

**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.

**HIGHMARK INC. (“Highmark”) RESPONSE TO SUPPLEMENTAL
INFORMATION REQUEST 5.6.10 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

SUPPLEMENTAL REQUEST 5.6.10 (via letter from PID dated August 27, 2014)

Required Action:

Please take the following actions:

(4) Describe to what extent the Location Commitment could restrict the ability of Highmark to conduct business in the Northeast region, including any ability to sell or otherwise change operations in that area.

RESPONSE:

Highmark hereby supplements its prior response to this Request as follows:

Highmark certifies to the best of its knowledge, information and belief as follows:

Highmark believes that the Location Commitment will not restrict its ability to sell products in the Northeast region because such sales are largely driven by product offerings and pricing in the marketplace.

Highmark further believes that the Location Commitment will not otherwise restrict its ability to conduct business in the Northeast region, including its ability to change operations because, in integrating the BCNEPA employees and migrating the BCNEPA business to the Highmark operations, business processes and systems, Highmark intends to implement the same model that it uses in its other Pennsylvania regions. The use of a consistent operating model provides Highmark with the ability, over time, to explore moving additional work inventory such as claims processing, customer service and medical management to the BCNEPA-based

operations from Highmark's national business and even potentially from Highmark's growing vision, dental and stop loss subsidiary companies. Thus, Highmark's operating model and diversified business portfolio enable Highmark to make appropriate operational changes while remaining compliant with the Location Commitment.

**Highmark Inc.
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