



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
1326 STRAWBERRY SQUARE
HARRISBURG, PA 17120

THE COMMISSIONER

April 4, 2005

VIA FACSIMILE (412) 544-7526

Nanette DeTurk
Senior Vice President, Finance
Corporate Controller
Highmark, Inc.
120 Fifth Avenue
Pittsburgh, PA 15222

RE: 2005 Community Health Reinvestment Application

Dear Ms. DeTurk:

This will acknowledge receipt of your March 30, 2005 Community Health Reinvestment ("CHR") Application for calendar year 2005. The Department has reviewed the submission and finds it to be in accordance with the terms of the CHR Agreement. As Highmark recognizes, there are a number of operational issues that need to be addressed regarding how the 60% Commonwealth Directed portion of the CHR will be administered. Additionally, we will need to further clarify the "adultBasic – projected underwriting losses" portion of the 60% Commonwealth Directed portion of your CHR expenditures. With regard to these issues, we ask that you or any other appropriate Highmark representative contact Sandy Ykema of our legal offices at (717) 787-2567 to arrange for an appointment. We would like to get these discussions started as soon as possible.

Thank you for your role in this important initiative.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diane Koken".

M. Diane Koken
Insurance Commissioner

cc: Sandy Ykema, Esq.