## 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 INFORMATION REQUEST 2.4.3.1-7 FROM THE PENNSYLVANIA INSURANCE DEPARTMENT

Information Request 2.4.3.1-7

Describe the amount and source of funds for any funding, contributions, loans or advances currently anticipated to be made by Highmark, any Highmark Affiliate (including but not limited to the UPE and/or by the UPE Provider Sub) to

## **RESPONSE:**

- 2.4.3.2 UPE;2.4.3.3 the UPE Provider Sub;2.4.3.4 WPAHS;2.4.3.5 any WPAHS Affiliate;
- 2.4.3.6 Highmark; and/or
- 2.4.3.7 any other Highmark Affiliate.

The Affiliation Agreement provides that Highmark may provide up to \$400 million in financing to WPAHS in the form of loans and grants over a period of several years. Highmark already has provided \$150 million of this amount to WPAHS; \$100 million as grants and \$50 million as a loan. The Affiliation Agreement also provides that Highmark will make an additional \$50 million loan to WPAHS 180 days following the execution of the Agreement. The remaining \$200 million may be made available in the form of loans following the closing of the affiliation. The Affiliation Agreement further provides that, if the affiliation is closed, Highmark will contribute \$75 million to a special purpose endowment fund which will be used to support certain medical education initiatives including scholarships for students attending medical schools affiliated with WPAHS. All these funds have come or are expected to come from Highmark's cash from operations and/or the Highmark investment portfolio.

> UPE 120 Fifth Avenue Pittsburgh, PA 15222