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Corporate & Financial Regulation
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Pennsylvania
Insurance Department

March 30, 2010

Mr. Joel S. Ario
Insurance Commissioner
Commonwealth of Pennsylvania
1326 Strawberry Square
Harrisburg, PA 17120

**Re: Highmark Inc. July 2010 – December 2010 Fiscal Year Community Health
Reinvestment Proposal**

Dear Commissioner Ario:

Please accept the proposal for anticipated community health reinvestment activities during the July 2010 – December 2010 truncated fiscal year as required by Article XXV of The Insurance Company Law of 1921, as added by section 9 of Act 62 of 2008 (“Act 62”) for Highmark Inc. (“Highmark”). Highmark operates on a calendar year basis and complies with the requirements of the Agreement on Community Health Reinvestment (the “Agreement”) of February 2, 2005 which expires December 31, 2010. As such, differences exist between the projected expenditures in the application filed pursuant to the Agreement and those in the Fiscal Year Community Health Reinvestment proposal.

If you would like to discuss the projected amounts on pages 2 and 3, or have any other questions, I can be reached at 412-544-8322, or through Tija Hilton Phillips at 717-302-3971.

Sincerely,

Nanette P. DeTurk
Executive Vice President Finance, Chief Administrative and Financial Officer & Treasurer

Cc: David M. O'Brien, Government Services, Highmark
Tija Hilton Phillips, Regulatory Affairs, Highmark
Stephen J. Johnson, Deputy Insurance Commissioner

**PLAN PROPOSAL FOR
COMMUNITY HEALTH REINVESTMENT CHR ACTIVITIES**

Proposal for Fiscal Year July 2010 - December 2010

FEIN: 23-1294723

NAIC: 54771-PA

I. Hospital Plan Corporation or Professional Health Service Plan Corporation Name and Address:

Highmark Inc.
1800 Center Street
Camp Hill, PA 17011

II. Planned Expenditures:

	Projected Expenditures
1. Proposed annual community health reinvestment activities for health care coverage for persons unable to pay for coverage (list and describe proposed endeavors below):	
a. Projected uncompensated indirect costs on the adultBasic program	\$ 1,998,587
b. Projected underwriting losses on the CHIP and Direct Pay for uninsured children above the CHIP income guidelines	\$ 6,806,841
c. Projected underwriting losses and rate subsidies on the guarantee issue Direct Pay and Special Care low-income programs	\$ 32,487,290
d. Projected rate subsidies on certain products and HCTC and HIPAA programs	\$ 12,336,572
2. Proposed annual community health reinvestment activities for health care services for persons uninsured and unable to pay for services (list and describe proposed endeavors below):	
a. Projected activities and expenditures are included in Line 3a	\$ -
3. Proposed annual community health reinvestment activities for programs for prevention and treatment of disease or injury or the promotion of health or wellness (list and describe proposed endeavors below):	
a. Projected grants and donations that support improving health in Pennsylvania and addressing issues such as, but not limited to, health disparities, chronic diseases (such as asthma), health screenings, community health initiatives and influenza shots for seniors	\$ 5,299,286

4. Community health reinvestment activities proposed in your application under paragraph 3 of the Agreement dated February 5, 2005 and published at 35.Pa.B. 4155 or any successor or other agreements (list and describe proposed endeavors below):

- a. Projected Commonwealth-directed portion (60%) of the Community Health Reinvestment obligation for providing health insurance through state-approved programs for persons of low income, including but not limited to adultBasic \$ 35,015,654
- b. Projected Highmark-directed portion (40%) of the Community Health Reinvestment obligation - projected activities and expenditures are included in Lines 1 - 3 and exceed the 40% obligation \$ -

5. Other proposed annual community health reinvestment activities (list and describe proposed endeavors below):

- a. Projected activities and expenditures are included in Line 3a \$ -

TOTALS

\$ 93,944,230