

0034

Bybee, Cressinda

From: Chronister, Ronald [ronald.chronister@bipc.com]
Sent: Tuesday, March 11, 2014 12:47 PM
To: Bybee, Cressinda
Cc: skywatcher@ptd.net
Subject: Response to Public Comment from George Omick
Attachments: HBG1_GENERAL-1809457-v1-Response to Public Comment from George Omick .DOC

Ms. Bybee,

Attached please find Highmark Inc.'s response to the public comment received by the Pennsylvania Insurance Department from Mr. George Omick. I am providing Mr. Omick with a copy of the response with this email.

Ron Chronister

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**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

Statement Regarding the Acquisition of Control of or Merger with Domestic Insurers:

Hospital Service Association of Northeastern Pennsylvania, d/b/a Blue Cross of Northeastern Pennsylvania;
First Priority Life Insurance Company, Inc. ;
HMO of Northeastern Pennsylvania, Inc. d/b/a First Priority Health

By Highmark Inc., a Pennsylvania nonprofit corporation

**Response of Highmark Inc. to
Comment of George Omick Dated February 20, 2014**

Highmark Inc. ("Highmark") is responding to the comment from Mr. George Omick received by the Pennsylvania Insurance Department on February 20, 2014. The comment is numbered as Document 0026 on the Highmark/ BCNEPA Cumulative Log on the Pennsylvania Insurance Department's website.

Mr. Omick has offered a comment on the proposed merger of Highmark and Blue Cross of Northeastern Pennsylvania ("BCNEPA") based on a concern that the merger would reduce competition and increase health care costs.

Highmark and BCNEPA are long-term business partners, not competitors. Accordingly, a merger of Highmark and BCNEPA will not reduce competition. To the contrary, the merger will strengthen competition, and the companies believe that it will help to mitigate upward pressures on healthcare costs.

BCNEPA is a strong and stable organization with a 75-year history of serving the needs of residents of northeastern and north central Pennsylvania. However, its relatively small size and lack of scale challenge its ability to continue to compete in the longer term due to its limited ability to make necessary investments in retail, wholesale and population health management capabilities. Highmark has the scale, capabilities and experience that are needed to ensure the long-term availability of affordable and high-quality health care products for consumers in northeastern Pennsylvania and contiguous counties. In addition, a merged Highmark-BCNEPA will be able to offer new products and services and capabilities that will serve the long-term needs of the people of northeastern and north central Pennsylvania.

Highmark Inc. would like to thank Mr. Omick for his comments.

Highmark Inc.
120 Fifth Avenue
Pittsburgh, PA 15222

DATE: March 11, 2014

cc: George Omick