation**

Attachment to Form 1023-Part II, Question 4(a)

Exhibit 3

UPE-0003591

DIRECTORS AND OFFICERS OF
HIGHMARK FOUNDATION

Chairman, Director
George Grode
Executive Vice President
Government Business & Corporate
Affairs
Highmark Inc.
1800 Center Street
Camp Hill, PA 17089

Vice-Chairman, Director
Doris Carson Williams
President
African American Chamber of Commerce
Regional Enterprise Tower
425 Sixth Avenue, Suite 701
Pittsburgh, PA 15219-1811

Director
Deborah E. Beck, CPA, JD
Vice President, Financial Operations
Highmark Inc.
120 Fifth Avenue, Suite 920
Pittsburgh, PA 15222

Director
Scott Becker
Vice President, Strategic Provider
Relationships
Highmark Inc.
120 Fifth Avenue, Suite 3124
Pittsburgh, PA 15222

Director
Thomas J. Rohner, Jr., M.D.
2907 Mt. Gretna Road
Elizabethtown, PA 17022

President
Aaron Walton
Senior Vice President
Strategic Health and Community
Initiatives
Highmark Inc.
120 Fifth Avenue, Suite 3110
Pittsburgh, PA 15222

Secretary
Elaine B. Krasik
Associate Counsel
Highmark Inc.
120 Fifth Avenue, Suite 2180
Pittsburgh, PA 15222

Treasurer
Melissa M. Anderson
Assistant Controller
Highmark Inc.
120 Fifth Avenue, Suite 924
Pittsburgh, PA 15222

The Directors and Officers will not receive compensation for their services as such, but Directors and Officers who provide services to the Foundation will receive reasonable compensation for their services to the Foundation. Although the Directors and Officers do not currently receive compensation, they may receive reasonable compensation for services rendered to the Foundation at some point in the future.

* * *

HIGHMARK FOUNDATION

**Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099**

May 14, 2001

**Estimated Budget of
Highmark Foundation**

Exhibit 4

UPE-0003594

HIGHMARK FOUNDATION

Estimated Budget

	<u>2000*</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>Revenue</u>				
Contributions	\$8,076,000	\$0	\$0	\$0
Investment Income	<u>\$0</u>	<u>\$525,000</u>	<u>\$329,000</u>	<u>\$195,850</u>
Total Revenue	<u>\$8,076,000</u>	<u>\$525,000</u>	<u>\$329,000</u>	<u>\$195,850</u>
<u>Expenses</u>				
Grants Awarded	\$0	\$2,000,000	\$3,000,000	\$2,000,000
Other Expenses	<u>\$0</u>	<u>\$8,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
Total Expenses	<u>\$0</u>	<u>\$2,008,000</u>	<u>\$3,005,000</u>	<u>\$2,005,000</u>
NET ASSETS	<u>\$8,076,000</u>	<u>\$6,593,000</u>	<u>\$3,917,000</u>	<u>\$2,107,850</u>

*Budget for shortened year of December 14, 2000 - December 31, 2000.

* * *

Western Pennsylvania Caring Foundation, Inc.
Application for Recognition of
Exemption Under Section 501(C)(3)
of the Internal Revenue Code

EXHIBIT "A"

Form 1023, Part II
Organization Documents
Articles of Incorporation
By-Laws

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222
May 24, 1985

I hereby certify that the attached Articles of
Incorporation is a true and correct copy of the Articles
of Incorporation of the Western Pennsylvania Caring
Foundation, Inc.

By: *Rebecca J. Talbot*
Secretary

ARTICLES OF INCORPORATION
DOMESTIC NON-PROFIT CORPORATION

FEE \$75.00

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
HARRISBURG, 17120

1 NAME OF CORPORATION
WESTERN PENNSYLVANIA CARING FOUNDATION, INC.

2 ADDRESS OF REGISTERED OFFICE IN PENNSYLVANIA (P.O. BOX NUMBER NOT ACCEPTABLE)
301 FIFTH AVENUE BUILDING

3 CITY COUNTY STATE ZIP CODE
PITTSBURGH ALLEGHENY PENNSYLVANIA 15222

4 EXPLAIN THE PURPOSE OF THE CORPORATION

See Attached.

(ATTACH 8x11 SHEET IF NECESSARY)

5 THE CORPORATION DOES NOT CONTEMPLATE PECUNIARY BENEFIT OR GAIN INCIDENTAL OR OTHERWISE.

6 (OPTIONAL) THE CORPORATION IS TO HAVE NO MEMBERS
CHECK APPROPRIATE SECTION:
 THE CORPORATION IS TO BE ORGANIZED ON A NON-STOCK BASIS
 THE CORPORATION IS TO BE ORGANIZED ON A STOCK BASIS AS FOLLOWS:

7 Number and Class of Shares (if applicable)	Per Value Per Share, If Any	Total Authorized Capital	Term of Existence
N/A			

8 Name and Address of Each Incorporator, and the Number and Class of Shares Subscribed to by each Incorporator

Name	Address (Street, City, State, Zip Code)	Number & Class of Shares
Blue Cross of Western Pennsylvania	One Smithfield Street, Pittsburgh, Pennsylvania 15222	N/A
(ATTACH 8x11 SHEET IF NECESSARY)		

IN TESTIMONY WHEREOF, THE INCORPORATORS HAVE SIGNED AND SEALED THE ARTICLES OF INCORPORATION THIS 24th DAY OF May 1975.

[Signature]
ASSISTANT SECRETARY

Blue Cross of Western Pennsylvania
[Signature]
PRESIDENT

-FOR OFFICE USE ONLY-

030 FILED	002 CODE	003 REV BOX	SEQUENTIAL NO.	100 MICROFILM NUMBER	
	REVIEWED BY	004 SIC	AMOUNT	001 CORPORATION NUMBER	
	DATE APPROVED		\$		
	DATE REJECTED	CERTIFY TO <input type="checkbox"/> REV. <input type="checkbox"/> L & I	INPUT BY	LOG IN	LOG IN (REFILE)
	MAILED BY DATE		VERIFIED BY	LOG OUT	LOG OUT (REFILE)

Secretary of the Commonwealth

P. O. Nely Co., 427 Fourth Ave., Pgh., PA 15210

4. Explain the purpose of the Corporation:

To operate exclusively for charitable, educational, and scientific purposes, for the benefit of the economically disadvantaged or elderly members of the western Pennsylvania community or elsewhere by providing support for programs designed to improve the quality, awareness of, and availability of health care.

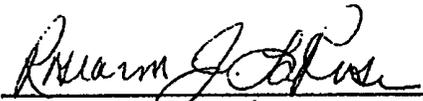
Said Corporation is organized exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law.)

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to its members, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law) or, (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law.

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purpose of the Corporation in such manner, or to such organization or organizations operated exclusively for charitable purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine.

I hereby certify that the attached By-Laws
is a true and correct copy of the By-Laws of the
Western Pennsylvania Caring Foundation, Inc.

By: 
Secretary

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.

BY-LAWS

ARTICLE I
OFFICE OF CORPORATION

The principal office and place of business of the Corporation shall be located at 301 Fifth Avenue Building, Pittsburgh, Pennsylvania, 15222.

ARTICLE II
MEMBERS

A. Members.

The member of the Corporation shall be Blue Cross of Western Pennsylvania.

B. Place of Meetings.

All member meetings shall be held at the principal office of the Corporation unless the Board of Directors by a duly adopted resolution shall designate a different place within the Commonwealth of Pennsylvania for the holding of such meetings.

C. Annual Meeting.

The annual meeting of the member for the election of Directors shall be held during May or June of each year on a date and at an hour to be fixed by the Board.

D. Special Meetings.

Special meetings of the member may be called at any time either by the Executive Director or the Board of Directors.

E. Election of Directors.

At the annual meeting, the member shall elect at least three (3) but not more than five (5) Directors who shall be natural persons of full age. Such persons shall serve for one (1) year and until their successors are duly chosen and qualified.

F. Delayed Election of Directors.

If for any cause the member shall fail to elect Directors at any annual meeting, the Directors may call a special meeting for that purpose on some subsequent day.

ARTICLE III
DIRECTORS

A. Management of Corporation.

The business and affairs of the Corporation shall be managed by its Board of Directors consisting of at least three (3) but no more than five (5) members and all powers of the Corporation except as otherwise provided by law or by these By-Laws shall be exercised by the Board of Directors.

B. Acceptance of Directorship.

Each person elected as a Director before he shall be qualified to act shall file with the Secretary of the Corporation a written acceptance of the trust.

C. Quorum.

A majority of the Directors shall constitute a quorum.

D. Vacancies.

Any vacancies occurring in the Board of Directors including vacancies resulting from an increase in the number of Directors shall be filled by the election of a majority of the remaining members of the Board of Directors though less than a quorum, and each person so elected shall be a Director until his successor is elected by the members who may make such election at the next annual meeting of the members or at any special meeting called for the purpose and held prior thereto.

E. Annual Meeting.

With or without notice the Board of Directors shall hold an annual meeting immediately after the annual meeting of the members or after the last adjournment thereof.

F. Special Meetings.

Special meetings may be called by the Executive Director or Secretary or upon the written request of two (2) Directors or more. Each such special meeting shall be held at such time and place as shall be designated in the notice for such meeting.

G. Notice of Meetings.

Written notice of an annual meeting or a special meeting shall be given by or at the direction of the person or persons calling such meeting as follows:

- (a) personally delivered notice - one (1) day prior to the day named for such meeting,
- (b) telegram - two (2) days prior to the day named for such meeting,
- (c) United States Mail - three (3) days prior to the day named for such meeting.

When a scheduled meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at such meeting other than by announcement at the meeting at which such adjournment is taken. Each notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted. A waiver of written notice in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting, neither the business to be transacted at, nor the purpose of the meeting need be specified in the waiver of notice of such meeting.

ARTICLE IV
OFFICERS

A. Executive Officers.

The officers of the Corporation shall be an Executive Director, a Treasurer, a Secretary, and such other officers as may be designated by the Board of Directors in accordance with the provisions of this Article. Any two (2) or more offices may be held by the same person except that of the offices of Executive Director and Secretary. The office of Treasurer may be held by a bank.

B. Election, Term of Office, Removal and Vacancies.

The officers of the Corporation shall be elected by the Board of Directors at its annual meeting and shall hold office until their successors are chosen and qualified provided that any officer may be removed at any time by the Board of Directors

without cause. In the event of any vacancy in any office, the same may be filled by the Board of Directors at any meeting called for such purpose and the person so chosen shall hold office only until the annual meeting of the Board of Directors and until his successor is chosen and qualified.

C. Executive Director.

The Executive Director shall be the chief executive officer of the Corporation and shall act as its President. He may appoint standing and special staff committees to assist him in carrying out his executive duties. He shall have the authority to assign specific and general administrative duties and functions to the Corporation's officers and to determine the duties of its employees. He shall have authority to delegate his executive duties to such committees and officers to the extent permissible under the laws of the Commonwealth of Pennsylvania. He shall be ex-officio a member of all standing committees appointed by the Board of Directors. He shall make reports of the Corporation's business to the Board of Directors and to the members at such times as the said Board shall require to approve. He shall sign, execute and acknowledge in the name of the corporation, debts, mortgages, bonds, contracts and other instruments authorized by the Board except in the cases where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation and he shall perform all the usual duties incident to the office of President and such other duties as from time to time may be assigned to him by the Board of Directors.

D. Secretary.

The Secretary shall attend the meetings of the members and of the Directors and keep minutes thereof in suitable books. Unless some other person is delegated to give such notice, the Secretary shall send out notices of all meetings of members and of Directors which may be called or held in accordance with the provisions of law and of these By-Laws. He shall be the custodian of the Seal of the Corporation and shall see that it is affixed to all documents to be executed on behalf of the Corporation under its Seal. He shall perform all the usual duties incident to the office of Secretary and such other duties as may be assigned to him by the President or the Board of Directors.

E. Treasurer.

The Treasurer shall receive all moneys paid to the Corporation and keep, or cause to be kept, accurate accounts of all moneys received or payments made in books kept for that purpose. He shall deposit all moneys received by him in the name and to the credit of the Corporation in such bank or other place or places of deposit as the Board of Directors shall designate.

As directed by the Executive Director or Board of Directors, he shall disburse moneys of the Corporation by checks or vouchers. He shall give bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall require. He shall perform all the usual duties incident to the office of Treasurer and such other duties as may be assigned to him by the Executive Director or the Board of Directors.

ARTICLE V
DIRECTORS' AND OFFICERS' RIGHT TO INDEMNIFICATION

Each person who is or was a Director or Officer of the Corporation shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any actual or threatened civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the Corporation or otherwise) arising out of their service to the Corporation or to another organization at the Corporation's request. Persons who are not Directors or Officers of the Corporation may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors. The provisions of this Article shall be applicable to actions, suits or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

ARTICLE VI
BORROWING AND DEPOSITS

A. Borrowing.

No officer, agent or employee of the Corporation shall have any power or authority to borrow money on its behalf, to pledge its credit, or to mortgage or pledge its real property, except to the extent of the authority delegated to such officer, agent or employee by a resolution of the Board of Directors.

B. Deposits.

All funds of the Corporation shall be deposited each day to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may approve or designate, and all such funds shall be withdrawn only by checks signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by a resolution of the Board of Directors.

ARTICLE VII
NOTICE - WAIVER

A. Nature of Notice.

Whenever written notice is required to be given to any person, it may be given to such person, either by delivering it to him personally, or by sending by mail, or by telegram, charges prepaid to his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice. If the notice is sent by mail or by telegram, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted.

B. Waiver in Writing.

Whenever any notice, either written or by publication, is required to be given, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

C. Waiver by Attendance.

Attendance of a person either in person or by proxy at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened and when he restricts his participation to the making of such objection.

ARTICLE VIII
FISCAL YEAR

The Fiscal Year of the Corporation shall commence on January 1 and end on December 31.

ARTICLE IX
AMENDMENTS TO BY-LAWS

Any or all of the provisions of the By-Laws of the Corporation may be amended, altered or repealed by the Board of Directors or by the members, at any meeting duly convened after notice to the Directors or members setting forth the nature of the change or changes to be made in such By-Laws.

EXHIBIT "B"

Form 1023, Part III
Descriptive Literature for the
Blue Cross and Blue Shield Caring Program for Children

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222
May 24, 1985

THE BLUE CROSS AND BLUE SHIELD
CARING PROGRAM FOR CHILDREN

Providing Primary Health Care Benefits

Enrollment and Underwriting Regulations

Effective Date and Length of Program:

May 1, 1985 or a mutually agreeable date
for one year unless otherwise extended.

Minimum Group Size:

100 Children -- each child represents
one agreement.

Enrolled Child Must Be:

- Unmarried, natural or adopted son or daughter or under legal guardianship of parents whose annual family income is less than \$12,000.
- Ineligible for coverage under any public plan of health insurance. Applicants must sign letter certifying that they meet these requirements.
- From birth to age nineteen or as long as child is pre-school age or is a full-time student attending grades one through twelve.
- Resident of the 29-county area served by Blue Cross of Western Pennsylvania.
- All eligible children in the family of the unemployed/marginally employed worker must enroll in the program.
- The health condition of a family's child or children will not be used in determining that family's eligibility to participate in the program.

Covered Benefits:

- | | |
|---|--|
| ● Emergency Accident Care | ● Office Visits (unlimited) |
| ● Pediatric Preventive Health Maintenance Program | ● Outpatient diagnostic |
| ● Emergency Medical Care | ● Outpatient Laboratory, X-Ray and medical |
| ● Outpatient Surgery | |

For information: (412) 391-8540

(Group)
PEDIATRIC-PREVENTIVE BENEFITS

**AGE CHART
 X - ELIGIBLE SERVICE**

 1-2 3-4 5-6 8-12 1-2 3-7 8-14

 Mos. Mos. Mos. Mos. Yrs. Yrs. Yrs.

PROCEDURE

<u>Interval Physical & History</u>	X	X	X	X	X	X	X	X
<u>Diphtheria Immunization</u>	X	X	X	X	X	X	X	X
<u>Pertussis Immunization</u>	X	X	X	X	X	X	X	X
<u>Tetanus Immunization</u>	X	X	X	X	X	X	X	X
<u>Trivalent Oral Polio Vaccine</u>	X	X	X	X	X	X	X	X
<u>Measles, Mumps, Rubella</u>				X				
<u>Hematocrit</u>				X			X	X
<u>Tine Test</u>				X			X	X
<u>Urinalysis</u>					X			X
<u>Urine Culture (females only)</u>							X	X

EXHIBIT "C"

Form 1023, Part III
Endorsements and Commendations for the
Blue Cross and Blue Shield Caring Program for Children

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222
May 24, 1985

Western Union Telex
Western Union Telex
Western Union Telex
Western Union Telex

TELEX

THIS MESSAGE RECEIVED DIRECT
FROM SENDER VIA U.W. TELEX

1985 APR 24 PM 12:59

WU TELTEX PGH.
WHITEHOUSE WSH
PLZ DELIVER FOLLOWING MESSAGE ASAP/407 GOVT DLY WHITE HOUSE DC APR
24
PMG MESSRS. EUGENE J. BARONE
AND LEROY K. MANN, PRESIDENTS //DLR DONT DWR//
BLUE CROSS OF WESTERN PENNSYLVANIA
PENNSYLVANIA BLUE SHIELD
ONE SMITHFIELD STREET
PITTSBURGH, PA 15222 //URGENT, URGENT...DO NOT HOLD///
?WH7
/

IT GIVES ME PLEASURE TO COMMEND THE BLUE CROSS OF WESTERN
PENNSYLVANIA AND PENNSYLVANIA BLUE SHIELD AS YOU ANNOUNCE YOUR NEW
JOINT PROJECT: "CARING PROGRAM FOR CHILDREN — PROVIDING PRIMARY
HEALTH CARE BENEFITS."

THE NEED FOR CHILD HEALTH CARE REACHES INTO EVERY ELEMENT OF OUR
SOCIETY. YOUR ORGANIZATIONS' EFFORTS TO PROVIDE PRIMARY HEALTH CARE
BENEFITS TO CHILDREN ENRICHES THE QUALITY OF LIFE FOR EVERYONE IN THE
COMMUNITIES THAT YOU SERVE.

I CONGRATULATE ALL OF YOU ON THIS VERY UNIQUE PROGRAM WHICH
GIVES CARING PERSONS THE OPPORTUNITY TO HELP CHILDREN TO RECEIVE THE
CARE THAT THEY WILL NEED TO GROW UP TO BE STRONG AND HEALTHY ADULTS.

RONALD REAGAN

/
*
WU TELTEX PGH.
WHITEHOUSE WSH
V



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

APR 23 1985

Messrs. Eugene J. Barone and
Leroy K. Mann
Presidents
Blue Cross of Western Pennsylvania
and Pennsylvania Blue Shield
One Smithfield Street
Pittsburgh, Pennsylvania 15222

Dear Mr. Barone and Mr. Mann:

This is National Volunteer Week and what an appropriate time to congratulate you as you initiate a new program for children: The Blue Cross and Blue Shield Caring Program for Children -- Providing Primary Health Care Benefits.

I understand that through this program, a sponsoring group such as a church or civic organization prepays the cost of health care coverage for a specified number of children from economically disadvantaged families.

This is the true essence of volunteerism in America, and it is directed toward the most precious commodity of all--our children.

I send my highest personal commendation to you for developing this very special program, and my highest hope and wishes that this special type of volunteerism to promote health for our children spreads throughout the depth and breadth of our great country.

Sincerely,

Margaret M. Heckler
Secretary

Application for Recognition of Exemption

OMB No. 1545-0056

Under Section 501(c)(3) of the Internal Revenue Code

To be filed in the key district for the area in which the organization has its principal office or place of business.

For Paperwork Reduction Act Notice, see page 1 of the instructions.

This application, when properly completed, constitutes the notice required under section 508(a) of the Internal Revenue Code so that an applicant may be treated as described in section 501(c)(3) of the Code, and the notice required under section 508(b) for an organization claiming not to be a private foundation within the meaning of section 509(a). (Read the instructions for each part carefully before making any entries.) If required information, a conformed copy of the organizing and operational documents, or financial data are not furnished, the application will not be considered on its merits and the organization will be notified accordingly. Do not file this application if the applicant has no organizing instrument (see Part II).

Part I.—Identification

1 Full name of organization Western Pennsylvania Caring Foundation, Inc.		2 Employer identification number (If none, see instructions) Applied for 5/85	
3(a) Address (number and street) 301 Fifth Avenue Building		Check here if applying under section: <input type="checkbox"/> 501(e) <input type="checkbox"/> 501(f)	
3(b) City or town, State, and Zip code Pittsburgh, Pennsylvania 15222		4 Name and phone number of person to be contacted Joseph Greif (202) 463-3661	
5 Month the annual accounting period ends December 31	6 Date incorporated or formed May 24, 1985	7 Activity codes 560 927	
8 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form number(s), years filed, and Internal Revenue office where filed.			

Part II.—Type of Entity and Organizational Document (see instructions)

Check the applicable entity box below and attach a conformed copy of the organization's organizing document and bylaws as indicated for each entity.
 Corporation—Articles of incorporation and bylaws. Trust—Trust indenture. Other—Constitution or articles of association and bylaws.

Part III.—Activities and Operational Information

1 What are or will be the organization's sources of financial support? List in order of size.
 Contributions from the general public, including, but not limited to:

- 1) churches,
- 2) civic and service associations,
- 3) individuals,
- 4) corporations,
- 5) government agencies.

2 Describe the organization's fund-raising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fund-raising activities such as selective mailings, formation of fund-raising committees, use of professional fund raisers, etc.) Attach representative copies of solicitations for financial support.

The organization will accept funds resulting from a public awareness campaign conducted by Blue Cross of Western Pennsylvania. This will include:

- a) Direct mailing to approximately 2,000 targeted organizations throughout 29 counties of western Pennsylvania.
- b) Radio and television public service announcements.
- c) Personal contact by representatives of Blue Cross of Western Pennsylvania with leaders of civic and service organizations and the members of the clergy.

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and I have examined this application, including the accompanying statements, and to the best of my knowledge it is true, correct, and complete.

 Executive Director..... May 24, 1985
 (Signature) (Title or authority of signer) (Date)

Part III.—Activities and Operational Information (Continued)

3 Give a detailed narrative description of the organization's past, present, and proposed future activities, and the purposes for which it was formed. The narrative should identify the specific benefits, services, or products the organization has provided or will provide. If the organization is not fully operational, explain what stage of development its activities have reached, what further steps remain for it to become fully operational, and when such further steps will take place. (Do not state the purposes and activities of the organization in general terms or repeat the language of the organizational documents.) If the organization is a school, hospital, or medical research organization, include enough information in your description to clearly show that the organization meets the definition of that particular activity that is contained in the instructions for Part VI-A.

The organization's purpose is to benefit the economically disadvantaged members of the western Pennsylvania community by providing support for those programs exclusively designed to improve the quality, awareness of and availability of health care.

The organization's first effort toward that goal will be to raise necessary funds to purchase prepaid health insurance benefits for needy children made available through the Blue Cross and Blue Shield Caring Program for Children (the Program). The Program was developed by Blue Cross of Western Pennsylvania together with Pennsylvania Blue Shield on a non-profit basis to promote primary health care and maintenance for the children of those unemployed or marginally employed families who are not eligible to participate in publicly funded programs and are unable to afford private health insurance. The Program includes: emergency outpatient and medical care, minor surgery and diagnostic tests such as x-rays. Also covered are physicians' charges for outpatient surgery, emergency accident care, pediatric preventive health maintenance, unlimited office visits and diagnostic tests. (See Exhibit "B" - Descriptive Literature for the Blue Cross and Blue Shield Caring Program for Children.)

The Program is underwritten by Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield and approved by the Pennsylvania Insurance Department to provide benefits for groups of one hundred children or more, at the cost of \$13 per month, per child, for a period of one year. Any church, civic association, individual or corporation who will prepay the cost of at least one hundred children (a total of \$15,600) may become a sponsoring organization. However, no mechanism was provided to receive contributions from those members of the community who wish to support the Program but cannot afford to sponsor one hundred children. The Western Pennsylvania Caring Foundation will provide that mechanism. All monies received by the Foundation will be pooled and used to purchase benefits from the Program. The Western Pennsylvania Caring Foundation will allow the greatest number of needy children to receive the benefits of the Program.

The Program received state-wide support and commendation from Pennsylvania Governor Thornburgh. National support and commendation has also been received from Margaret M. Heckler, Secretary of Health and Human Services, and from President Ronald Reagan. In addition, the Program has received the endorsement of numerous civic and religious organizations. (See Exhibit "C" - Endorsements and Commendations for the Blue Cross and Blue Shield Caring Program for Children.)

The goal of the organization is to provide health benefits to approximately five thousand (5,000) needy children in the western Pennsylvania area. (See Exhibit "D" - Support, Revenue and Expenses.)

4 The membership of the organization's governing body is:

(a) Names, addresses, and titles of officers, directors, trustees, etc.	(b) Annual compensation
See Exhibit "E"	None

**Power of Attorney and
 Declaration of Representative**

OMB No. 1545-0150

▶ See separate instructions

PART I.— Power of Attorney

Taxpayer(s) name, identifying number, and address including ZIP code (Please type or print)
 Western Pennsylvania Caring Foundation, Inc.
 301 Fifth Avenue Building
 Pittsburgh, PA 15222 - I.D. no. applied for 5/85

For IRS Use Only		
File So.		
Level		
Receipt		
Powers		
Blind T.		
Action		
Ret.Ind.		

hereby appoints (name(s), CAF number(s), address(es), including ZIP code(s), and telephone number(s) of individual(s)) *

Gary R. Truitt, Esquire
 Blue Cross of Western Pennsylvania
 One Smithfield Street
 Pittsburgh, Pennsylvania 15222

and

Joseph Greif, Esquire
 Whitney & Dempsey
 Suite 501, 2101 L Street N.W.
 Washington, D.C. 20037

as attorney(s)-in-fact to represent the taxpayer(s) before any office of the Internal Revenue Service for the following tax matter(s) (specify the type(s) of tax and year(s) or period(s) (date of death if estate tax)):

Type of tax (Individual, corporate, etc.)	Federal tax form number (1040, 1120, etc.)	Year(s) or period(s) (Date of death if estate tax)
Corporate-exempt organi- zation	1023	1985 - 1986

The attorney(s)-in-fact (or either of them) are authorized, subject to revocation, to receive confidential information and to perform any and all acts that the principal(s) can perform with respect to the above specified tax matters (excluding the power to receive refund checks, and the power to sign the return (see regulations section 1.6012-1(a)(5), Returns made by agents), unless specifically granted below).

Send copies of notices and other written communications addressed to the taxpayer(s) in proceedings involving the above tax matters to:

- 1 the appointee first named above, or
- 2 (names of not more than two of the above named appointees) Both appointees above

Initial here ▶ if you are granting the power to receive, but not to endorse or cash, refund checks for the above tax matters to:

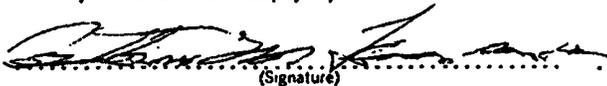
- 3 the appointee first named above, or
- 4 (name of one of the above designated appointees) ▶

This power of attorney revokes all earlier powers of attorney and tax information authorizations on file with the Internal Revenue Service for the same tax matters and years or periods covered by this power of attorney, except the following:

.....
 (Specify to whom granted, date, and address including ZIP code, or refer to attached copies of earlier powers and authorizations.)

Signature of or for taxpayer(s)

(If signed by a corporate officer, partner, or fiduciary on behalf of the taxpayer, I certify that I have the authority to execute this power of attorney on behalf of the taxpayer.)


 (Signature)

Executive Director.....
 (Title, if applicable)

May 24, 1985
 (Date)

(Also type or print your name below if signing for a taxpayer who is not an individual.)

.....
 (Signature)

.....
 (Title, if applicable)

.....
 (Date)

* You may authorize an organization, firm, or partnership to receive confidential information, but your representative must be an individual who must complete Part II.

Part III.—Activities and Operational Information (Continued)

4 (c) Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

(d) Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons?" (See specific instruction 4(d).) Yes No
If "Yes," explain.

(e) Have any members of the organization's governing body assigned income or assets to the organization, or is it anticipated that any current or future member of the governing body will assign income or assets to the organization? Yes No
If "Yes," attach a complete explanation stating which applies and including copies of any assignments plus a list of items assigned.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of another organization, or does it have a special relationship to another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

The sole member of the Corporation is Blue Cross of Western Pennsylvania. The Directors of the Corporation are elected by the member. Current Directors may also be officers and/or employees and/or directors of Blue Cross.

6 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Accountable to its members - Blue Cross of Western Pennsylvania.

7 (a) What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken.

Funds contributed by donors are organization's sole assets.

(b) To what extent have you used, or do you plan to use contributions as an endowment fund, i.e., hold contributions to produce income for the support of your exempt activities?

No endowment fund presently contemplated.

8 Will any of the organization's facilities be managed by another organization or individual under a contractual agreement? Yes No
If "Yes," attach a copy of each contract and explain the relationship between the applicant and each of the other parties.

Not anticipated. All administrative services which will be required will be donated to the organization by Blue Cross of Western Pennsylvania.

Part III.—Activities and Operational Information (Continued)

9 (a) Have the recipients been required or will they be required to pay for the organization's benefits, services, or products? Yes No
If "Yes," explain and show how the charges are determined.

(b) Does or will the organization limit its benefits, services, or products to specific classes of individuals? . Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

See Exhibit "F" - Conditions of Eligibility

10 Is the organization a membership organization? Yes No
If "Yes," complete the following:

(a) Describe the organization's membership requirements and attach a schedule of membership fees and dues. The By-Laws of the Corporation provide that its sole member is Blue Cross of Western Pennsylvania. No fees or dues exist.

(b) Describe your present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

See (a) above.

(c) Are benefits, services, or products limited to members? Yes No
If "No," explain.

The organization's services will benefit needy children.

11 Does or will the organization engage in activities tending to influence legislation or intervene in any way in political campaigns? Yes No

If "Yes," explain. (Note: You may wish to file Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation.)

12 Does the organization have a pension plan for employees? Yes No

13 (a) Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed as required by section 508(a) and the related regulations? (See general instructions.) . . . Yes No

(b) If you answer "No," to 13(a) and you claim that you fit an exception to the notice requirements under section 508(a), attach an explanation of your basis for the claimed exception.

(c) If you answer "No," to 13(a) and section 508(a) does apply to you, you may be eligible for relief under regulations section 1.9100 from the application of section 508(a). Do you wish to request relief? . . . Yes No

(d) If you answer "Yes," to 13(c) attach a detailed statement that satisfies the requirements of Rev. Proc. 79-63.

(e) If you answer "No," to both 13(a) and 13(c) and section 508(a) does apply to you, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed (see instructions)? Yes No

Part IV.—Statement as to Private Foundation Status (see instructions)

1 Is the organization a private foundation? Yes No

2 If you answer "Yes," to question 1 and the organization claims to be a private operating foundation, check here and complete Part VII.

3 If you answer "No," to question 1 indicate the type of ruling you are requesting regarding the organization's status under section 509 by checking the box(es) below that apply:

(a) Definitive ruling under section 509(a)(1), (2), (3), or (4) ► Complete Part VI.

(b) Advance ruling under ► sections 509(a)(1) and 170(b)(1)(A)(vi) or ► section 509(a)(2)—see instructions.

(c) Extended advance ruling under ► sections 509(a)(1) and 170(b)(1)(A)(vi) or ► section 509(a)(2)—see instructions.

(Note: If you want an extended advance ruling you must check the appropriate boxes for both 3(b) and 3(c). You must also complete and attach two Forms 872-C to the application.) See Exhibit "G"

Statement of Support, Revenue, and Expenses for the period beginning 19....., and ending 19.....

Note: Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

Support and Revenue	1	Gross contributions, gifts, grants, and similar amounts received	1	
	2	Gross dues and assessments of members	2	
	3	(a) Gross amounts derived from activities related to organization's exempt purpose (attach schedule)	3c	
		(b) Minus cost of sales		
	4	(a) Gross amounts from unrelated business activities (attach schedule)	4c	
		(b) Minus cost of sales		
	5	(a) Gross amount received from sale of assets, excluding inventory items (attach schedule)	5c	
		(b) Minus cost or other basis and sales expenses of assets sold		
	6	Investment income (see instructions)	6	
	7	Other revenue (attach schedule)	7	
	8	Total support and revenue	8	
Expenses	9	Fund raising expenses	9	
	10	Contributions, gifts, grants, and similar amounts paid (attach schedule)	10	
	11	Disbursements to or for benefit of members (attach schedule)	11	
	12	Compensation of officers, directors, and trustees (attach schedule)	12	
	13	Other salaries and wages	13	
	14	Interest	14	
	15	Rent	15	
	16	Depreciation and depletion	16	
	17	Other (attach schedule)	17	
		18	Total expenses	18
	19	Excess of support and revenue over expenses (line 8 minus line 18)	19	
Balance Sheet (at the end of the period shown above)		Enter date ►		Ending date
Assets				
20	Cash (a) Interest bearing accounts	20a		
	(b) Other	20b		
21	Accounts receivable, net	21		
22	Inventories	22		
23	Bonds and notes (attach schedule)	23		
24	Corporate stocks (attach schedule)	24		
25	Mortgage loans (attach schedule)	25		
26	Other investments (attach schedule)	26		
27	Depreciable and depletable assets (attach schedule)	27		
28	Land	28		
29	Other assets (attach schedule)	29		
30	Total assets	30		
Liabilities				
31	Accounts payable	31		
32	Contributions, gifts, grants, etc., payable	32		
33	Mortgages and notes payable (attach schedule)	33		
34	Other liabilities (attach schedules)	34		
35	Total liabilities	35		
Fund Balances or Net Worth				
36	Total fund balances or net worth	36		
37	Total liabilities and fund balances or net worth (line 35 plus line 36)	37		

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation

Part VI.—Non-Private Foundation Status (Definitive ruling only)

A.—Basis for Non-Private Foundation Status (Check one of the boxes below.)

The organization is not a private foundation because it qualifies as:

✓	Kind of organization	Within the meaning of	Complete
1	a church or a convention or association of churches	Sections 509(a)(1) and 170(b)(1)(A)(i)	[Hatched]
2	a school	Sections 509(a)(1) and 170(b)(1)(A)(ii)	[Hatched]
3	a hospital or a medical research organization operated in conjunction with a hospital	Sections 509(a)(1) and 170(b)(1)(A)(iii)	[Hatched]
4	a governmental unit described in section 170(c)(1)	Sections 509(a)(1) and 170(b)(1)(A)(v)	[Hatched]
5	being organized and operated exclusively for testing for public safety	Section 509(a)(4)	[Hatched]
6	being operated for the benefit of a college or university which is owned or operated by a governmental unit	Sections 509(a)(1) and 170(b)(1)(A)(iv)	Part VI.—B
7	normally receiving a substantial part of its support from a governmental unit or from the general public	Sections 509(a)(1) and 170(b)(1)(A)(vi)	Part VI.—B
8	normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions)	Section 509(a)(2)	Part VI.—B
9	being operated solely for the benefit of or in connection with one or more of the organizations described in 1 through 4, or 6, 7, and 8 above	Section 509(a)(3)	Part VI.—C

B.—Analysis of Financial Support

	(a) Most recent tax year	(Years next preceding most recent tax year)			(e) Total
	19.....	(b) 19.....	(c) 19.....	(d) 19.....	
1 Gifts, grants, and contributions received					
2 Membership fees received					
3 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity which is not an unrelated business within the meaning of section 513					
4 Gross investment income (see instructions for definition)					
5 Net income from organization's unrelated business activities not included on line 4					
6 Tax revenues levied for and either paid to or spent on behalf of the organization					
7 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
8 Other income (not including gain or loss from sale of capital assets)—attach schedule					
9 Total of lines 1 through 8					
10 Line 9 minus line 3					
11 Enter 2% of line 10, column (e) only					

12 If the organization has received any unusual grants during any of the above tax years, attach a list for each year showing the name of the contributor, the date and amount of grant, and a brief description of the nature of such grant. Do not include such grants on line 1 above—(See instructions).

(continued on next page)

Part VI.—Non-Private Foundation Status (Definitive ruling only) (Continued)

B.—Analysis of Financial Support (Continued)

- 13 If the organization's non-private foundation status is based on:
- (a) Sections 509(a)(1) and 170(b)(1)(A)(iv) or (vi).—Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the entire period were more than the amount shown on line 11.
 - (b) Section 509(a)(2).—For each of the years included on lines 1, 2, and 3, attach a list showing the name of and amount received from each person who is a "disqualified person."
For each of the years on line 3, attach a list showing the name of and amount received from each payor (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payor" includes but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any government agency or bureau.

C.—Supplemental Information Concerning Organizations Claiming Non-Private Foundation Status Under Section 509(a)(3)

1 Organizations supported by applicant organization:	Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
Name and address of supported organization	
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 To what extent are the members of your governing board elected or appointed by the supported organization(s)?

3 What is the extent of common supervision or control that you and the supported organization(s) share?

4 To what extent do(es) the supported organization(s) have a significant voice in your investment policies, the making and timing of grants, and in otherwise directing the use of your income or assets?

5 Does the mentioning of the supported organization(s) in your governing instrument make you a trust that the supported organization(s) can enforce under State law and compel to make an accounting? Yes No
If "Yes," explain.

6 What portion of your income do you pay to each supported organization and how significant is the support to each?

7 To what extent do you conduct activities which would otherwise be carried out by the supported organization(s)? Explain why these activities would otherwise be carried on by the supported organization(s).

8 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization which is not described in section 509(a)(1) or (2)? Yes No
If "Yes," explain.

Part VII.—Basis for Status as a Private Operating Foundation

If the organization—

(a) bases its claim to private operating foundation status on normal and regular operations over a period of years; or
(b) is newly created, set up as a private operating foundation, and has at least one year's experience;
provide the information under the income test and under one of the three supplemental tests (assets, endowment, or support).
If the organization does not have at least one year's experience, complete line 21. If the organization's private operating foundation status depends on its normal and regular operations as described in (a) above, attach a schedule similar to the one below showing the data in tabular form for the three years next preceding the most recent tax year. (See regulations section 53.4942(b)-1 for additional information before completing the "Income Test" section of Part VII.)

Income Test
1 (a) Adjusted net income, as defined in regulations section 53.4942(a)-2(d).
(b) Minimum investment return, as defined in regulations section 53.4942(a)-2(c).
2 Qualifying distributions:
(a) Amounts (including administrative expenses) paid directly for the active conduct of the activities for which organized and operated under section 501(c)(3) (attach schedule)
(b) Amounts paid to acquire assets to be used (or held for use) directly in carrying out purposes described in sections 170(c)(1) or 170(c)(2)(B) (attach schedule)
(c) Amounts set aside for specific projects which are for purposes described in section 170(c)(1) or 170(c)(2)(B) (attach schedule)
(d) Total qualifying distributions (add lines 2(a), (b), and (c))
3 For tax years beginning before January 1, 1982, enter an amount on 3(a) only. For tax years beginning after December 31, 1981, enter an amount on 3(a) or 3(b) whichever is smaller.
(a) Percentage of qualifying distributions to adjusted net income (divide line 2(d) by line 1(a))
(b) Percentage of qualifying distributions to minimum investment return (divide line 2(d) by line 1(b))
Assets Test
4 Value of organization's assets used in activities that directly carry out the exempt purposes. Do not include assets held merely for investment or production of income (attach schedule)
5 Value of any stock of a corporation that is controlled by applicant organization and carries out its exempt purposes (attach statement describing corporation)
6 Value of all qualifying assets (add lines 4 and 5)
7 Value of applicant organization's total assets
8 Percentage of qualifying assets to total assets (divide line 6 by line 7—percentage must exceed 65%)
Endowment Test
9 Value of assets not used (or held for use) directly in carrying out exempt purposes:
(a) Monthly average of investment securities at fair market value
(b) Monthly average of cash balances
(c) Fair market value of all other investment property (attach schedule)
(d) Total (add lines 9(a), (b), and (c))
10 Subtract acquisition indebtedness related to line 9 items (attach schedule)
11 Balance (subtract line 10 from line 9(d))
12 Multiply line 11 by 3 1/3% (3/3 of the percentage for the minimum investment return computation under section 4942(e)). Line 2(d) above must equal or exceed the result of this computation
Support Test
13 Applicant organization's support as defined in section 509(d)
14 Subtract amount of gross investment income as defined in section 509(e)
15 Support for purposes of section 4942(j)(3)(B)(iii) (subtract line 14 from line 13)
16 Support received from the general public, five or more exempt organizations, or a combination of these sources (attach schedule)
17 For persons (other than exempt organizations) contributing more than 1% of line 15, enter the total amounts that are more than 1% of line 15
18 Subtract line 17 from line 16
19 Percentage of total support (divide line 18 by line 15—must be at least 85%)
20 Does line 16 include support from an exempt organization that is more than 25% of the amount on line 15?
21 Newly created organizations with less than one year's experience: Attach a statement explaining how the organization is planning to satisfy the requirements of section 4942(j)(3) for the income test and one of the supplemental tests during its first year's operation. Include a description of plans and arrangements, press clippings, public announcements, solicitations for funds, etc.

Part VIII.—Required Schedules for Special Activities

	If "Yes," check here:	And, complete schedule—
1 Is the organization, or any part of it, a school?		A
2 Does the organization provide or administer any scholarship benefits, student aid, etc.?		B
3 Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		C
4 Is the organization, or any part of it, a hospital or a medical research organization?		D
5 Is the organization, or any part of it, a home for the aged?		E
6 Is the organization, or any part of it, a litigating organization (public interest law firm or similar organization)?		F
7 Is the organization, or any part of it, formed to promote amateur sports competition?		G

SCHEDULE A.—Schools, Colleges, and Universities

1 Is the organization an instrumentality of a State or political subdivision of a State? Yes No
If "Yes," document this in Part III and do not complete items 2 through 8 of this schedule. (See instructions for Schedule A.)

2 Does or will the organization (or any department or division within it) discriminate in any way on the basis of race with respect to:

(a) Admissions? Yes No

(b) Use of facilities or exercise of student privileges? Yes No

(c) Faculty or administrative staff? Yes No

(d) Scholarship or loan program? Yes No

If "Yes," for any of the above, explain.

3 Does the organization include a statement in its charter, bylaws, or other governing instrument, or in a resolution of its governing body, that it has a racially nondiscriminatory policy as to students? Yes No
Attach whatever corporate resolutions or other official statements the organization has made on this subject.

4 (a) Has the organization made its racially nondiscriminatory policies known in a manner that brings the policies to the attention of all segments of the general community which it serves? Yes No
If "Yes," describe how these policies have been publicized and state the frequency with which relevant notices or announcements have been made. If no newspaper or broadcast media notices have been used, explain.

(b) If applicable, attach clippings of any relevant newspaper notices or advertising, or copies of tapes or scripts used for media broadcasts. Also attach copies of brochures and catalogues dealing with student admissions, programs, and scholarships, as well as representative copies of all written advertising used as a means of informing prospective students of your programs.

5 Attach a numerical schedule showing the racial composition, as of the current academic year, and projected as far as may be feasible for the next academic year, of: (a) the student body, (b) the faculty and administrative staff.

6 Attach a list showing the amount of any scholarship and loan funds awarded to students enrolled and the racial composition of the students who have received the awards.

7 (a) Attach a list of the organization's incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.
(b) State whether any of the organizations listed in (a) have as an objective the maintenance of segregated public or private school education, and, if so, whether any of the individuals listed in (a) are officers or active members of such organizations.

8 Indicate the public school district and county in which the organization is located.

SCHEDULE B.—Organizations Providing Scholarship, Benefits, Student Aid, etc. to Individuals

1 (a) Describe the nature of the scholarship benefit, student aid, etc., including the terms and conditions governing its use, whether a gift or a loan, and the amount. If the organization has established or will establish several categories of scholarship benefits, identify each kind of benefit and explain how the organization determines the recipients for each category. Attach a sample copy of any application the organization requires or will require of individuals to be considered for scholarship grants, loans, or similar benefits. (Private foundations that make grants for travel, study or other similar purposes are required to obtain advance approval of scholarship procedures. See regulations sections 53.4945-4(c) and (d).)

(b) If you want this application considered as a request for approval of grant procedures in the event we determine that you are a private foundation, check here

2 What limitations or restrictions are there on the class of individuals who are eligible recipients? Specifically explain whether there are, or will be, any restrictions or limitations in the selection procedures based upon race and whether there are, or will be, restrictions or limitations in selection procedures based on the employment status of the prospective recipient or any relative of the prospective recipient. Also indicate the approximate number of eligible individuals.

3 Indicate the number of grants you anticipate making annually

4 List the names, addresses, duties, and relevant background of the members of your selection committee. If you base your selections in any way on the employment status of the applicant or any relative of the applicant, indicate whether there is or has been any direct or indirect relationship between the members of the selection committee and the employer. Also indicate whether relatives of the members of the selection committee are possible recipients or have been recipients.

5 Describe any procedures you have for supervising grants, such as obtaining reports or transcripts, which you award and any procedures you have for taking action if the terms of the grant are violated.

SCHEDULE C.—Successors to "For Profit" Institutions

1 What was the name of the predecessor organization and the nature of its activities?

2 Who were the owners or principal stockholders of the predecessor organization? (If more space is needed, attach schedule.)

Name and address	Share or interest
.....	
.....	
.....	
.....	
.....	
.....	
.....	
.....	
.....	
.....	

(continued on next page)

SCHEDULE C.—Successors to "For Profit" Institutions (Continued)

3 Describe the business or family relationship between the owners or principal stockholders and principal employees of the predecessor organization and the officers, directors, and principal employees of the applicant organization.

4 (a) Attach a copy of the agreement of sale or other contract that sets forth the terms and conditions of sale of the predecessor organization or of its assets to the applicant organization.
(b) Attach an appraisal by an independent qualified expert showing the fair market value of the facilities or property interest sold at the time of sale.

5 Has any property or equipment formerly used by the predecessor organization been rented to the applicant organization or will any such property be rented? Yes No
If "Yes," explain and attach copies of all leases and contracts.

6 Is the organization leasing or will it lease or otherwise make available any space or equipment to the owners, principal stockholders, or principal employees of the predecessor organization? Yes No
If "Yes," explain and attach a list of these tenants and a copy of the lease for each such tenant.

7 Were any new operating policies initiated as a result of the transfer of assets from a profit-making organization to a nonprofit organization? Yes No
If "Yes," explain.

SCHEDULE D.—Hospitals and Medical Research Organizations

Check here if you are claiming to be a hospital and complete the questions in Part I of this Schedule and write "N/A" in Part II.
 Check here if you are claiming to be a medical research organization operated in conjunction with a hospital and complete the questions in Part II of this Schedule and write "N/A" in Part I.

Part I.—Hospitals

1 (a) How many doctors are on the hospital's courtesy staff? Yes No
(b) Do these doctors include all the doctors in the community? Yes No
If "No," give the reasons why and explain how the courtesy staff is selected.

2 Composition of board of directors or trustees. (If more space is needed, attach schedule.)

Name and address	Occupation

(continued on next page)

SCHEDULE D.—Hospitals and Medical Research Organizations (Continued)

Part I.—Hospitals (Continued)

3 (a) Does the hospital maintain a full-time emergency room? Yes No
(b) What is the hospital's policy on administering emergency services to persons without apparent means to pay?

(c) Does the hospital have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? Yes No
Explain.

4 (a) Does or will the hospital require a deposit from persons covered by Medicare or Medicaid in its admission practices? Yes No
If "Yes," explain.

(b) Does the same deposit requirement apply to all other patients? Yes No
If "No," explain.

5 Does or will the hospital provide for a portion of its services and facilities to be used for charity patients? . Yes No
Explain (include data on the hospital's past experience in admitting charity patients and arrangements it may have with municipal or governmental agencies for absorbing the cost of such care).

6 Does or will the hospital carry on a formal program of medical training and research? Yes No
If "Yes," describe.

7 Does the hospital provide office space to physicians carrying on a medical practice? Yes No
If "Yes," attach a list setting forth the name of each physician, the amount of space provided, the annual rent (if any), and the expiration date of the current lease.

Part II.—Medical Research Organizations

1 Name the hospital(s) with which you have a relationship and describe the relationship(s).

2 Describe your present and proposed (indicate which) medical research activities, show the nature of the activities, and the amount of money which has been or will be spent in carrying them out. (Making grants to other organizations is not direct conduct of medical research.)

3 Attach a statement of assets showing the fair market value of your assets and the portion of the assets directly devoted to medical research.

SCHEDULE E.—Homes for Aged

1 What are the requirements for admission to residency? Explain fully and attach promotional literature and application forms.

2 Does or will the home charge an entrance or founder's fee? Yes No
If "Yes," explain.

3 What periodic fees or maintenance charges are or will be required of its residents?

4 (a) What established policy does the home have concerning residents who become unable to pay their regular charges?

(b) What arrangements does the home have or will it make with local and Federal welfare units, sponsoring organizations, or others to absorb all or part of the cost of maintaining those residents?

5 What arrangements does or will the home have to provide for the health needs of its residents?

6 In what way are the home's residential facilities designed to meet some combination of the physical, emotional, recreational, social, religious, and similar needs of the aged?

7 Has the home established or will it establish any reserves for future expenditures? Yes No
If "Yes," state the source of such reserves and explain how they will be used.

8 Attach a sample copy of the contract or agreement the organization makes with or requires of its residents.

SCHEDULE F.—Litigating Organizations (Public Interest Law Firms and Similar Organizations)

1 Will the organization conform to the guidelines for organizations engaged in litigation activities issued by the Internal Revenue Service in Rev. Proc. 71-39, 1971-2 C.B. 575, and Rev. Proc. 75-13, 1975-1 C.B. 662? Yes No
If "No," explain.

2 What is the organization's area of public interest or concern?

3 Is the organization set up primarily to try the case of a particular person or prosecute a particular cause of action? Yes No
If "Yes," explain.

4 What are the organization's criteria for selection of cases?

5 In what cases has the organization started legal proceedings and in what other cases is it preparing to start proceedings? Describe the legal issues involved in each case and explain how they relate to the organization's area of concern.

6 (a) Composition of the organization's board of directors or trustees:

Name and address	Business or Occupation

(b) Will any of the attorneys hired by the organization be a trustee or member of the board of directors of the organization or be associated in the practice of law with any such trustee or member? Yes No
If "Yes," explain.

7 Does or will the organization share office space with a private law firm? Yes No
If "Yes," explain.

8 Does or will the organization receive fees for its professional services? Yes No
If "Yes," explain.

SCHEDULE G.—National or International Amateur Sports Competition

1 Does your organization directly or indirectly provide any facilities or equipment for the use of amateur athletes engaged in national or international sports competition? Yes No

2 How do you foster national or international sports competition?

3 Do you provide financial assistance to amateur athletes? Yes No

Cross Section

Special Edition

Volume 14 Number 10

Blue Cross of Western Pennsylvania

May 10, 1985

Blue Cross And Blue Shield Caring Program For Children

President, Governor Commend Plans' New Coverage

The Blue Cross and Blue Shield Caring Program for Children was announced at a news conference April 24 by Eugene J. Barone, President, Blue Cross by Western Pennsylvania.

Under the new program children of unemployed and marginally employed residents of Western Pennsylvania now will have greater access to primary health care

through the nation's first private insurance program developed exclusively for them by Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield.

The new program was developed to promote preventive health care for children of those families who are unable to participate in publicly-funded programs or, are unable to afford private health care, according to Mr. Barone.

Mr. Barone emphasized that families and organizations participating in the program can be assured of primary health care benefits for children at the lowest possible cost.

"Providing proper primary care for children now will reduce the need for costly inpatient treatments later," he added.

John S. Brouse, Jr., Senior Vice President, Pennsylvania Blue Shield, joined Mr. Barone in making the announcement.

Mr. Brouse noted that children covered under the plan will have the advantage of a wide range of primary health care services, with no limitations on outpatient visits.

The program includes emergency outpatient and medical care, minor surgery and diagnostic tests such as X-rays. Also covered are physicians' charges for outpatient surgery, emergency accident care, pediatric preventive health maintenance, office visits and diagnostic tests.

This approach, Mr. Brouse said, follows a common sense approach to prevention. He noted a recent *New England Journal of Medicine* report that programs like this one keep people healthy and save money. One overnight stay, he said, costs more than all preventive care that would occur between birth and the age of 21. "Early care is cost-effective and humanistic," he continued, "The Caring Program for Children introduces payment for prevention.

"We at Blue Cross and Blue Shield are especially proud of the Caring Program for Children. We're pleased we were able to respond with an innovative, cost containing answer to this community's need. More importantly, our answer involves neighbors helping neighbors.

"We believe this program will be successful because Western Pennsylvanians have a tradition of helping one another.

"That's why we are convinced that this is the right answer for Blue Cross and Blue Shield and for the people and the children of Western Pennsylvania."

TELEX
THIS MESSAGE RECEIVED DIRECT
FROM SENDER VIA U.W. TELEX

1985 APR 24 PH 12:59

WU TELITEK PGH.
WHITEHOUSE WSH
PLZ DELIVER FOLLOWING MESSAGE ASAP/407 GOVT DLY WHITE HOUSE DC APR
24
PMS MESSRS. EUGENE J. BARONE
AND LEROY K. MANN, PRESIDENTS //DLR DONT DWR//
BLUE CROSS OF WESTERN PENNSYLVANIA
PENNSYLVANIA BLUE SHIELD
ONE SMITHFIELD STREET
PITTSBURGH, PA 15222 //URGENT, URGENT...DO NOT HOLD//
7WH7
/
IT GIVES ME PLEASURE TO COMMEND THE BLUE CROSS OF WESTERN
PENNSYLVANIA AND PENNSYLVANIA BLUE SHIELD AS YOU ANNOUNCE YOUR NEW
JOINT PROJECT: "CARING PROGRAM FOR CHILDREN — PROVIDING PRIMARY
HEALTH CARE BENEFITS."

THE NEED FOR CHILD HEALTH CARE REACHES INTO EVERY ELEMENT OF CU
R
SOCIETY. YOUR ORGANIZATIONS' EFFORTS TO PROVIDE PRIMARY HEALTH C
ARE
BENEFITS TO CHILDREN ENRICHES THE QUALITY OF LIFE FOR EVERYONE IN THE
COMMUNITIES THAT YOU SERVE.

I CONGRATULATE ALL OF YOU ON THIS VERY UNIQUE PROGRAM WHICH
GIVES CARING PERSONS THE OPPORTUNITY TO HELP CHILDREN TO RECEIVE THE
CARE THAT THEY WILL NEED TO GROW UP TO BE STRONG AND HEALTHY ADULTS.

RONALD REAGAN
/
*
WU TELITEK PGH.
WHITEHOUSE WSH
V

PRESIDENT RONALD REAGAN WIRES HIS CONGRATULATIONS

News Conference Stresses Preventive Care

Thornburgh, Muir Attend News Conference

Among those attending the news conference were Pennsylvania Governor Dick Thornburgh and Acting Insurance Commissioner William R. Muir, Jr., who announced state approval of the program which became effective May 1.

Governor Thornburgh hailed the innovative program as a welcome involvement by the private sector in providing for a significant health care need.

"It is important," he said, "that children from families who are struggling to pay their bill and remain independent have the same opportunities for essential health care that more fortunate families have.

"This unique new plan not only provides a mechanism for that care, but also brings

together public and private groups in a partnership that assures 'Pennsylvania is working' again for our communities and the Commonwealth."

Governor Thornburgh noted that Blue Cross of Western Pennsylvania was the first company to introduce special programs of health insurance for unemployed Pennsylvania workers two years ago, and commended the Plan and Pennsylvania Blue Shield for "again showing concern for families in their time of need."

The Governor noted that the Caring Program for Children—like the earlier Emergency Health Care Program for Unemployed Western Pennsylvanians—can be a model for similar plans across the nation.



EUGENE J. BARONE
President
Blue Cross of Western Pennsylvania

(photo, left) Mr. Barone introduces Pennsylvania Governor Dick Thornburgh at news conference.

(photo, lower left) Governor Thornburgh hails the Blue Cross and Blue Shield Caring Program for Children as a "welcome involvement by the private sector in providing for a significant health care need."

(photo, lower right) Governor Thornburgh congratulates Mr. Barone at the conclusion of the news conference.



What The Program Covers

- Emergency Accident Care
- Emergency Medical Care
- Minor Surgery
- Outpatient Diagnostic Services (Lab, X-ray, and Medical Services)
- Routine Immunizations
- Periodic Physical Examinations
- Physician Office Visits



Provided By New Program For Children



JOHN S. BROUSE, JR.
Senior Vice President
Pennsylvania Blue Shield

HHS Secretary Hails Caring Program

Health and Human Services Secretary Margaret M. Heckler was among many public officials who hailed the announcement of the Blue Cross and Blue Shield Caring Program for Children.

In a letter to the presidents of Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield, Mrs. Heckler wrote:

"This is National Volunteer Week and what an appropriate time to congratulate you as you initiate a new program for children...

"I understand that through this program, a sponsoring group such as a church or

civic organization prepays the cost of health care coverage for a specific number of children from economically disadvantaged families.

"This is the true essence of volunteerism in America, and it is directed toward the most precious commodity of all—our children.

"I send my highest personal commendation to you for developing this very special program, and my highest hope and wishes that this special type of volunteerism to promote health for our children spreads throughout the depth and breadth of our great country."

How The Caring Program For Children Will Work

To encourage participation, the Blue Cross and Blue Shield Caring Program for Children will be sponsored by local community groups, such as religious, civic, labor or corporate organizations. The program provides benefits at a monthly subscription rate of \$13.00 per child.

In general, a sponsoring organization will assume the cost of health care coverage for 100 or more children each month for a period of one year. Both the Pittsburgh Catholic Diocese and the Pittsburgh Presbytery (the first sponsor) each have assumed the total annual cost of health care coverage for 100 children. In the case, however, of sponsors whose resources are limited to a specific amount, provisions have been made for the pooling of several contributions to make available the necessary annual rate for joint sponsorship of 100 children.

"To understand how the program works, it may be helpful to think of the covered children as though they were employees of a small company," said Eugene J. Barone, President, Blue Cross of Western Pennsylvania, at the news conference. "The sponsoring church or other group, acting as the company, would provide names of covered individuals and remit the subscription payments for them."

Mr. Barone emphasized that families and organizations participating in the program can be assured of primary health care benefits for children at the lowest possible cost.

To qualify for the program, a child must be an unmarried natural or adopted son or daughter, or under the legal guardianship of

parents whose annual family income is less than \$12,000. Children are eligible from birth until age 19, providing that those of school age remain full-time students through grade 12. They must reside in Western Pennsylvania and must not be protected under a similar plan of health insurance, whether public or private.

Participating families must complete and sign a form certifying that they meet the eligibility requirements.

All children in a particular family must be enrolled in the program. The health condition of any child will not be a factor in determining eligibility to participate in the program.



DOLORES S. WILDEN, Assistant Vice President, Consumer Programs, explains the mechanics of the Caring Program.



ACTING INSURANCE COMMISSIONER William R. Mulr, Jr. signs his approval of the filing by Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield that created the nation's first private insurance program developed exclusively for children of unemployed and marginally-employed workers.

Sponsorship Drive Begins

Many religious, civic and labor groups have shown interest in, endorsed or agreed to sponsor groups of children under the program. In addition, seven individuals have agreed to sponsor children.

Early official sponsors are the Pittsburgh Catholic Diocese through the Task Force on Unemployment and the Pittsburgh Presbytery, backed by Shadyside and Fox Chapel Presbyterian Churches.

Several other organizations have shown keen interest in the program and will propose sponsorship to their boards in the near future.

Since the program was announced on April 24, Blue Cross of Western Pennsylvania has received 386 inquiries from families involving protection for 677 children.

Employees wishing to submit names of eligible children or persons or groups interested in sponsoring children should contact Bill McCrea at extension 8128.

How the Caring Program For Children Developed

The idea for the Blue Cross and Blue Shield Caring Program for Children originated during meetings held in the fall of 1984 between Blue Cross of Western Pennsylvania and the Fox Chapel Presbyterian Church to discuss the health care needs of the unemployed.

Eugene J. Barone, President, Blue Cross of Western Pennsylvania, explained at the news conference that interviews conducted by the Plan with public health care agencies throughout Allegheny County and other extensive research clearly showed that many children are not receiving basic medical attention, such as inoculations, emergency accident care and routine physical examinations. This is happening, he said, because families either are unaware of the availability of health care services or they are unable to meet government income requirements.

"We also found that many parents cannot take advantage of free public health services because these services are located too distant from their homes," he continued. "More disturbing, however, is that in many instances, parents will forego free medical attention for their children because of their strong desire to retain their self-esteem and dignity."

"All of our research indicates that many health care needs of children are not being met," Mr. Barone said. "We've created this program to meet them."



DISCUSSING THE CARING PROGRAM were representatives of the Pittsburgh Presbytery (from left) William F. Ewart, Sr., current seminary student and former member of the Board of Directors of Blue Cross of Western Pennsylvania; the Reverend Douglas Pride, Assistant Minister, Shadyside Presbyterian Church; the Reverend John T. Galloway, Minister, Fox Chapel Presbyterian Church; and Mr. Jay Budde, Associate Executive Presbyter, Pittsburgh Presbytery.



LISTENING INTENTLY to speakers at the news conference are the Right Reverend Monsignor John C. McCarren, of the Pittsburgh Catholic Diocese, and Ms. Jane Berkey, Director of Planning for the United Jewish Federation.



William R. Muir, Jr., John S. Brouse, Jr., Eugene J. Barone, Governor Dick Thornburgh

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(717) 783-1116
or
Monica O'Reilly
(717) 787-3289

PITTSBURGH (April 24) -- Gov. Dick Thornburgh today unveiled another plan to provide health care insurance coverage for low-income families in Western Pennsylvania.

Thornburgh and Acting Insurance Commissioner William R. Muir Jr. announced state approval of the "Blue Cross and Blue Shield Caring Program for Children," developed by Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield in cooperation with the state Insurance Department.

"It is important that children from families who are struggling to pay their bills and remain independent have the same opportunities for essential health care that more fortunate families have," Thornburgh said during ceremonies at the Blue Cross building here.

"This unique new plan not only provides a mechanism for that care, but also brings together public and private groups in a partnership that assures 'Pennsylvania is working' again for our communities and the Commonwealth."

Eugene Barone, president of Blue Cross of Western Pennsylvania, said, "We are extremely pleased that this special program has been approved. We know that many children are not getting the care their parents would like them to have because

-more-

the family is not eligible for any type of publicly funded health insurance plan and the money is not available in the family budget to buy coverage in the private market."

Through the program, a sponsoring group, such as a church or civic organization, will pre-pay the cost of health care coverage for 100 or more children. Groups may determine what portion of the premium, if any, will be paid by the children's families.

The program covers emergency outpatient medical care, minor surgery, outpatient diagnostic services, routine immunizations, periodic physical examinations and physician office visits.

Cost per child is \$13 per month.

To qualify for the program, a child must be the unmarried natural son or daughter, stepchild, legally adopted child, or under the legal guardianship of parents whose annual family income from all sources is less than \$12,000. Children may be covered from birth to age 19 as long as the child is of pre-school age, or is a full-time student attending grades one through 12. It is expected that many of the parents participating in the program will be unemployed or marginally employed.

Thornburgh noted that Blue Cross of Western Pennsylvania was the first company to introduce special programs of health insurance for unemployed Pennsylvania workers two years ago, and commended the non-profit insurer and Pennsylvania Blue Shield for "again showing concern for families in their time of need."

The Blue Cross/Blue Shield Emergency Health Care Program for the Unemployed, which offers coverage at rates over 40 percent lower than those for normal coverage, has served some 30,000 families since it was first offered in May 1983, Blue Cross officials reported.

The officials noted that the program was originally intended to run for one year, but "it is the type of coverage unemployed Western Pennsylvanians clearly need," so the insurers continue to make the coverage available.

The children's program, which does not provide inpatient hospitalization, also will be available to families residing in the 29 counties served by Blue Cross of Western Pennsylvania.

Organizations interested in further information regarding sponsorship of eligible children may call (412) 391-8450.

The 29 counties in the Blue Cross of Western Pennsylvania service area include:

Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Crawford, Elk, Erie, Fayette, Forest, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Mercer, Potter, Somerset, Venango, Warren, Washington and Westmoreland.

#

The Shadyside Presbyterian Church

5121 WESTMINSTER PLACE • PITTSBURGH, PENNSYLVANIA 15232 • (412) 682-4300

25 March 1985

Mr. Arthur Lawrence
Senior Vice President
Community and Government Affairs
Blue Cross of Western Pennsylvania
One Smithfield Street
Pittsburgh, PA 15222

RE: CARING PROGRAM FOR CHILDREN

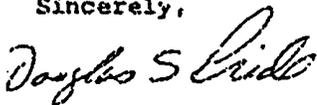
Dear Mr. Lawrence:

The Shadyside Presbyterian Church is pleased to offer endorsement of the Blue Cross and Blue Shield Caring Program for Children. This new approach to financing the primary health care services for children from economically disadvantaged families will assure the access to quality care which is otherwise unavailable.

I am pleased that our Church Session has authorized funding to cover fifty children for one year under your program. Further, we are willing to cooperate with Blue Cross and Blue Shield in making this program available to a larger population of children.

We look forward to working with you in this extremely worthwhile endeavor.

Sincerely,



Douglas S. Pride
Assistant Minister

DSP:mx

cc: John T. Galloway
Dolores S. Wilden
MINISTERS

JAMES HIRAM BLACKWOOD
DOUGLAS SPENCER PRIDE
TIMOTHY MICHAEL SOLOMON
RUSSELL G. WICHMANN
Minist
ALFRED W. WISHART, JR.
Nicotin-Crabbe Foundation
J. EDWARD HERGENROEDER
Administration

**UNITED JEWISH
FEDERATION
OF GREATER PITTSBURGH**

234 McKee Place, Pittsburgh, PA 15213
(412) 681-8000

March 27, 1985

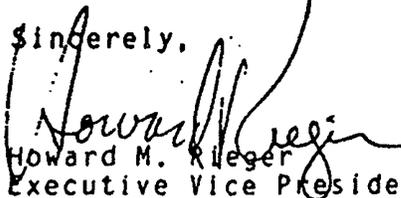
Mr. Arthur E. Lawrence, Senior Vice President
Community and Government Affairs
Blue Cross of Western PA
One Smithfield Street
Pittsburgh, PA 15222

Dear Mr. Lawrence:

Recently some members of the United Jewish Federation administrative staff had an opportunity to meet with Dee Wilden to discuss the Blue Cross and Blue Shield Caring Program for Children. While we are currently in the process of exploring the potential, perhaps in partnership with other agencies, of becoming a funding partner with Blue Cross/Blue Shield, I want you to be aware that we feel the program is a significant step toward helping to meet the needs of families in our community who have been hard hit by current economic conditions; it also stands as an outstanding example of how institutions and the community they serve can work together.

You and Blue Cross/Blue Shield are to be commended for developing this much needed caring program for children. Please know that we are in full support of this undertaking.

Sincerely,


Howard M. Rieger
Executive Vice President

President: Gerald S. Ostrow • Vice Presidents: Sylvia A. Busis • Marilyn S. Letterman • Jack A. Meyers • Stanley C. Rustin • Treasurer: Edward A. Perlow
Assistant Treasurer: David G. Hest • Secretary: Ruth G. Schachter • Assistant Secretary: David S. Shapiro • Executive Vice President: Howard M. Rieger

...

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UPE-0003638



Fox Chapel Presbyterian Church

384 FOX CHAPEL ROAD, PITTSBURGH, PA 15218 • (412) 963-4243

March 25, 1985

MINISTERS
John T. Galloway, Jr.
James A. Churchill
Christopher M. Lemrick
Charles W. Brown

MINISTER OF MUSIC
Larry H. Marotte

DIRECTOR OF
CHILDREN'S MINISTRIES
Janice I. Anderson

COORDINATOR OF
NEW MEMBERS
Joni M. Pierce

Mr. Arthur Lawrence
Senior Vice President
Community and Government Affairs
Blue Cross of Western Pennsylvania
One Smithfield Street
Pittsburgh, PA 15222

Dear Mr. Lawrence,

It is our privilege to offer endorsement of the Blue Cross and Blue Shield Caring Program for Children.

This new approach to financing the primary health care services for children from economically disadvantaged families will assure the access quality care which is otherwise unavailable.

I am pleased to report the Mission Task Force of Fox Chapel Presbyterian Church has been authorized to allocate funding to cover fifty (50) children for one (1) year under your program. Further, we are willing to cooperate with Blue Cross and Blue Shield in making this program available to a larger group of our population.

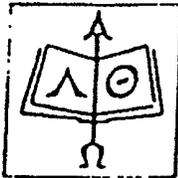
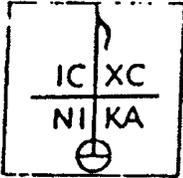
We look forward to working with you in this extremely worthwhile endeavor.

Sincerely yours,



John T. Galloway, Jr.

/jd



PITTSBURGH PRESBYTERY
UNITED PRESBYTERIAN CHURCH IN THE U.S.A.
801 UNION AVENUE, PITTSBURGH, PA. 15212
AREA CODE 412 □ 323-1400

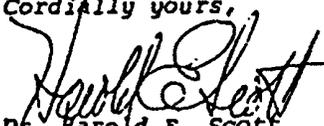
March 28, 1985

Mr. Lawrence, we are writing to endorse the concept of the Blue Cross and Blue Shield Caring Program for Children. This new approach to financing the primary health care needs of children from economically disadvantaged families is certainly a worthwhile community endeavor.

In many cases, it has been established that children are not getting the care their parents would like them to have simply because the money is not available in the family budget. This unfortunate reality is of extreme concern to Pittsburgh Presbytery, and we are willing to explore participation in the program with the hope it would be made available to a large group of children.

We look forward to working with you in this very important effort.

Cordially yours,


Dr. Harold E. Scott
Executive Presbyter

HES/dr

Mr. Arthur Lawrence, Sr. Vice President
Community and Government Affairs
Blue Cross of Western Pennsylvania
One Smithfield Street
Pittsburgh, PA 15222

UPE-0003640

EXHIBIT "D"

Form 1023, Part V
Estimation of Support, Revenue and Expense
For First Two Years of Operation

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222
May 24, 1985

Estimated Support, Revenue and Expense
of Western Pennsylvania Caring Foundation, Inc.

It is anticipated that sufficient funds will be received to provide benefits for five thousand (5,000) children over the first two years of operation. It is estimated that funding will be received for two thousand (2,000) children in the first year and three thousand (3,000) additional children in the second year. The projected revenues, therefore, are as follows:

	July 1985-June 1986	July 1986-June 1987
		<u>Revenue</u>
Churches	\$187,200	\$468,000
Civic and Service Organizations	46,800	117,000
Corporations	31,200	78,000
Individuals	31,200	78,000
Government Entities	<u>15,600</u>	<u>39,000</u>
	<u>\$312,000</u>	<u>\$780,000</u>
		<u>Expenses</u>
Health Premiums	\$312,000	\$780,000
Administration *	<u>0</u>	<u>0</u>
	<u>\$312,000</u>	<u>\$780,000</u>

*It is anticipated that Administrative Expenses for the organization will be nominal. The services will be donated to the organization by Blue Cross of Western Pennsylvania and other local organizations.

EXHIBIT "E"

Form 1023, Part III
Officers and Directors

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222
May 24, 1985

4. The membership of the organization's governing body is:

OFFICERS

Executive Director - Arthur M. Lawrence
1904 Penthouse Towers
625 Stanwix Street
Pittsburgh, Pennsylvania 15219

Secretary - Roseann J. La Rosa, Esquire
5030 Centre Avenue
Pittsburgh, Pennsylvania 15213

Treasurer - David C. Klir
1108 Greenhill Road
Pittsburgh, Pennsylvania 15209

DIRECTORS

Marcus Aaron, II, Esquire
1925 Wightman Street
Pittsburgh, Pennsylvania 15217

Eugene J. Barone
Gateway Towers - Apt. 9L
320 Fort Duquesne Boulevard
Pittsburgh, Pennsylvania 15222

George C. Greer
5840 Solway Street
Pittsburgh, Pennsylvania 15217

Arthur M. Lawrence
1904 Penthouse Towers
625 Stanwix Street
Pittsburgh, Pennsylvania 15219

Gary R. Truitt, Esquire
2031 Clare Drive
Pittsburgh, Pennsylvania 15237

EXHIBIT "F"

Form 1023, Part III
Conditions of Eligibility

WESTERN PENNSYLVANIA CARING FOUNDATION, INC.
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222
May 24, 1985

Eligibility Requirements:

- 9(b). Any child who meets the eligibility requirements for enrollment outlined by the Blue Cross and Blue Shield Caring Program for Children, may be sponsored by the organization. To qualify for the program, a child must be an unmarried natural or adopted son or daughter, or under the legal guardianship of parents whose annual family income is less than \$12,000. Children are eligible from birth until age 19, providing that those of school age remain full time students through grade 12. They must reside in western Pennsylvania and must not be eligible for coverage under any private or public health care plan or program.

Form 872-C (Rev. April 1984)	Department of the Treasury—Internal Revenue Service Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code (See Form 1023 Instructions for Part IV, line 3.)	OMB No. 1545-0056
		To be used with Form 1023. Submit in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an extended advance ruling period,

Western Pennsylvania Caring Foundation, Inc.
 (Exact legal name of organization) } and the
 District Director
 of Internal Revenue

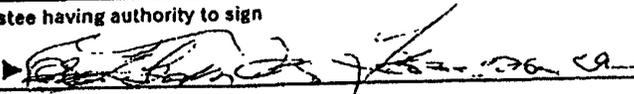
301 Fifth Avenue Building, Pittsburgh, PA.
 (Number, street, city or town, State, and ZIP code) 15222

consent and agree that:

- 1 If the length of the first tax year in the extended advance ruling period is 8 months or more, then the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the extended advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year, or
- 2 If the length of the first tax year in the extended advance ruling period is less than 8 months, then the period for assessing tax (imposed under section 4940 of the Code) for any of the 6 tax years in the extended advance ruling period will extend 9 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, then the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year.....December 31, 1985.....

Name of organization	Date
Western Pennsylvania Caring Foundation, Inc.	May 24, 1985
Officer or trustee having authority to sign	
Signature ▶  , Executive Director	
District Director	Date

By ▶

For Paperwork Reduction Act Notice, see page 1 of the Form 1023 Instructions.

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