



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 28, 2007

Nanette DeTurk
Senior Vice President, Finance and Corporate Controller
Highmark Inc.
Fifth Avenue Place, 120 Fifth Avenue
Pittsburgh, PA 15222

By Fax (412-544-7526) and Mail

Re: 2007 Community Health Reinvestment Application

Dear Ms. DeTurk:

This will acknowledge receipt of the Community Health Reinvestment (“CHR”) Application of Highmark Inc. (“Highmark”) dated November 30, 2006, revised February 2, 2007, for calendar year 2007, as well as the confidential February 2, 2007 follow-up information. The Department has reviewed the submission and finds it acceptable, with adjustments noted herein, under the terms of the CHR Agreement. Thus, the Department finds the Annual Community Health Reinvestment amount (“Annual CHR”) set forth to be a reasonable estimate. The Department also finds to be reasonable the Net 60% Commonwealth Directed Low Income Health Insurance Portion amount. The Department finds acceptable a quarterly payment schedule, with payment dates such that four installments will be payable on March 1, June 1, September 1, and December 1, with the March installment adjusted to reflect the prior adult Basic underwriting credit, and the June installment adjusted as needed to address the audits and reconciliations for 2006. (The March 1 payment should be made within five days of receipt of this letter.) Finally, based on the representations in Highmark’s Revised Application, the Department anticipates that Highmark’s 40% Permitted Community Health Reinvestment Endeavors amount of its CHR will be expended on approvable expenditures, distributions, or utilizations.

This approval is subject to the audits and reconciliations contemplated by the CHR Agreement as to the amounts of the Annual CHR and the 60% and 40% portions thereof, and as to the scope of expenditures for the 40% Permitted Community Health Reinvestment Endeavors portion.

Thank you for your participation in this community health reinvestment effort for the benefit of Pennsylvanians.

Sincerely,

Randolph L. Rohrbaugh
Acting Insurance Commissioner

cc: Sandra L. Ykema, Esq. ✓