



April 4, 2014

Jack M. Stover, Esquire  
Buchanan Ingersoll & Rooney PC  
409 North Second Street  
Suite 500  
Harrisburg PA 17101-1357

RE: Response to Condition 18 of the Pennsylvania Insurance Department's  
Approving Determination and Order (Order No. ID-RC-13-06)

Dear Mr. Stover:

Condition 18 ("Condition 18") of the Pennsylvania Insurance Department's Approving Determination and Order (Order No. ID-RC-13-06) states:

[Highmark] and [Highmark Health Services] shall ensure and maintain in effect a policy that any senior executives who have been responsible for designing, recommending and/or implementing the [integrated delivery network (IDN) strategy] have a meaningful portion of their long-term compensation tied to the achievement of quantifiable and tangible benefits to the policy holders, if any, or to the charitable nonprofit entity, if the . . . entity is exempt from Federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (the "IDN Compensation Policy").

This is to acknowledge receipt of your letter dated March 27, 2014 in which you provided the Department with a submission, labeled "Confidential, Proprietary/Trade Secret Information" containing a policy adopted by Highmark in response to Condition 18.

Please be advised that the Department has no objection to Highmark and Highmark Health Services implementing the IDN Compensation Policy as submitted to the Department with your March 27, 2014 letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Johnson", is written over a horizontal line.

Stephen J. Johnson, CPA  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation