



November 1, 2011

Mr. Stephen P. Fera
Vice President
Government & Social Mission Programs
Independence Blue Cross
1901 Market Street
Philadelphia, PA 19103-1480

Re: 3/23/2011 Independence Blue Cross Act 62 Filing

Dear Mr. Fera:

The Pennsylvania Insurance Department has completed its review of the Act 62 Filing of Independence Blue Cross (“IBC”), including its response to the Department’s June 15, 2011 letter. As you are aware, the Department’s authority under Act 62 is limited to approving or disapproving a Blue Plan’s itemized individual community health reinvestment activity expenditures. The Department does not have the authority to dictate how much a Blue Plan should dedicate to CHR activities or specify where or how those funds should be spent, beyond the limitations set forth in the definition of “community health reinvestment activity”. With those statutory guidelines in mind, we approve IBC’s Act 62 Filing and the expenditures itemized therein, with the following exceptions:

Section II.1.b (detail page)(CHIP administrative costs)

The entry for CHIP administrative costs does not comply with Act 62’s definition of “Community Health Reinvestment Activity,” which specifically excludes “administrative costs associated with State health care programs.” 40 P.S. §991.2501

Section II.3.h – Community Health Events

1. The Blue Cross Broad Street Run;
2. National Walk @ Lunch Day; and
3. American Diabetes Association Step Out: Walk to Stop Diabetes.;

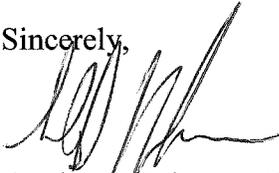
These charitable donations, while they may support worthy causes, are insufficiently related to the definition of “Community Health Reinvestment Activity” in Act 62. In addition, the Blue Cross Broad Street Run could be considered a “sponsorship” which is specifically excluded from Act 62’s definition of “Community Health Reinvestment Activity.”

Section II.4.a – Donations to Health and Charitable Organizations in Southeastern Pennsylvania

These general unallocated charitable donations, while they may support worthy causes, are insufficiently related to the definition of “Community Health Reinvestment Activity” in Act 62.

Please submit a revised filing that removes the entries listed above. The Department would like to thank IBC for its continuing support of the communities it serves.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen J. Johnson', written over a light blue horizontal line.

Stephen J. Johnson, CPA
Deputy Insurance Commissioner