



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 25, 2009

By Fax (215.241.3543) and Mail

Stephen P. Fera
Vice President, Government Programs
Independence Blue Cross
1901 Market Street
Philadelphia, PA 19103

Re: 2009 Community Health Reinvestment Application

Dear Mr. Fera:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Independence Blue Cross ("IBC") dated December 1, 2008, for calendar year 2009. The Department has reviewed the submission and finds it acceptable, with adjustments noted herein, under the terms of the CHR Agreement. Thus, the Department finds the Annual Community Health Reinvestment amount ("Annual CHR") set forth to be a reasonable estimate, except that the Department reserves its approval insofar as the Annual CHR amount as currently presented may not properly account for the premiums and taxes paid by entities in which IBC has an interest. The Department also finds to be reasonable the projected 60% Commonwealth Directed Low Income Health Insurance Portion amount, subject to mathematical verification, and except that the Department does not find acceptable the credit for estimated adultBasic 2008 losses. The Department anticipates that IBC's April 1, 2009 reconciliation will specify the months in which the claimed adultBasic underwriting losses, if any, were incurred (by month); and, further, that the issue of which losses, if any, may be credited will be resolved in that context. The Department finds acceptable a quarterly payment schedule, with payment dates such that four installments will be payable on March 1, June 1, September 1, and December 1, with one quarterly payment adjusted as needed to address any ¶4(b) reconciliation for 2008 and ¶6 reconciliation for the 2008 adultBasic underwriting loss/gain not already reflected (or improperly reflected) in the Application. Finally, based on the representations in IBC's Application, the Department anticipates that IBC's 40% Permitted Community Health Reinvestment Endeavors amount of its CHR will be expended on approvable expenditures, distributions, or utilizations.

This approval is subject to the audits and reconciliations contemplated by the CHR Agreement as to the amounts of the Annual CHR and the 60% and 40% portions thereof, and as to the scope of expenditures for the 40% Permitted Community Health Reinvestment Endeavors portion.

Thank you for your participation in this community health reinvestment effort for the benefit of Pennsylvanians.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joel Ario', with a stylized flourish at the end.

Joel Ario
Insurance Commissioner

cc: Sandra L. Ykema, Esq.