Ms. Cressinda E. Bybee
Senior Insurance Company Licensing Specialist
Insurance Department
Bureau of Company Licensing and Financial Analysis
1345 Strawberry Square
Harrisburg, PA 17120

Dear Ms. Bybee:

The Insurance Department is currently seeking comments from the public under the state Insurance Holding Companies Act ("Act") concerning a proposed merger involving Blue Cross of Northeast Pennsylvania ("BCNEPA") and Highmark. I am glad to add my voice to the chorus of individuals and stakeholders who endorse the proposed merger.

In reviewing a transaction as significant as the one being proposed, the Act requires the Insurance Department to weigh several factors including the impact of the merger on competition in the health insurance marketplace; protection of policyholders and consumers; and the ability of the affected insurers to remain financially strong.

Based on my understanding of this merger, I believe the transaction will be advantageous to consumers and to stakeholders. BCNEPA & Highmark have worked together for more than 75 years and the proposed merger is a natural progression of the successful business relationship that these two companies have forged. It should be noted that BCNEPA & Highmark jointly administer commercial (HMO, PPO) and Medicare products in the 13-county BCNEPA service area. Additionally, BCNEPA and Highmark have enhanced their relationship through shared claims processing and data center services. The proposed merger builds upon the companies’ strong history of collaboration and will provide a virtually seamless transition of products and services for the benefit of consumers, employers, physicians and hospitals.

Industry challenges and evolving healthcare policy at the national and state level are not unique to Northeast Pennsylvania. These include technological changes; federal oversight; health insurance exchanges; market consolidation; and hospital acquisitions. The proposed merger is sound business strategy in response to these evolving market factors and will allow the combined entity to remain a viable competitor that will provide value and benefits to consumers and small businesses in BCNEPA’s 13-county region.
Requisite for me to comment favorably on this merger was confirmed assurances that the
proposed merger will maintain the current 700+ employee base in northeastern and north central
Pennsylvania, as well as assurances from the parties involved that employment growth could occur in the
wake of this transaction. Those assurances have been provided.

BCNEPA has displayed a long-standing commitment to its 13-county footprint across our region.
This commitment and investment spans over multiple decades and encompasses not only the provision of
health insurance coverage to residents of northeastern and north central Pennsylvania, but also a stable
and important employment base, and an established track record of engagement and investment in the
communities in the 22nd Senate District. With regard to the latter, the most tangible evidence of this is
BCNEPA's significant and critical start-up investment in The Commonwealth Medical College
("TCMC"), the newest medical school in Pennsylvania, which recently achieved full accreditation from
its national credentialing authorities. But for BCNEPA's investment, the medical school would not have
become a reality. I have been reassured also that the merged operations will demonstrate a continued
sense of responsibility, commitment and investment in TCMC and its mission going forward.

In summary, I believe that the proposed merger builds upon the companies' strong history of
collaboration; it leverages their respective strengths; and it achieves efficiencies that will better serve the
health care needs of northeastern and north central Pennsylvania. I am pleased to communicate my
support for the merger.

Respectfully submitted,

[Signature]

John P. Blake
Senate of Pennsylvania
22nd District

cc:  Mr. Michael F. Consedine
     Insurance Commissioner
     Pennsylvania Insurance Department
     1326 Strawberry Square
     Harrisburg, PA  17120

     Hon. Donald White
     Majority Chair, Senate Banking & Insurance Committee

     Hon. Mike Stack
     Minority Chair, Senate Banking & Insurance Committee