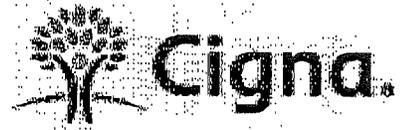


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Patrick M. Gillespie
Director,
State Government Affairs

Law & Public Affairs



VIA EMAIL AND FACSIMILE

June 1, 2012

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m

Mr. Robert Brackbill, Chief
Company Licensing Division
Pennsylvania Insurance Department
1345 Strawberry Square
Harrisburg, PA 17120

Dear Mr. Brackbill:

This letter is to serve as a formal comment on the Application for Approval to Acquire Control of Highmark, Inc. in conformance with the notice published at 41 PaB. 6310.

Cigna does not typically comment on the proposed acquisition of hospital systems, however, given the importance of the issues presented by this application we are compelled to voice our concerns. Cigna has serious concerns over the impact of this proposed acquisition on the competitive landscape in western Pennsylvania. In particular, Cigna is concerned about the interplay between this purchase and the recently announced contract settlement between Highmark and the University of Pittsburgh Medical Center (UPMC).

Cigna believes that an approval of this acquisition should be conditioned on the actual termination of in network contracts between Highmark and UPMC on January 1, 2015 and a prohibition on any most favored nation provision in the agreement between Highmark and UPMC.

Cigna prefers that market forces be allowed to operate and an earlier contract termination date. In furtherance of the recent negotiations, however, the Department should require that Highmark take concrete steps to inform consumers that their relationship with UPMC will end in 2015. In order to avoid fears of market disruption in 2014, the Department should impose, as a condition of this approval, an orderly process for severing the relationship between Highmark and UPMC. This should include a termination plan with a timeline of benchmarks for Highmark to meet prior to the contract termination in 2015.

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Cigna is also concerned about the public comments of Highmark spokesman Michael Weinstein as published in the May 3rd 2012 edition of the Tribune-Review. These public statements indicate that Highmark will enjoy a most favored nation status with UPMC as a result of the State sanctioned contract negotiations. Mr. Weinstein was quoted as saying that Highmark's in network payments to UPMC would be "significantly" below the contracted rates of the national carriers. Cigna finds this statement extremely troubling.

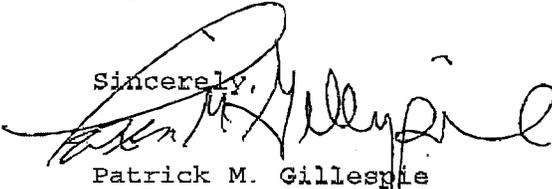
Cigna believes that consumers are best served by a competitive health insurance marketplace that offers varied choices of health plans permitting carriers to compete based upon quality, service and cost. Most favored nations arrangements produce an insurance marketplace where new entrants or carriers with smaller market share find it exceedingly difficult to compete. A ban on these contract provisions can help foster a vibrant marketplace. The presence of these clauses in provider contracts is symptomatic of a market already influenced by monopoly power and therefore uncompetitive.

Cigna urges the Department, as a condition of this approval, to ban the most favored nation status Highmark claims to enjoy in their network contracts with UPMC. We urge the Department to review the entire schedule of rates and charges between Highmark and UPMC.

Cigna is also a member of the Insurance Federation of Pennsylvania and joins in the comments and concerns separately provided by Mr. Sam Marshall on behalf of the Federation.

Thank you for consideration of these comments. With every best regard, I am

Sincerely,



Patrick M. Gillespie
Director,
State Government Affairs