

**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 5.1.3 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.1.3:

Explain the current or anticipated use by or among one or more Highmark and WPAHS Entities of “most favored nation” clauses or similar provisions (“MFN’s”), whether or not currently used, in any contract by or among one or more Highmark and WPAHS Entities, including, but not limited to, provider and/or health care services payment or reimbursement contracts. Provide samples of MFN language used in existing provider or other agreements. Explain the impact of the Transaction on existing or contemplated MFN agreements.

RESPONSE:

UPE understands that Highmark does not use and does not anticipate using MFNs in any of its contracts.

UPE further understands that Highmark’s affiliate Highmark BCBSD Inc. currently uses MFN clauses in provider agreements with approximately five Delaware providers (none of which is a hospital.) It is not anticipated that the Transaction will have any impact on the use of these clauses. The following is the standard MFN language used by Highmark BCBSD:

Most Favored Nations: PROVIDER agrees that in no event, except for payments by or on behalf of any federal or state programs, during the term of the agreement will the payment it receives from other commercial health insurers or third party administrators with more than ___% of total volume be less than the payment it receives from BCBSD pursuant to the terms of this Agreement. The Parties further agree that compliance with this clause will be determined based on reimbursement for the top five billed CPT codes. PROVIDER will have 90 days to cure any violation to this provision. Provider agrees to submit an appropriate attestation to that effect submitted to BCBSD annually while this agreement is in effect in substantially the same form as is attached to this Appendix B.

Highmark's affiliate Highmark WV currently uses MFN clauses in 33 hospital contracts. It is not anticipated that the Transaction will have any impact on the use of these clauses. The following is standard MFN language used by Highmark WV:

Hospital shall extend to Highmark WV a discount that is ___ points greater than any and all like payment arrangements excepting Medicare, Medicare Advantage, Medicaid, Children's Health Insurance Program, UMWA Retirees, PEIA, CHAMPUS or WWSBP effective _____. For Traditional/Indemnity Business, Hospital shall not extend a discount for any other payor or for any other payment arrangement that exceeds the Highmark WV PPO/POS discount plus ___ points as described in this paragraph unless Hospital makes the same offer on equivalent terms plus ___ points to Highmark WV. Hospital shall not extend payment arrangements that minimize the ___ point differential to any other party without the expressed written consent of Highmark WV, which consent shall not be unreasonably withheld, provided that Hospital makes the equivalent discount offer to Highmark WV.

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