

**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 4.6.13 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 4.6.13

Discuss the manner in which the Transaction meets Highmark's overall strategic objectives.

RESPONSE:

Highmark is guided by a vision to provide access to affordable, quality health care to all members of the communities it serves. Industry forces including health care reform, provider consolidation, and a stagnant economy continue to drive unsustainable growth in health care costs and threaten the company's ability to realize this vision.

To achieve this vision, Highmark is focused on four critical strategic objectives:

- Delivering a differentiated customer experience
- Improving quality of care delivery and administration
- Enhancing market position and financial performance
- Strengthening the organization

The affiliation with WPAHS, supported by Highmark's overall provider network strategy, is a significant contribution to the ability to advance the Company's objectives.

A vibrant WPAHS will enable Highmark to provide its group and individual customers access to high-quality health care services built around products that highlight quality and cost facts through transparency tools available to customers. In addition, Highmark's plans to improve the region's care delivery system to assure better quality and a better patient experience will be aimed at moderating cost trends in insurance premiums on behalf of Highmark customers.

The WPAHS transaction will allow Highmark to achieve greater information transparency and higher quality care for Highmark customers. WPAHS and other community hospitals are already participating in pay-for-performance reimbursement programs linking payments directly to the delivery of evidence-based, quality care. As Highmark makes more cost and quality-based information available to its customers, they will become more informed health care consumers and be able to make health care choices that best meet their needs.

Highmark will work closely with WPAHS and the planned provider network to improve coordination of care, especially for people with chronic medical conditions, and produce a better patient experience. New provider reimbursement models will be developed, in conjunction with WPAHS and its physician network, linking provider payments to improved care coordination and patient satisfaction. Highmark's newly developed provider business unit will focus on building collaborative relationships with WPAHS and the entire Highmark provider network to improve patient satisfaction and clinical outcomes for Highmark customers.

A more complete description of Highmark's strategic vision for the Transaction is set forth in UPE's Form A filing at Tab E.

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