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**Bybee, Cressinda**

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**From:** Stover, Jack <jack.stover@bipc.com>  
**Sent:** Thursday, February 19, 2015 3:42 PM  
**To:** Bybee, Cressinda  
**Subject:** Response to Public Comment from HAP  
**Attachments:** HBG1\_GENERAL-#1918206-v1-Response\_to\_Public\_Comment\_from\_HAP.pdf

Ms. Bybee: Please find attached a response from Highmark Inc. to the public comment received by the Pennsylvania Insurance Department from Paula A. Bussard on behalf of the Hospital and Healthsystem Association of Pennsylvania relating to the application for a change of control of Blue Cross of Northeastern Pennsylvania. A copy of the response has been forwarded to Ms. Bussard by mail.

**Jack Stover**  
Shareholder

409 North Second Street  
Suite # 500  
Harrisburg, PA 17101-1357  
717 237 4837 (o)  
717 574 4655 (c)  
[jack.stover@bipc.com](mailto:jack.stover@bipc.com)

[vCard](#) | [Bio](#) | [BIPC.com](#) | [Twitter](#) | [LinkedIn](#)

**Buchanan Ingersoll & Rooney PC**

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03

**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  
Comments of Paula A. Bussard Dated February 2, 2015**

Highmark Inc. (“Highmark”) is responding to the comment of Paula A. Bussard, Chief Strategy Officer for the Hospital and Healthsystem Association of Pennsylvania (“HAP”) regarding the proposed merger of Highmark and Blue Cross of Northeastern Pennsylvania (“BCNEPA”). The comment was received by the Pennsylvania Insurance Department (“Department”) on February 2, 2015 and is numbered as Document 0861 on the Highmark/BCNEPA Cumulative Log page of the Department’s website.

Ms. Bussard identifies a number of items which are addressed in the Form A filing with respect to the proposed merger as being important to the hospital community currently served by BCNEPA.

Ms. Bussard first refers to a need for continued financial support for the improvement of health and other community-based programs in the current BCNEPA service area. Highmark notes that the definitive agreement with respect to the proposed merger (the “Merger Agreement”) addresses this need in a number of ways. For example, the Merger Agreement provides for the funding, at or following the effective date of the merger, of up to \$100 million for a private foundation and a public charity which will operate in the northeastern and north central Pennsylvania region. Each of these organizations will support health and wellness programs in the region. Moreover, Highmark has a proud tradition of supporting communities in which it operates through activities such as those to which Ms. Bussard refers. Highmark intends to continue that tradition in the current BCNEPA service area following the closing of the merger.

Ms. Bussard next refers to the need for a commitment to continue the delivery of innovative health care insurance products and services in the BCNEPA service area. Highmark agrees that this is an important objective, not only for hospitals and other providers, but also for Highmark’s customers and subscribers and the community at

large. Highmark takes pride in introducing and promoting these types of products and services throughout its service area. As an example, Highmark has introduced Accountable Care Organizations (“ACOs”) and Patient Centered-Medical Home (“PCMH”) program models in other parts of its service area, and it intends to bring its expertise in offering these types of programs to northeastern and north central Pennsylvania following the merger. Highmark’s offerings will enhance and expand upon BCNEPA’s existing programs. Early returns from Highmark’s programs in other regions indicate that they slow the growth of health care costs while improving quality, a significant benefit to subscribers, plan sponsors and providers.

Ms. Bussard next refers to the significance of a regional presence in the current BCNEPA service area to serve customers and support health care providers in the area. Highmark recognizes the importance of BCNEPA to the BCNEPA service area and of substantial continued employment within the service area to the ongoing success of BCNEPA’s current business as well as the northeastern and north central Pennsylvania region. For this reason, Highmark made substantial commitments in the Merger Agreement to the northeastern and north central Pennsylvania region and to BCNEPA employees who are resident in the area. Highmark also agreed to take actions to identify and create new employment opportunities in the region as business needs permit.

Finally, Ms. Bussard refers to the importance of a continued relationship between Highmark and The Commonwealth Medical College to support medical education for physicians in the BCNEPA service area and the state. As set forth in the Merger Agreement, Highmark has agreed to continue to seek ways to support community-based programs in the northeastern and north central Pennsylvania. This support may include The Commonwealth Medical College. Further, Highmark has agreed that, following the merger, it will use commercially reasonable efforts to cooperate with The Commonwealth Medical College in endeavors to support The Commonwealth Medical College, subject to appropriate business considerations.

Highmark would like to thank Ms. Bussard and HAP for their comments.

**Highmark Inc.**  
120 Fifth Avenue  
Pittsburgh, PA 15222

DATE: February 19, 2015

cc: Paula A. Bussard