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**STATE SENATOR
DON WHITE**
41st Senatorial District



Senate of Pennsylvania
February 25, 2015

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The Honorable Teresa Miller
Acting Insurance Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Dear Acting Commissioner Miller:

Pursuant to the provisions of the Insurance Holding Companies Act, the Senate Banking and Insurance Committee has 45 days after the close of public comment on a Form A application to review and comment on the application prior to any determination.

As Chairman of the Senate Banking and Insurance Committee, I do not plan a full committee review of Highmark's Form A application to acquire Blue Cross of Northeastern Pennsylvania (BCNEPA), as there appears to be broad consensus that this proposal is in the best interest of BCNEPA customers. While BCNEPA is a sustainable organization in the short run, it is clear that under the new marketplace dynamics, small insurers do not have a long term sustainable future. As such, I support the proposed merger.

However, I recommend you consider conditioning approval of the merger on Highmark providing a much clearer disclosure of its overall financial status as the organization undertaking this merger. In recent years, Highmark has aggressively expanded its scope of business both geographically and beyond traditional insurance, resulting in what I believe is a lack of clarity of its overall financial condition.

Whether through their investments in West Virginia and Delaware, or their recent acquisitions of the West Penn Allegheny Health System, Jefferson Health System, St. Vincent Hospital, and other various provider groups, Highmark is a completely different entity than it was just a few years ago. With these acquisitions, it has been difficult to grasp the current financial picture of Highmark and its holdings. Highmark's pending acquisition of BCNEPA

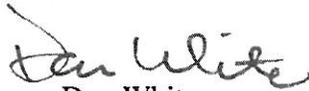
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further complicates the financial landscape, and I ask that you ensure all of that landscape be considered.

This, and a condition to the merger that requires ongoing filing of consolidated financial reports, would be in the public interest. Consumers and policymakers need to have the assurance that the Insurance Department is reviewing not just Highmark but all its entities, especially Allegheny Health Network, since they collectively are a cornerstone of the wellbeing of the new western Pennsylvania marketplace.

I am not suggesting a delay on your decision of the BCNEPA acquisition; nor do I believe Highmark is taking on too great a risk by making this acquisition in and of itself. Rather, I am concerned the acquisitions that have occurred and may occur in the future have made the overall financial picture of Highmark and its affiliates unclear to not only the general public, but the regulators responsible for ensuring its sustainable operation.

Sincerely,

A handwritten signature in cursive script that reads "Don White".

Don White

Senate Banking and Insurance Committee, Chairman

cc: The Honorable Joe Scarnati, Senate President Pro Tempore
Members of the Senate Banking and Insurance Committee
Mike Warfel, Vice President, Government Affairs, Highmark
Mike Yantis, Director of Government Affairs, Blue Cross of NEPA