

140192

0746

22ND DISTRICT  
**JOHN P. BLAKE**

SENATE BOX 203022  
THE STATE CAPITOL  
HARRISBURG, PA 17120-3022  
717-787-6481  
FAX: 717-783-5198

□ MAIN DISTRICT OFFICE  
OPPENHEIM BUILDING  
409 LACKAWANNA AVE., SUITE 210  
SCRANTON, PA 18503  
570-207-2881  
FAX: 570-207-2897

□ ARCHBALD OFFICE  
400 CHURCH STREET, SUITE 3201  
ARCHBALD, PA 18403  
570-876-5322  
FAX: 570-876-5332

senatorblake@pasenate.com  
www.senatorblake.com



**Senate of Pennsylvania**

October 22, 2014

**COMMITTEES**

FINANCE, DEMOCRATIC CHAIR  
APPROPRIATIONS  
COMMUNITY, ECONOMIC AND  
RECREATIONAL DEVELOPMENT  
LABOR AND INDUSTRY  
LOCAL GOVERNMENT  
POLICY

CAPITOL PRESERVATION COMMITTEE  
LOCAL GOVERNMENT COMMISSION

**RECEIVED**

OCT 23 2014

**INSURANCE DEPARTMENT  
LEGISLATIVE OFFICE**

Ms. Cressinda E. Bybee  
Senior Insurance Company Licensing Specialist  
Insurance Department  
Bureau of Company Licensing and Financial Analysis  
1345 Strawberry Square  
Harrisburg, PA 17120

Dear Ms. Bybee:

The Insurance Department is currently seeking comments from the public under the state Insurance Holding Companies Act ("Act") concerning a proposed merger involving Blue Cross of Northeast Pennsylvania ("BCNEPA") and Highmark. I am glad to add my voice to the chorus of individuals and stakeholders who endorse the proposed merger.

In reviewing a transaction as significant as the one being proposed, the Act requires the Insurance Department to weigh several factors including the impact of the merger on competition in the health insurance marketplace; protection of policyholders and consumers; and the ability of the affected insurers to remain financially strong.

Based on my understanding of this merger, I believe the transaction will be advantageous to consumers and to stakeholders. BCNEPA & Highmark have worked together for more than 75 years and the proposed merger is a natural progression of the successful business relationship that these two companies have forged. It should be noted that BCNEPA & Highmark jointly administer commercial (HMO, PPO) and Medicare products in the 13-county BCNEPA service area. Additionally, BCNEPA and Highmark have enhanced their relationship through shared claims processing and data center services. The proposed merger builds upon the companies' strong history of collaboration and will provide a virtually seamless transition of products and services for the benefit of consumers, employers, physicians and hospitals.

Industry challenges and evolving healthcare policy at the national and state level are not unique to Northeast Pennsylvania. These include technological changes; federal oversight; health insurance exchanges; market consolidation; and hospital acquisitions. The proposed merger is sound business strategy in response to these evolving market factors and will allow the combined entity to remain a viable competitor that will provide value and benefits to consumers and small businesses in BCNEPA's 13-county region.

**RECEIVED**  
Corporate & Financial Regulation

OCT 24 2014

**Pennsylvania  
Insurance Department**

04

Ms. Cressinda E. Bybee  
October 22, 2014  
Page Two

Requisite for me to comment favorably on this merger was confirmed assurances that the proposed merger will maintain the current 700+ employee base in northeastern and north central Pennsylvania, as well as assurances from the parties involved that employment growth could occur in the wake of this transaction. Those assurances have been provided.

BCNEPA has displayed a long-standing commitment to its 13-county footprint across our region. This commitment and investment spans over multiple decades and encompasses not only the provision of health insurance coverage to residents of northeastern and north central Pennsylvania, but also a stable and important employment base, and an established track record of engagement and investment in the communities in the 22<sup>nd</sup> Senate District. With regard to the latter, the most tangible evidence of this is BCNEPA's significant and critical start-up investment in The Commonwealth Medical College ("TCMC"), the newest medical school in Pennsylvania, which recently achieved full accreditation from its national credentialing authorities. But for BCNEPA's investment, the medical school would not have become a reality. I have been reassured also that the merged operations will demonstrate a continued sense of responsibility, commitment and investment in TCMC and its mission going forward.

In summary, I believe that the proposed merger builds upon the companies' strong history of collaboration; it leverages their respective strengths; and it achieves efficiencies that will better serve the health care needs of northeastern and north central Pennsylvania. I am pleased to communicate my support for the merger.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John P. Blake". The signature is stylized and fluid, with a large initial "J" and "P".

John P. Blake  
Senate of Pennsylvania  
22<sup>nd</sup> District

cc: Mr. Michael F. Consedine  
Insurance Commissioner  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, PA 17120

Hon. Donald White  
Majority Chair, Senate Banking & Insurance Committee

Hon. Mike Stack  
Minority Chair, Senate Banking & Insurance Committee