COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 21, 2008

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: 2008 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, 2007, for calendar year 2008. 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, except that the Department reserves its approval insofar as the Annual CHR amount as currently presented may not properly account for the premiums and taxes paid by entities in which Highmark has an interest. The Department also finds to be reasonable the projected 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 one quarterly payment adjusted as needed to address the ¶4(b) reconciliation for 2007 and the ¶6 reconciliation for the 2007 adultBasic underwriting loss/gain. Finally, based on the representations in Highmark's 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,

Joel Ario
Acting Insurance Commissioner

cc: Sandra L. Ykema, Esq.

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