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Commissioner's Office

JUN 30 2009

Pennsylvania
Insurance Department

CITY OF PHILADELPHIA

DEPARTMENT OF PUBLIC HEALTH
Municipal Services Building
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DONALD F. SCHWARZ, MD, MPH
Deputy Mayor, Health & Opportunity
Health Commissioner

RECEIVED

JUN 29 2009

Insurance Consumer Services

June 18, 2009

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

Dear Commissioner Ario:

I am writing to ask that you consider setting aside \$1.6 million of Independence Blue Cross's Community Health Reinvestment (CHR) Funds for the Philadelphia Department of Public Health's eight community health centers.

As you are well aware, the economic recession is causing many Pennsylvanians to lose their employer-based insurance coverage, accelerating a trend that has steadily continued over the past decade. In Philadelphia alone, the number of residents without insurance has increased by 60% in the last 8 years from approximately 100,000 to 160,000.

More than one-quarter of Philadelphia's uninsured get their care through the City's 8 community health centers, which provide comprehensive primary care for adults and children, prenatal care, family planning services, dental care, access to specialty care, and free pharmacy services. We have had approximately 20,000 more visits by uninsured patients this year than in the prior year. Now, nearly 55% of patient visits are by those without insurance.

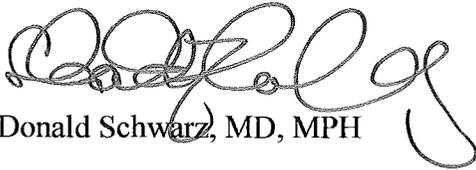
Despite this huge increase in demand for our services, **the City health centers were not eligible for federal Recovery funds.** Meanwhile, all 26 federally-funded health centers in Philadelphia—which have significantly smaller proportions of uninsured patients than the City health centers—received Recovery dollars.

Unless we find ways to expand the capacity of our services, people will likely go without care; preventable complications of chronic disease will develop; and emergency rooms and hospitals will be overburdened.

I believe the programs outlined in the CHR proposals are valuable and deserve continued funding. Nevertheless, we ask for \$1.6 million from the \$3.3 million set aside for the Charitable Medical Care Grant Program and the Donations to Health and Charitable Organizations.

I would welcome the opportunity to speak with you in greater detail about this opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald Schwarz', written in a cursive style.

Donald Schwarz, MD, MPH



COMMUNITY LEGAL SERVICES
OF PHILADELPHIA

July 10, 2009

Joel Ario
Commissioner
Pennsylvania Department of Insurance
1326 Strawberry Square
Harrisburg, PA 17120

Re: Comments of CLS, PHLP et al. on Community Health Reinvestment Act Plan Proposals for FY 2009-2010 filed by IBC, Highmark, Capital, NEPA, Inter-County Hospital Plan, and Delta Dental of PA

Dear Commissioner Ario:

Per the Notice published by the Department on June 24, 2009, affording the public the right to submit comments on the Community Health Reinvestment (CHR) Plan proposals filed by the entities listed above, we submit the following comments. These comments relate to the proposals as a whole and individually as set forth below. In essence, we believe that the Plan proposals are grossly inadequate in fulfilling the requirements of Act 62 of 2008 and the Plans' long-standing, state statutory charitable mission obligations, and should be disapproved by the Department until they are substantially revised and re-submitted for approval. The filed proposals not only share the common failing of lack of specificity and opaqueness, but, more significantly, fail to insure that their proposed funding directly provides insurance coverage and health services to those currently unable to afford them—the primary intent of Act 62. In addition, the proposals fail to fulfill the Plans' statutory charitable obligations.

Background: Act 62 of 2008 Substantially Alters What Constitutes Allowable “Charitable” Blue Cross Spending and Empowers the Commissioner to Disapprove Spending that Does Not Strictly Meet the Statutory Definition of “Community Health Reinvestment Activity.”

Act 62 of 2008 for the first time, required a major reordering of the content and priorities of the social mission and charitable giving of the Blue Cross Plans and required regulatory oversight by the Insurance Department. Before Act 62, the Plans, without any regulatory oversight, avoided their statutory charitable obligations by charging off considerable expenditures which were plainly not charitable.¹ The Blue Cross Plans had long expended large sums for purposes unrelated to the direct support of people of the Commonwealth, who could not afford health insurance or health services. Typically, the Plans used this funding, attributed by them as “charitable” for: corporate public relations purposes; losses in the non-group market; taxes paid in compliance with the tax laws of the Commonwealth; support of favored, non-profit institutions not providing health services or coverage for the uninsured or those unable to pay; investments in infrastructure and capital improvements; and administrative costs and questionable, asserted subsidies of public state health insurance programs, for which they were compensated under contract with the Commonwealth. These many documented failures of the Blue Cross Plans in fulfilling their charitable obligations were detailed in many comments submitted in the 2004 Insurance Department proceeding regarding the Blue Cross surplus.²

The General Assembly, plainly aware of Blue Cross Plan derogation of their charitable obligations, enacted Act 62 to empower, for the first time, the Insurance Commissioner “to approve or disapprove the expenditures in the proposal” submitted by the Plans, where each Plan sets forth its “proposed community health reinvestment activities....” Since 60% of the Plan’s allotment is dedicated to support of the adultBasic health insurance program, which is plainly for

¹ Blue Cross Plans are required to function as “charitable and benevolent institutions.” 40 Pa.C.S. § 6103(b). The Plan’s grant of tax exemption from the General Assembly is derived from authority granted by the Pennsylvania Constitution, article VIII, §§ 2(a)(i),(a)(vi) as “institutions of purely public charity.” See, Hospital Utilization Project v. Comm. of Pennsylvania, 507 Pa. 1, 12, 487 A.2d 1306, 1312 (1987).

² See, e.g., Comments of Philadelphia Unemployment Project et al., In Re: Reserve and Surplus Levels of Hospital Plan and Professional Health Services Plan Corporations, Notice 2004-01, at pp. 39-51 (Sept. 24, 2004).

the state's uninsured, the detailed submission and approval process as a practical matter is directed at the other "community health reinvestment activity" expenditures of the Blue Cross Plans. Act 62 for the first time limits these expenditures in its definition of allowable "community health reinvestment activity."

The core of Act 62 permissible expenditures is contained in the first two of three allowable purposes: "health care coverage for . . . [those] unable to pay for [insurance] coverage," and the provision of "health care services for . . . [the] uninsured and [those] unable to pay for services." A third provision allows for funding for "programs for the prevention and treatment of disease or injury . . . or the promotion of health or wellness." Act 62, further directed a major change from the past pattern of non-charitable expenditures, by giving examples of impermissible Blue Cross funding for activities that could never be approved as "community health reinvestment activity." These explicitly proscribed funding areas include spending on "administrative costs associated with State health care programs," "public relations," and "continuing education," all examples of past funding efforts that were unrelated to the three sole areas of permissible charitable spending that Act 62 now allows.

A. All the Plans' Proposals Should be Rejected as They Provide Little to No Detail on Proposed Expenditures to Allow the Commissioner to Make an Informed Judgment Under Act 62 on Approving or Disapproving Them.

Overall, the filings of all Plans fail to provide the needed specificity and detail for their proposed expenditures to enable either the public to provide fair and analytic comments on the contents of the proposals, or the Commissioner to fulfill his Act 62 statutory responsibility to review the proposals and render a decision to approve or disapprove them. Almost every expenditure obfuscates what the monies will actually be used for and who will be benefiting.

Throughout, the filings are vague and make unsubstantiated references, e.g., to “projected underwriting losses and rate subsidies” (Highmark), “subsidies” of various unidentified products (IBC, Highmark, Capital, NEPA), “projected uncompensated indirect costs” (IBC, Highmark), and unnamed, “charitable organizations” (IBC).

The matter of detailing what is behind the spending for attributed “subsidies” and “costs” is not an academic exercise. As noted, the Plans attribute spending to categories variously designated as “non-group products” (IBC); “projected underwriting losses” or “projected rate subsidies” for various products (Highmark); “subsidy of income based products” (NEPA); or “explicit subsidies for certain individual products” (Capital). The filings fail utterly in revealing what these asserted subsidies actually are.

In 2004, we analyzed an IBC report to then-Commissioner Koken, dated March 22, 2004, of an assertion of direct and indirect rate subsidies in their non-group market in 2003. At that time, the balance sheet revealed that the direct and indirect subsidies were actually applied to administrative costs of the product, not the product itself. In other words, the IBC losses that prompted the subsidies stemmed from administrative costs, not discounted premiums or disproportionately high claims. Administrative costs should not be allowed as charitable expenditures. Act 62, supports this concept by prohibiting “administrative costs associated with State health care programs” as valid CHR expenditures, leading us to believe that the General Assembly wanted to see uninsured or low-income populations benefit directly from CHR expenditures. Only after the refiling of these proposals with sufficient detailed reporting, however, can the public or the Commissioner discern whether there is a direct subsidy of the premium that benefits the uninsured or low income consumer.

Accordingly, we ask the Commissioner to direct the Plans to refile their proposals with much greater specificity for each expenditure listed, and to provide complete documentation explaining how these expenditures were calculated and precisely who are the beneficiaries of each proposed expenditure. The Plans should be given thirty days to refile their proposals, and then the public should be given thirty days to comment on the revised and expanded proposals.

B. The Plans' Proposed Act 62 Expenditures Are Facially Flawed and Should Not be Approved Because They Do Not Comply with the Substance of Act 62.

The Plans have chosen to make certain expenditures that on their face simply do not constitute allowable “community health reinvestment activity” spending under Act 62. We set forth here general areas of substantive spending that shows non-compliance with Act 62.

1. The Plan's Proposals Likely Violate Act 62's, Explicit Prohibition Against Spending For “Administrative Costs Associated With State Health Care Programs” As Valid CHR Expenditures.

The Blue Cross Plans have in the past shown that they have folded into what they claim as “rate subsidies,” “product subsidies,” and “underwriting losses,” administrative costs of the affected programs. It is quite likely that the continued reference in their current filings to these “subsidies” and “costs” also embraces administrative costs. The Plans' filed proposals attribute CHR expenditures generally to state health care programs, such as CHIP (IBC); to “uncompensated indirect costs on the adultBasic program” and “projected underwriting losses on the CHIP and Direct Pay for uninsured children” and “projected underwriting losses and rate subsidies on the guarantee Direct Pay . . . low income program,” (Highmark); and “subsidies for . . . CHIP” (Capital). It is very likely as well that these attributed expenditures are contrary to

Act 62's prohibition against the inclusion of "administrative costs associated with State health care programs." The Blue Cross Plans should be required to explain their accounting for expenditures in this area to demonstrate their compliance with the Act.

2. The Plans' Asserted Contributions for State-Funded Health Insurance Programs Like CHIP and adultBasic (Beyond The Dedicated 60% Paid Directly to adultBasic) Are Suspect on Their Face and Should Be Disapproved.

Any CHIP line item as a proposed expenditure is improper as a CHIP child already has "health care coverage" and "health care services" and does not constitute an "uninsured" person under Act 62, precisely because this government funded program exists. Moreover, any expenditure for CHIP or adultBasic (other than the 60% allocated to adultBasic) is improper as these state health insurance programs are provided under contract between the Blue Cross Plans and the Insurance Department, and are intended to require no financial contributions by the Plans, who have already charged the Commonwealth a negotiated premium for the CHIP and adultBasic services they provide. The premiums are intended to cover all of the Plans' expenses – including related administrative expenses – so proposals that the Plans provide charitable contributions above their state contracted amounts should be disapproved.

3. Additionally, All Four Plans Attribute "Community Health Reinvestment Activity" Contributions to Their Special Care Products, and Has Been Noted Above, The Inadequate Filings Fail to Reveal The Extent and Nature of The Asserted Subsidies for These Products, and Asserted Subsidies Include One for Children Which is Inappropriate.

One must first note that the Special Care products provide a very limited benefit at a price that remains unaffordable for large numbers of individuals and families. These individuals precisely fall within the Act 62 provisions as those "unable to pay" for either "coverage" or

“services,” and thus, although are the General Assembly’s intended beneficiaries of “community health reinvestment expenditures,” receive no benefit from this proposed spending.

The Special Care proposals are additionally deficient as each Plan plans to subsidize Special Care coverage, which includes coverage for children who are already eligible for free and comprehensive from either CHIP or Medical Assistance. As of June 2009, the four Blue Cross plans captured 1,503 children within their Special Care programs despite almost all of these children being eligible for the free, and much better, comprehensive health insurance coverage via the CHIP or Medical Assistance programs. The enrollments include 462 children in Highmark’s Special Care, 457 in NEPA, 412 in IBC, and 172 in Capital.

The Insurance Department has long been aware that the vast majority of these children’s parents would have chosen CHIP or MA coverage if they had been properly informed of the clear advantages of CHIP over Special Care. Blue Cross surveys in the possession of the Department and the Plans confirm the lack of proper information offered to parents by the Plans. As a result of the misinformation, children were enrolled wrongfully in Special Care, and despite outreach contracts between the Plans and the Insurance Department are still so enrolled in the inferior and costly Special Care products.

In light of the tawdry and unfair treatment by the Plans of the parents of these 1503 children, the Department should ask for an itemization of any asserted subsidies for Special Care coverage of these children, and should deny such expenditures as inappropriate “community health reinvestment activity” in the proposed 2009-2010 spending plans. Also, as CHIP and MA eligible children, further, these children in Special Care should be viewed as having access to existing state health insurance programs, which the Insurance Department and the Blue Cross Plans should take immediate steps to get them into now.

Additional comments and questions raised by particular filings are set forth below:

Independence Blue Cross

The planned expenditure 3(h) for the University of Pennsylvania Abramson Cancer Center (Glick Chair), appears to be a contribution to the salary of a faculty member at a private medical school facility. This is an educational subsidy and clearly not a “community health reinvestment activity” that meets any of the Act 62 criteria of providing insurance coverage, services or programs for the uninsured or those unable to afford services.

IBC’s 4(a) designation of “Donations to Health and Charitable organizations in the five-county Philadelphia Region” appears to embrace non-health related charitable organizations, a departure from both the Act 62 criteria and the Plan’s state statutory mission of providing health insurance and health care. For any health organizations receiving funds, unless we and the Commissioner know who they are and what the funds are used for, it is impossible to determine whether Act 62 is being complied with. IBC, as other Plans, should be required to list all organizations afforded grants, and the purposes for which these contributions are being made.

Highmark

In 3(a), Highmark, like IBC, fails to delineate in full detail its grants and donations, and all the groups and programs, with adequate descriptions to disclose what activities are being funded. It is thus impossible to comment on their activities, or for the Insurance Department to make an adequate review, given the lack of detail.

Capital

In 4(b), Capital fails to disclose all the non-profit groups to which it donates, and complete details and documentation of programs and activities in each of these groups that is being supported.

NEPA

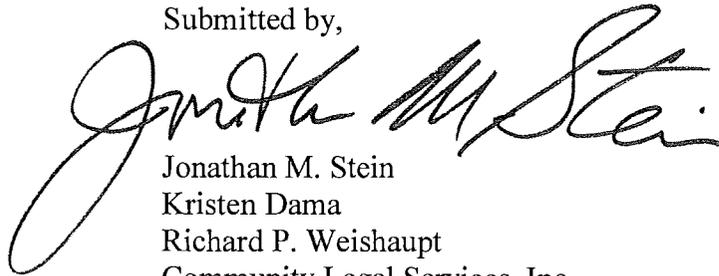
In 5(c), a \$23 million education subsidy expenditure is designated to the Commonwealth Medical College for the apparent education of physicians, although the filing provides little detail on what, precisely, the money will support. Support for medical education is a worthy goal that NEPA might wish to otherwise pursue, but it does not fall within the permitted CHR activities, as delineated by the Legislature in Act 62. Act 62 clearly only permits CHR expenditures for the provision of health care coverage and health care services for the uninsured and those unable to pay, or support of actual health care programs to prevent and treat disease and injury or to directly promote health or wellness.

In conclusion, we ask the Commissioner to reject the Plans' current spending proposals, and to require re-filings with much greater specificity. To the extent that the Department has sufficient detail to judge the legality of some activities, we ask that you take into consideration the comments herein, and find that on the face of many expenditures the filings fail to comport with the mandate of Act 62.

We would finally urge the Commissioner to consider in his evaluation of these proposals that the primary intent of the General Assembly's proscriptions around what constitutes appropriate and lawful "community health reinvestment activity" expenditures is funding that will actually provide health insurance or health services to those low income and uninsured who are bereft of them now. A perusal of all the submissions shows how woefully inadequate each proposal is in meeting this legislative requirement. An IBC proposal, for example, which totals up \$88.4 million in proposed spending, upon closer examination, reveals that only \$2.7 million will go directly for the uninsured and those unable to pay for services. These proposals not only

must be disapproved for lack of detail, but also because they fail to comply with the substantive goals of the legislation.

Submitted by,



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JoAnne Fischer, Executive Director
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Maternity Care Coalition

Ted Zimmer, Community Organizer
Consumer Health Coalition

The Insurance Federation of Pennsylvania, Inc.

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Samuel R. Marshall
President & CEO

July 24, 2009

Cindy Fillman, Director
Office of Consumer Liaison and Market Analysis
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Act 62 - CHRA filings

Dear Ms. Fillman:

Thank you for the opportunity to comment on the filings of the Blues setting forth their proposed expenditures for the current fiscal year in fulfillment of their obligations under their February 2, 2005 CHRA.

At the outset, I'll confess to confusion in reconciling the filings with the requirements of the CHRA. Under Paragraph 4(b) of the CHRA, each of the Blues is to first calculate its Annual Community Health Reinvestment. I'll assume those calculations were also submitted to the Insurance Department for approval, but I'm not sure they match the "totals" of the Planned Expenditures in their filings.

That makes it difficult to tell whether the proposals comply with the percentages of Reinvestment in Paragraphs 5 and 6 of the CHRA - namely, Paragraph 5's requirement that 60% of each Plan's Reinvestment "be dedicated to providing health insurance through state-approved programs for persons of low income, including but not limited to adultBasic (the 'Commonwealth Directed Low Income Health Insurance Portion')," with the credits allowed in Paragraph 6.

July 24, 2009

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That may reflect a problem with the Insurance Department's February 14, 2009 format more than any questions of whether each of the Blues is fulfilling its CHRA obligations.

To that end, as the Insurance Department reviews each of these proposals, we recommend clarification of the total amount of Reinvestment required of each of the Blues under Paragraph 4 of the CHRA, and clarification that 60% of that amount is being used for state-approved programs, with specific itemization from each Blue on the amount within that 60% that is to be spent on adultBasic and specific itemization from each Blue of amounts spent on other approved programs.

We also recommend greater clarity of how each of the Blues dedicates the 60% of the CHRA-required reinvestment to coverage provided through state-approved programs for persons of low income. For instance, if a portion is attributed to underwriting losses, does it reflect Actual Underwriting Losses as set forth in Paragraph 6 of the CHRA; and are the losses attributable to rate inadequacy based on what the Commonwealth is willing to pay and insists on being covered. That will help not only to ascertain compliance with the CHRA, but also to identify weaknesses in the Commonwealth programs that should be remedied.

We also recommend uniform and specific itemization of other expenditures by each of the Blues on other Endeavors - including details on whether they are expenditures that fall within the 40% of the total amount of Reinvestment or are exceptions to the 60/40 percentage allocation that have been or must be approved by the Department.

Greater clarity on the amount each of the Blues propose to spend on state-approved programs for persons of low income will also help resolve an issue we have raised with the administration's proposal to impose an additional 2% tax on all managed care health insurance premiums, including those of the Blues, with that tax dedicated to the Commonwealth's Medicaid program.

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Our issue has been whether payment of the additional tax by the Blues plans will count as Reinvestment dedicated to providing the coverage in Paragraph 5 of the CHRA. The MA program is clearly a state-approved program providing health insurance for persons of low income. So if the General Assembly enacts this new 2% tax, would the Blues be able to attribute moneys paid under the tax to Reinvestment in state-approved programs under the CHRA?

Further, even if the Department's answer to that is "no" under Paragraph 5 of the CHRA, we question whether the proposed 2% tax may jeopardize funding of non-MA Endeavors under other sections of the CHRA. While the proposed tax may not nullify the CHRA under Paragraph 10(ii) (although arguments could be made), it may effectively do so by offsetting any Reinvestment obligations under Paragraph 4(b).

That last paragraph provides a Reinvestment level of 1.6% of health premiums and 1.0% of Medicare and Medicaid premiums - "minus Health Premium/State Income Tax as projected for that year by the respective Blue Plan." I doubt any party to the CHRA anticipated the proposed 2% tax - but it seems that if enacted, it would be larger than the Reinvestment of 1.6% of health premiums and 1.0% of Medicare and Medicaid premiums and therefore supersede all other funding obligations under the CHRA.

Finally, we recognize the CHRA is coming to an end. There is considerable uncertainty as to whether it can or should be continued, modified or codified.

As the Insurance Department completes its review of the proposed Reinvestment activities, we recommend it also consider and comment on the ongoing nature of those activities and possible disruptions in the services they provide should the CHRA funding obligations cease on December 31, 2010, as well as any proposals the Department has to avoid such disruptions, especially with funding dedicated to health insurance through state-approved programs for persons of low income.

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Page four

Again, thank you for the opportunity to comment. We look forward to further clarifications from the Department, and please call with any questions or comments.

This comment period does invite a question on timing. We're raising questions on July 24 about expenditures that began on July 1. And if the Insurance Department has any questions based on these or other comments, it will presumably need time to work them out with the appropriate Blues Plans. That may make this invitation for comment somewhat academic - or at least make it far more difficult to make any changes, since each of the Blues are presumably making contracts, commitments and expenditures based on their proposals.

Sincerely,

Samuel R. Marshall



Maternity Care Coalition
Strengthening families, one baby at a time

July 23, 2009

Cindy Fillman
Consumer Liaison
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Via ra-in-consumerliason@state.pa.us

Re: Comments on Act 62: Community Health Reinvestment Activities

Dear Ms. Fillman,

Maternity Care Coalition, a Southeastern Pennsylvania organization helping low income women and young families address personal and systemic barriers to care, appreciates the opportunity to comment on the plans posted on your website for the Community Health Reinvestment Activities.

We were quite surprised that all of the submitted proposed plans for the 2009-2020 year were so brief with so little detail that it was difficult to evaluate the outcomes or identify the activities intended to:

- improve health care, or
- Make health care more accessible.

The level of detail seems to itemize activities by listing other institutions or agencies, but there is no specificity about how those institutions or donations to charitable organizations will either improve health care or make health care more accessible. Nor, is there any specificity about which populations or groups would benefit from the expenditures. Is a certified audit submitted to the Insurance Department that identifies all the expenditures are in compliance with Act 62? Or perhaps could identify the cost per service per uninsured person? A major missing piece of data is the actual number of proposed people or families that would benefit from each activity.

While we are sure that there are many specific activities that will help access and quality health care in Southeastern PA, and throughout the Commonwealth, we would like to offer several ideas that would support families who need health care in Southeastern Pennsylvania.

*Strengthening families,
one baby at a time*

2000 Hamilton Street
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t: 215.972.0700
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www.MOMobile.org



1. Extending the AdultBasic program to support women's primary health care. Providing insurance coverage to women earning over \$25,000 would ensure that pre conception and prenatal care would be available to women who earn too much to qualify for Medicaid, but cannot afford the individual insurance products offered to them that often have high fees and high deductibles. Many women are employed in industries that do not offer employer supported health care. It is very expensive-if even possible -for a woman to purchase her own health insurance on the individual market that includes maternity benefits. As of July 2009, there are over 120,000 women ages 19 to 45 on the waiting list to receive AdultBasic insurance. If the funds could be distributed to alleviate the number of the uninsured women of child bearing age in each community, health care and maternity services would be more accessible.

2. Expansion of scholarships for certified nurse midwives who will practice in the Commonwealth for at least five to ten years after graduation. Given the dearth of maternity services in this region, funds could be directed to establishing scholarships for certified nurse midwives in addition to the nurse scholar program.

3. Establish birth centers for the women with low risk pregnancies. There is only one birth center that is operating in Southeastern Pennsylvania with a long waiting list of women. Expansion of this maternity service would provide more options for women and alleviate the overcapacity in hospital emergency rooms and birthing suites.

4. Support for community based doula services to complement federal efforts. Community-based doulas come from the communities they serve and provide pregnancy, labor, and childbirth support. Their services to women during labor alleviate the intensive (and expensive) staffing demands in hospitals. Since they are a reassuring presence to the woman before, during and after birth, they can provide the support needed for quality service.

5. Community Education about healthy behaviors for the prevention of low birth weight babies and promotion of healthy life styles, which could include breastfeeding. Philadelphia has the lowest initiation and duration for breast feeding among all national urban areas. Educational programs could be designed and implemented to inform different communities about specific public health issues. Educational and marketing programs and grants that the Caring Foundation developed at the initiation of the CHIP program could serve as a model for such targeted activities.

Perhaps, there were models of some of these ideas listed in the proposed plans, but it was difficult to identify anything specific in the Independence Blue Cross plan that did not identify any specific services, numbers of people, or types of evaluation for its activities.

We very much appreciate the opportunity to provide our public comments and would be happy to provide more information about our suggestions.

Very truly yours,



Letty D. Thall
Public Policy Director



BlueCross of Northeastern Pennsylvania

Independent Licensees of the Blue Cross and Blue Shield Association
®Registered Mark of the Blue Cross and Blue Shield Association

19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302

September 11, 2009

Cindy Fillman
Director
Office of Insurance Consumer Liaison & Market Analysis
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Dear Ms. Fillman:

Hospital Service Association of Northeastern Pennsylvania (d/b/a Blue Cross of Northeastern Pennsylvania) has received your letter dated August 25, 2009 regarding public comments posted on the Department's website related to our proposed Community Health Reinvestment (CHR) Activities.

Please note that it is our Company's policy that we do not respond to public comments. Instead, we have provided additional detail in response to your August 25, 2009 request for resubmission of our CHR proposal.

We ask that you please refer to the revised CHR submission which we hope will satisfy your and any commentators', questions/concerns.

As always, please contact me at (570) 200-1650, should you have any questions or require additional clarification. Thank you.

Sincerely,

Trish Savitsky, CIPP
Vice President, Corporate Assurance & Compliance
Blue Cross of Northeastern Pennsylvania

cc: Bill Farrell, Senior Vice President, Finance & Enterprise Chief Financial Officer





BlueCross of Northeastern Pennsylvania

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September 11, 2009

Cindy Fillman
Director
Office of Insurance Consumer Liaison & Market Analysis
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Dear Ms. Fillman:

Hospital Service Association of Northeastern Pennsylvania (d/b/a Blue Cross of Northeastern Pennsylvania (BCNEPA)) has received your letter dated August 25, 2009 regarding the Department's request for additional details surrounding our Community Health Reinvestment (CHR) Activities.

It should be noted that when the Department was drafting the form for this filing and sought questions/comments from the plans, BCNEPA raised questions as to the amount of detail to be provided. We were instructed by the Department at that time to only provide a brief description of our activities and the corresponding dollar amounts.

With that being said, in response to your recent request, we have provided additional detail to the questions posed, as well as a revised submission. We hope that our responses and revised submission satisfy your outstanding questions/concerns.

1a) What is the basis for claiming the projected expenditure for the subsidy of Special Care.

Section 2 (e) within the agreement on CHR indicates that "Permitted Community Health Reinvestment Endeavor" means Health coverage programs for low income and/or uninsured persons, including, but not limited to, adultBasic, CHIP, Special Care or any similar successor programs. Special Care is anticipated to yield an underwriting loss of approximately \$ 1.3 million from July 1, 2009 through June 30, 2010.



1b) What is the basis for claiming the projected expenditure for the Commonwealth Directed Low Income Health Portion of CHR.

For the projected time period of July 1, 2009 through June 30, 2010, BCNEPA is estimating cash payments totaling \$ 2.4 million paid directly to the Commonwealth of Pennsylvania under the guidelines established within the CHR application and reconciliation process. In November 2008, BCNEPA submitted to the Commonwealth the 2009 CHR application supporting the net payment to the Commonwealth of approximately \$ 3 million. For the 2010 calendar year, BCNEPA is estimating approximately \$ 1.8 million as the financial commitment towards the Annual Community Health Reinvestment ("ACHR").

2a & 3a) Please provide a detailed break out of proposed grant expenditure via the Blue Ribbon Foundation.

All Blue Ribbon Foundation grants are approved quarterly by The Foundation's Board of Directors. Funded projects must meet The Foundation's published eligibility criteria (attached). No quarterly board meetings have occurred yet for the period July 1, 2009, to June 30, 2010, so it is impossible to provide a detailed breakdown of *Access to Care for the Un/Underinsured* and *Health & Wellness Impact Grants* and *Health & Wellness Mini-Grants* grant expenditures. Rest assured that no grants will be approved during this period that fall outside our published grant criteria.

5a) "Subsidy of Non-income Based Products". Please list and describe all non-income based products and provide justification regarding how the projected expenditure falls within the guidelines of the Act.

For the period July 1, 2009 through June 30, 2010, BCNEPA is estimating an underwriting loss of \$ 7.5 million for the Blue Care Cooperative, Blue Care Student, Blue Care Major Medical and Blue Care Security programs. Section 2 e) ii of the CHR agreement indicates "Permitted Community Health Reinvestment Endeavors" includes rate subsidies for individual programs paid by any Blue Plan that have not been collected from group premiums, and operating subsidies for public health provider programs. Below is a breakout of the losses for each of the respective products.

<u>Products</u>	<u>Estimated 7/09 - 6/10 Losses</u>
Blue Care Cooperative	\$ 3.8 million
Blue Care Student	\$.2 million
Blue Care Major Medical	\$.3 million
<u>Blue Care Security</u>	<u>\$ 3.2 million</u>
Total	\$ 7.5 million

5b) Please elaborate on how the projected expenditure for the Pennsylvania Higher Education Foundation's Nurse Scholarship and Nurse Faculty Line Programs is to be disbursed.

BCNEPA was requested to provide additional detail on the expenditures for the Pennsylvania Higher Education Foundation's Nurse Scholarship and Nurse Faculty Line Programs. The inclusion of the Pennsylvania Higher Education Foundation's Nurse Scholarship and Nurse Faculty Line Programs was in error and BCNEPA would like to amend its CHR filing to exclude any reference or credit for monies provided for the programs. The amended filing, which excludes the references to the Pennsylvania Higher Education Foundation's Nurse Scholarship and Nurse Faculty Line Programs, has been included with this submission.

5c) "Contribution to the The Commonwealth Medical College" – A significant \$23 million expenditure that accounts 64% of NEPA's total CHR expenditure deserves greater transparency on how the projected expenditure is intended to be spent at the Commonwealth Medical College. Please provide a line by line accounting of proposed spending, how each proposal falls within the guidelines of the Act, as well as appropriate contact information at the Commonwealth Medical College.

BCNEPA was requested to provide additional detail on the expenditures of The Commonwealth Medical College ("TCMC"). The inclusion of TCMC was in error and BCNEPA would like to amend its CHR filing to exclude any reference or credit for monies provided to TCMC. The amended filing, which excludes the reference to TCMC, has been included with this submission.

Please contact me at (570) 200-1650, should you have any questions or require additional clarification. Thank you.

Sincerely,



Trish Savitsky, CIPP
Vice President, Corporate Assurance & Compliance
Blue Cross of Northeastern Pennsylvania

cc: Bill Farrell, Senior Vice President, Finance & Enterprise Chief Financial Officer



Capital BlueCross

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SEP 21 2009

Insurance Department
Office of Consumer Liaison

September 4, 2009

Ms. Cindy Fillman, Director
Office of Insurance Consumer Liaison & Market Analysis
Pennsylvania Insurance Department
Commonwealth of Pennsylvania
1326 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Request for Additional Information /Confidentiality

Dear Ms. Fillman:

Please allow this letter to serve as a cover to our primary response to your request for additional information on Capital BlueCross's March 2009, Act 62 filing.

Please note that we are filing both redacted public and un-redacted confidential versions of our response. To the extent that the Department intends to make our response public, we would request that it use the redacted public version. Set forth below is a summary of the redacted portions of our response and the reasons justifying the request for confidential treatment under Pennsylvania's Right to Know Law, 65 P.S. § 67.101 *et seq.*:

Exhibit	Redacted Portions	Basis for Confidential Treatment
A Prior CHR Filings	Portions of prior PID CHR approvals	The redacted portions are the same redactions previously agreed to by the Department in connection with the CHR filings as containing competitively sensitive and other confidential information
B CHR Activities Product Subsidies	Amount of subsidies	This information constitutes confidential proprietary information disclosure of which would harm Capital.
C Community Health Initiatives	Names of hospitals which received funds	This information constitutes confidential proprietary information disclosure of which would harm Capital.
D Community Health Education	Names of hospitals which received funds	This information constitutes confidential proprietary information disclosure of which would harm Capital.
E Donations to Health Related Non-Profits	Names of non-profits that received donations; Names and other personal information for individual contacts.	This information constitutes confidential proprietary information disclosure of which would harm Capital. The redactions also include personal identification information.

Health care benefit programs issued or administered by Capital BlueCross and/or its subsidiaries, Capital Advantage Insurance Company® and Keystone Health Plan® Central. Independent licensees of the Blue Cross and Blue Shield Association. Communications issued by Capital BlueCross in its capacity as administrator of programs and provider relations for all companies.

Please let me know if you have any questions related to our request for confidential treatment.

Sincerely,

A handwritten signature in black ink, appearing to be 'Aji Abraham', written in a cursive style.

Aji Abraham, Esq.
Government Counsel



Capital BlueCross

RECEIVED

SEP 21 2009

September 4, 2009

Insurance Department
Office of Consumer Liaison

Ms. Cindy Fillman, Director
Office of Insurance Consumer Liaison & Market Analysis
Pennsylvania Insurance Department
Commonwealth of Pennsylvania
1326 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Request for Additional Information

Dear Ms. Fillman:

As requested in your August 25, 2009 letter, Capital BlueCross is providing additional detail in support of its March 2009, Act 62 filing.

As we have previously noted in commenting on the Pennsylvania Insurance Department's ("PID") proposed Act 62 form, it is unfortunate that Act 62 uses the term "Community Health Reinvestment Activities" which is identical to the term contained in the Community Health Reinvestment Agreement dated February 2, 2005 between the Blue Plans and the PID ("CHR Agreement"). As evidenced in the public comments filed in regard to Act 62, this has led to a great deal of confusion between the Department's review of Act 62 and the CHR Agreement.

Under Paragraph 4 of the CHR Agreement, CHR is a defined term with a precise mathematical formula for calculating Capital's CHR obligation. Under Act 62, CHR does not have a mathematical component but rather is a broad definition of specific CHR activities. Accordingly, in an effort to avoid further confusion, we will use the term SCHR to refer to the CHR as related to Act 62 and the term ACHR to refer to the CHR Agreement.

Not only do SCHR and ACHR have different definitions, but they also have different regulatory review procedures. Under Paragraph 3 of the CHR Agreement, on December 1st of each year Capital files its projected ACHR obligation and expenditures for the following year. Each April, Capital files a reconciliation between its projected ACHR obligation and expenditures and actual ACHR for the preceding year. Capital thereafter received an approval from the PID of the reconciliation.

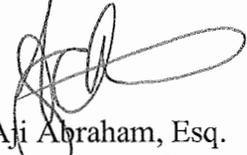
Capital has followed this procedure every year and has received the requisite approvals for its ACHR filings. Accordingly, in response to your request as to Section 4(2) of our Act 62 filing, we have attached as Exhibit "A," the relevant Department's approvals for our ACHR filings.

Attached as Exhibits B, C, D & E respectively, are schedules setting forth additional detail for items 4 b, c, d, e. of our Act 62 filing.

We will be filing a response to the public comments by separate letter.

Please do not hesitate to give me a call if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aji Abraham', written over a light blue horizontal line.

Aji Abraham, Esq.
Government Counsel

Act 62 SCHR Filing

Submitted by
Capital BlueCross
September 18, 2009



Capital BlueCross

Gary D. St. Hilaire
Senior Vice President, Treasurer and CFO

(717) 541-6223 Tel
(717) 651-8877 Fax
gary.sthilaire@capbluecross.com

November 26, 2008

Sandra L. Ykema, Esquire
Department Counsel
Pennsylvania Insurance Department
1341 Strawberry Square
Harrisburg, PA 17130

Re: Capital Blue Cross
2009 CHR Application

Dear Sandy:

Pursuant to Paragraph 3 of the Agreement on Community Health Reinvestment ("CHR"), enclosed please find Capital BlueCross' ("Capital") CHR Application for 2009.

In its February 1, 2007 Application filing (re-submitted) for the 2007 year, Capital explained that primarily due to certain state income taxes paid by Keystone HealthPlan Central, its total CHR obligation had been significantly reduced in 2006. This generated a significant over-payment in 2006, and also had the effect of reducing Capital's CHR obligation in the following years due to the provisions of Paragraph 4 (c) of the CHR Agreement. This section limits the increase in any year to 107.5 percent (107.5%) of the total CHR in the immediately preceding calendar year.

The result of the over-payment in 2006 generated a credit to Capital of roughly \$2.8 million. That credit grew in 2007 and 2008 to nearly \$3 million as a result of the Adult Basic Credit exceeding the Commonwealth Directed amount in each of those years. The credit due to Capital is expected to increase slightly in 2009 to an amount just over \$3 million.

As always we would welcome an opportunity to review our enclosed 2009 CHR Application with you at your convenience.

Sincerely,

Gary D. St. Hilaire
Senior Vice President, Treasurer and Chief Financial Officer

CAPITAL BLUE CROSS AND SUBSIDIARIES
APPLICATION FOR 2009 COMMUNITY HEALTH REINVESTMENT
SUBMITTED FOR REVIEW TO THE PENNSYLVANIA
DEPARTMENT OF INSURANCE

1. Determination of Community Health Reinvestment (CHR)

Factors	1.6%	1.0%
	2009 (p) Sch T col 2 & 5	2009 (p) Sch T col 3 & 4
Capital Blue Cross	209,282,000	-
Capital Advantage Ins Co	1,316,627,000	86,832,000
Keystone Health Plan Central	215,771,000	210,689,000
Avalon Insurance Company	16,853,000	11,940,000
Totals	1,758,533,000	309,461,000
(A) Sub-Total before Credits	28,136,528	3,094,610

Credits:

Premium Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	26,525,000
Keystone Health Plan Central	0

Income Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	0
Keystone Health Plan Central	357,000

(B) Total Credits	26,882,000
--------------------------	-------------------

(A) Gross before credits	31,231,138
(B) Credits	<u>(26,882,000)</u>
CHR	\$ 4,349,138
(1) Capped Amount per paragraph 4 (c)	1,583,400
Commonwealth Directed (60%)	950,040
Credits: Negotiated credit for loss of Adult Basic program	<u>\$ (1,015,011)</u>
(2) Net Commonwealth Directed Portion	\$ (64,971)
2007 Credit Carryforward per 2007 True-Up	(2,872,847)
2008 Estimated Credit	<u>(104,481)</u>
Total refund/credit due in 2009 =====>	<u><u>(3,042,299)</u></u>

(1) A cap of 107.5% of prior year TOTAL CHR is applied pursuant to paragraph 4(c) of the Agreement on Community Health Reinvestment. The 2008 Capped CHR is \$1,472,931. As a result, the 2009 Capped CHR is \$1,472,931 X 1.075 or \$1,583,400

(2) Adult Basic negotiated credit equals 3.25% of (A) Gross before Credits



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 25, 2009

By Fax (717.651.8877) and Mail

Gary St. Hilaire
Senior Vice President & Chief Financial Officer
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

Re: 2009 Community Health Reinvestment Application

Dear Mr. St. Hilaire:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Capital BlueCross ("Capital") submitted November 26, 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. The Department also finds to be reasonable the projected 60% Commonwealth Directed Low Income Health Insurance Portion amount. The Department does recognize that CBC's credits outweigh its 60% portion payments, such that it will not be making quarterly payments unless the audit and reconciliation process indicates otherwise.

Finally, the Department anticipates that CBC will commit to continued support of community based health initiatives in spite of the absence of a mention thereof in its Application. Should CBC's Annual CHR calculation be revised such that CBC has a 40% Portion obligation, the Department anticipates that CBC'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.



Capital BlueCross

Gary D. St. Hilaire
Senior Vice President, Treasurer and CFO

(717) 541-6223 Tel
(717) 651-8877 Fax
gary.sthilaire@capbluecross.com

November 30, 2007

Sandra L. Ykema, Esquire
Department Counsel
Pennsylvania Insurance Department
1341 Strawberry Square
Harrisburg, PA 17130

**Re: Capital Blue Cross
2008 CHR Application**

Dear Sandy:

Pursuant to Paragraph 3 of the Agreement on Community Health Reinvestment (“CHR”), enclosed please find Capital BlueCross’ (“Capital”) CHR Application for 2008.

In its February 1, 2007 Application filing (re-submitted) for the 2007 year, Capital explained that primarily due to certain state income taxes paid by Keystone HealthPlan Central, its total CHR obligation had been significantly reduced in 2006. This generated a significant overpayment in 2006, and also had the effect of reducing Capitals CHR obligation in 2007 and 2008 due to the provisions of Paragraph 4(c) of the CHR agreement. This section limits the increase in any year to 107.5 percent (107.5%) of the total CHR in the immediately preceding calendar year.

The result of the overpayment in 2006 generated a credit to Capital of roughly \$2.8 million. That credit grew in 2007 to roughly \$3 million and is expected to increase to \$3.1 million in 2008 due to the Adult Basic credit exceeding the Commonwealth Directed amount. Pursuant to the terms of the Agreement, no payment is due in 2008.

As always, we would welcome an opportunity to review our enclosed 2008 CHR Application with you at your convenience.

Sincerely,

Gary D. St. Hilaire
Treasurer and Chief Financial Officer

**CAPITAL BLUE CROSS AND SUBSIDIARIES
APPLICATION FOR 2008 COMMUNITY HEALTH REINVESTMENT**

**SUBMITTED FOR REVIEW TO THE PENNSYLVANIA
DEPARTMENT OF INSURANCE**

1. Determination of Community Health Reinvestment (CHR)

Factors	1.6%	1.0%
	2008 (p) <u>Sch T col 3 & 6</u>	2008 (p) <u>Sch T col 4 & 5</u>
Capital Blue Cross	208,325,000	
Capital Advantage Ins Co	1,254,731,000	62,894,000
Keystone Health Plan Central	248,205,000	212,580,000
Avalon Health, Ltd	-	<u>27,249,000</u>
Totals	1,711,261,000	302,723,000
(A) Sub-Total before Credits	27,380,176	3,027,230

Credits:

Premium Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	25,857,000
Keystone Health Plan Central	0

Income Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	0
Keystone Health Plan Central	(330,000)

(B) Total Credits	25,527,000
--------------------------	-------------------

(A) Gross before credits 30,407,406

(B) Credits (25,527,000)

CHR	\$ 4,880,406
(1) Capped Amount per paragraph 4 (c)	1,472,931
Commonwealth Directed (60%)	883,758
Credits: Negotiated credit for	
(2) loss of Adult Basic program	<u>\$ (988,240)</u>
Net Commonwealth Directed Portion	\$ (104,481)
2007 Credit Carryforward	<u>(3,021,265)</u>
Total refund/credit due in 2008 =====>	(3,125,746)

(1) A cap of 107.5% of prior year TOTAL CHR is applied pursuant to paragraph 4(c) of the Agreement on Community Health Reinvestment. The 2007 ESTIMATED True-up shows a final TOTAL CHR of \$1,370,168. 2008 Cap is \$1,370,168 X 1.075 = \$1,472,931.

(2) Adult Basic negotiated credit equals 3.25% of (A) Gross before Credits



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 21, 2008

Gary St. Hilaire
Senior Vice President & Chief Financial Officer
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

By Fax (717.651.8877 and Mail

Re: 2008 Community Health Reinvestment Application

Dear Mr. St. Hilaire:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Capital BlueCross ("Capital") submitted November 30, 2007, for calendar year 2008. 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. The Department also finds to be reasonable the projected 60% Commonwealth Directed Low Income Health Insurance Portion amount. The Department does recognize that CBC's credits outweigh its 60% portion payments, such that it will not be making quarterly payments unless the audit and reconciliation process indicates otherwise.

Finally, the Department anticipates that CBC will commit to continued support of community based health initiatives in spite of the absence of a mention thereof in its Application. Should CBC's Annual CHR calculation be revised such that CBC has a 40% Portion obligation, the Department anticipates that CBC'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 blue ink, appearing to read "Joel Ario".

Joel Ario
Acting Insurance Commissioner

cc: Sandra L. Ykema, Esq.



Capital BlueCross

RECEIVED

DEC 06 2007

CHIEF COUNSEL
INSURANCE DEPARTMENT

Gary D. St. Hilaire
Senior Vice President, Treasurer and CFO

(717) 541-6223 Tel
(717) 651-8877 Fax
gary.sthilaire@capbluecross.com

November 30, 2007

Sandra L. Ykema, Esquire
Department Counsel
Pennsylvania Insurance Department
1341 Strawberry Square
Harrisburg, PA 17130

**Re: Capital Blue Cross
2008 CHR Application**

Dear Sandy:

Pursuant to Paragraph 3 of the Agreement on Community Health Reinvestment ("CHR"), enclosed please find Capital BlueCross' ("Capital") CHR Application for 2008.

In its February 1, 2007 Application filing (re-submitted) for the 2007 year, Capital explained that primarily due to certain state income taxes paid by Keystone HealthPlan Central, its total CHR obligation had been significantly reduced in 2006. This generated a significant overpayment in 2006, and also had the effect of reducing Capitals CHR obligation in 2007 and 2008 due to the provisions of Paragraph 4(c) of the CHR agreement. This section limits the increase in any year to 107.5 percent (107.5%) of the total CHR in the immediately preceding calendar year.

The result of the overpayment in 2006 generated a credit to Capital of roughly \$2.8 million. That credit grew in 2007 to roughly \$3 million and is expected to increase to \$3.1 million in 2008 due to the Adult Basic credit exceeding the Commonwealth Directed amount. Pursuant to the terms of the Agreement, no payment is due in 2008.

As always, we would welcome an opportunity to review our enclosed 2008 CHR Application with you at your convenience.

Sincerely,

Gary D. St. Hilaire
Treasurer and Chief Financial Officer



Capital BlueCross

Gary D. St. Hilaire
Senior Vice President, Treasurer and CFO

(717) 541-6223 Tel
(717) 651-8877 Fax
gary.sthilaire@capbluecross.com

February 1, 2007

Sandra L. Ykema, Esquire
Department Counsel
Pennsylvania Insurance Department
1341 Strawberry Square
Harrisburg, PA 17130

Re: Capital BlueCross 2007 CHR Application

Dear Sandy:

Enclosed please find both clean and redacted versions of Capital BlueCross's resubmitted Application for 2007 Community Health Reinvestment (the "Application").

Pursuant to your request, Capital has revised the Application to address the following issues raised by the Department:

- Explanation for projected decrease in health premiums from 2006 projections;
- Explanation for increase in projected taxes; and
- Explanation for methodology for our calculation of the Bid Protest Credit.

As you will see, the redacted version of the Application omits what we view to be clearly confidential, proprietary and trade secret information (collectively "Confidential Information"). The public disclosure of this Confidential Information to Capital's competitors would substantially harm Capital and benefit our competitors. Accordingly, Capital is requesting that the Department treat the non-redacted version of the Application as confidential and not place it into the public domain.

As we discussed in November, the application represents our calculations based on the formula in the CHR agreement. We assume there will be follow-up discussions on how to work through the results. Reaffirming our previous offer, we would welcome an opportunity to review our 2007 CHR Application with you at your convenience.

Sincerely,



Gary D. St. Hilaire
Treasurer and Chief Financial Officer

CAPITAL BLUECROSS AND SUBSIDIARIES

APPLICATION FOR 2007 COMMUNITY HEALTH REINVESTMENT

**SUBMITTED FOR REVIEW TO THE PENNSYLVANIA
DEPARTMENT OF INSURANCE**

1. Estimate of Community Health Reinvestment (CHR)

Factors	1.6%	1.0%
	<u>2007 (projected)</u> <u>Sch T col 3 & 6</u>	<u>2007 (projected)</u> <u>Sch T col 4 & 5</u>
Capital Blue Cross	\$ 298,373,000	\$ 0
Capital Advantage Ins Co	\$1,089,015,000	\$ 0
Keystone Health Plan Central	\$ 195,122,000	\$ 247,625,000
Avalon Limited	\$ <u>-0-</u>	\$ <u>30,654,000</u>
Totals	\$1,582,510,000	\$ 278,279,000
(A) Sub-Total before Credits	\$ 25,320,160	\$ 2,782,790

Credits:

Premium Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	\$23,797,000
Keystone Health Plan Central	0
Avalon Limited	0

Income Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	0
Keystone Health Plan Central	0
Avalon Limited	0

(B) Total Credits	\$23,797,000
--------------------------	---------------------

(A) Gross before credits	\$28,102,950
(B) Credits	<u>(23,797,000)</u>
CHR – 100%	\$ 4,305,950
Capped CHR^(a)	\$ 1,282,716
Commonwealth Directed (60%)	\$ 769,629
Negotiated credit for AdultBasic	(913,000)
Estimated 2006 Overpayment^(b)	<u>(2,905,348)</u>

2007 CHR Estimated liability / (credit) \$ (3,048,719)

(a) Capital estimates its 2006 CHR to be \$1,193,224. See Exhibit A. A cap of 107.5% of the prior year CHR is applied pursuant to paragraph 4(c) of the Agreement on Community Health Reinvestment.

(b) See Exhibit A.

Major Changes from the 2006 Application

- The 2006 application projected \$2.0 billion of premium subject to the CHR. Actual 2006 premium subject to the CHR equaled \$1.75 billion, or 12.5% lower than originally projected. This was due to insured membership being 10% lower than expected, and average rate increases being 2.5% lower than projected. For the 2007 projected premiums, we assumed a flat enrollment trend and roughly 6% in rate increases to arrive at our estimate of \$1.86 billion. While this projection of \$1.86 billion in premiums for 2007 is a decrease when compared to the original 2006 premium projection, it is an increase when compared to the 2006 actual results of \$1.75 billion.
- Overall, 2007 projected premiums are lower than 2006 projected premiums. In 2007, the majority of the drug business will be written through Capital Advantage Insurance Company (CAIC), which, as a property/casualty insurer, is subject to state premium tax. The projected revenue related to the drug business is approximately \$100 million, generating \$2 million of additional premium tax for 2007.
- The Bid Protest Credit was reduced from \$1.5 million in 2006 to a projected amount of \$913,000 in 2007. The \$913,000 represents the agreed upon credit calculated as 3.25% of the Gross CHR (\$28,102,950).

2. Proposed Utilization/Disbursement of CHR

Under paragraph 5 of the Agreement on Community Health Reimbursement (the "Agreement"), dated February 2, 2005, among the Pennsylvania Insurance Department and the four Pennsylvania Blue Plans, the CHR amount is to be utilized each year in each Plan's service area for designated purposes:

- (a) 60% of the CHR amount (the "Commonwealth Directed Low Income Health Insurance Portion") is to be dedicated to providing health insurance through programs for persons of low income, such as the adultBasic program or an alternate program to benefit persons of low income, all as contemplated by the Agreement; and
- (b) 40% of the CHR amount is to be dedicated to other community health related expenses (including, among others, rate subsidies for individual programs).

Commonwealth Directed Low Income Health Insurance Portion

60% of the CHR amount is approximately \$769,000. By mutual agreement with the PID, this amount will be offset by a credit in the amount of \$918,000 related to adultBasic and the 2006 overpayment.

Other Community Health Related Expenditures

40% of the CHR amount is approximately \$513,000. Consistent with its historical practice and as demonstrated by prior filings with the Pennsylvania Insurance Department, Capital BlueCross' current rate subsidies for individual programs exceed the amount to be utilized for other community health related expenditures.

Capital BlueCross staff are available to discuss any questions that you may have. Please call me at 541-6223 if you would like to discuss this matter.

Sincerely,

Gary D. St. Hilaire
Senior Vice President & Chief Financial Officer

Exhibit A

CAPITAL BLUECROSS AND SUBSIDIARIES

ESTIMATED TRUE-UP FOR 2006 COMMUNITY HEALTH REINVESTMENT

SUBMITTED FOR REVIEW TO THE PENNSYLVANIA
DEPARTMENT OF INSURANCE

1. Estimate of Community Health Reinvestment (CHR)

Factors	1.6%	1.0%
	2006 (estimated) Sch T col 3 & 6	2006 (estimated) Sch T col 4 & 5
Capital Blue Cross	\$ 300,995,000	\$ 0
Capital Advantage Ins Co	\$ 972,788,000	\$ 0
Keystone Health Plan Central	\$ 239,186,000	\$ 210,583,000
Avalon Limited	\$ -0-	\$ 26,889,000
Totals	\$1,512,969,000	\$ 237,472,000
(A) Sub-Total before Credits	\$ 24,207,504	\$ 2,374,720

Credits:

Premium Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	\$19,340,000
Keystone Health Plan Central	0
Avalon Limited	0

Income Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	0
Keystone Health Plan Central	\$ 6,049,000
Avalon Limited	0

(B) Total Credits	\$25,389,000
--------------------------	---------------------

(A) Gross before credits	\$26,582,224
(B) Credits	<u>(25,389,000)</u>
CHR – 100%	\$ 1,193,224
CHR – 60% ^(a)	\$ 1,193,224
Negotiated credit for AdultBasic 2006 quarterly payments	(1,500,000) <u>(2,598,572)</u>
Estimated 2006 overpayment	<u>\$ (2,905,348)</u>

(a) The 60% Commonwealth Directed portion shall not be less than 95% of the previous year's calculation; provided, however, that the 60% Commonwealth Directed portion also cannot exceed the current year's 100% calculation.

REDACTED

CAPITAL BLUECROSS AND SUBSIDIARIES

APPLICATION FOR 2007 COMMUNITY HEALTH REINVESTMENT

**SUBMITTED FOR REVIEW TO THE PENNSYLVANIA
DEPARTMENT OF INSURANCE**

1. Estimate of Community Health Reinvestment (CHR)

Factors	1.6%	1.0%
	2007 (projected) <u>Sch T col 3 & 6</u>	2007 (projected) <u>Sch T col 4 & 5</u>
Capital Blue Cross	\$ 298,373,000	\$ 0
Capital Advantage Ins Co	\$1,089,015,000	\$ 0
Keystone Health Plan Central	\$ 195,122,000	\$ 247,625,000
Avalon Limited	\$ <u>-0-</u>	\$ <u>30,654,000</u>
Totals	\$1,582,510,000	\$ 278,279,000

(A) Sub-Total before Credits	\$ 25,320,160	\$ 2,782,790
-------------------------------------	----------------------	---------------------

Credits:

Premium Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	\$23,797,000
Keystone Health Plan Central	0
Avalon Limited	0

Income Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	0
Keystone Health Plan Central	0
Avalon Limited	0

(B) Total Credits	\$23,797,000
--------------------------	---------------------

(A) Gross before credits	\$28,102,950
(B) Credits	<u>(23,797,000)</u>
CHR – 100%	\$ 4,305,950
Capped CHR ^(a)	\$ 1,282,716
Commonwealth Directed (60%)	\$ 769,629
Negotiated credit for AdultBasic	(913,000)
Estimated 2006 Overpayment ^(b)	<u>(2,905,348)</u>
2007 CHR Estimated liability / (credit)	<u>\$ (3,048,719)</u>

(a) Capital estimates its 2006 CHR to be \$1,193,224. See Exhibit A. A cap of 107.5% of the prior year CHR is applied pursuant to paragraph 4(c) of the Agreement on Community Health Reinvestment.

(b) See Exhibit A.

Major Changes from the 2006 Application

- The 2006 application projected \$2.0 billion of premium subject to the CHR. Actual 2006 premium subject to the CHR equaled \$1.75 billion, or 12.5% lower than originally projected.

- The Bid Protest Credit was reduced from \$1.5 million in 2006 to a projected amount of \$913,000 in 2007. The \$913,000 represents the agreed upon credit calculated as 3.25% of the Gross CHR (\$28,102,950).

2. Proposed Utilization/Disbursement of CHR

Under paragraph 5 of the Agreement on Community Health Reimbursement (the "Agreement"), dated February 2, 2005, among the Pennsylvania Insurance Department and the four Pennsylvania Blue Plans, the CHR amount is to be utilized each year in each Plan's service area for designated purposes:

- (a) 60% of the CHR amount (the "Commonwealth Directed Low Income Health Insurance Portion") is to be dedicated to providing health insurance through programs for persons of low income, such as the adultBasic program or an alternate program to benefit persons of low income, all as contemplated by the Agreement; and
- (b) 40% of the CHR amount is to be dedicated to other community health related expenses (including, among others, rate subsidies for individual programs).

Commonwealth Directed Low Income Health Insurance Portion

60% of the CHR amount is approximately \$769,000. By mutual agreement with the PID, this amount will be offset by a credit in the amount of \$918,000 related to adultBasic and the 2006 overpayment.

REDACTED

Other Community Health Related Expenditures

40% of the CHR amount is approximately \$513,000. Consistent with its historical practice and as demonstrated by prior filings with the Pennsylvania Insurance Department, Capital BlueCross' current rate subsidies for individual programs exceed the amount to be utilized for other community health related expenditures.

Capital BlueCross staff are available to discuss any questions that you may have. Please call me at 541-6223 if you would like to discuss this matter.

Sincerely,

Gary D. St. Hilaire
Senior Vice President & Chief Financial Officer

Exhibit A

CAPITAL BLUECROSS AND SUBSIDIARIES

ESTIMATED TRUE-UP FOR 2006 COMMUNITY HEALTH REINVESTMENT

SUBMITTED FOR REVIEW TO THE PENNSYLVANIA
DEPARTMENT OF INSURANCE

1. Estimate of Community Health Reinvestment (CHR)

Factors	1.6%	1.0%
	2006 (estimated) Sch T col 3 & 6	2006 (estimated) Sch T col 4 & 5
Capital Blue Cross	\$ 300,995,000	\$ 0
Capital Advantage Ins Co	\$ 972,788,000	\$ 0
Keystone Health Plan Central	\$ 239,186,000	\$ 210,583,000
Avalon Limited	\$ -0-	\$ 26,889,000
Totals	\$1,512,969,000	\$ 237,472,000

(A) Sub-Total before Credits	\$ 24,207,504	\$ 2,374,720
-------------------------------------	----------------------	---------------------

Credits:

Premium Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	\$19,340,000
Keystone Health Plan Central	0
Avalon Limited	0

Income Tax Credits:

Capital Blue Cross	0
Capital Advantage Ins Co	0
Keystone Health Plan Central	\$ 6,049,000
Avalon Limited	0

(B) Total Credits	\$25,389,000
--------------------------	---------------------

(A) Gross before credits	\$26,582,224
(B) Credits	<u>(25,389,000)</u>
CHR – 100%	\$ 1,193,224
CHR – 60% ^(a)	\$ 1,193,224
Negotiated credit for AdultBasic	(1,500,000)
2006 quarterly payments	<u>(2,598,572)</u>
Estimated 2006 overpayment	<u>\$ (2,905,348)</u>

(a) The 60% Commonwealth Directed portion shall not be less than 95% of the previous year's calculation; provided, however, that the 60% Commonwealth Directed portion also cannot exceed the current year's 100% calculation.



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

February 28, 2007

Gary St. Hilaire
Senior Vice President & Chief Financial Officer
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

By Fax (717-651-8877) and Mail

Re: 2007 Community Health Reinvestment Application

Dear Mr. St. Hilaire:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Capital BlueCross ("Capital") submitted December 1, 2006, revised February 1, 2007 for calendar year 2007. 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. The Department does not find to be reasonable the Net 60% Commonwealth Directed Low Income Health Insurance Portion amount, as that amount is subject to the constraints of ¶4(d) of the CHR Agreement. Nevertheless, the Department does recognize that CBC's credits outweigh its 60% portion payments, such that it will not be making quarterly payments unless the audit and reconciliation process indicates otherwise. Finally, based on the representations in Capital's Application, the Department anticipates that Capital'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 "Randolph L. Rohrbaugh".

Randolph L. Rohrbaugh
Acting Insurance Commissioner

cc: Sandra L. Ykema, Esq.

1326 STRAWBERRY SQUARE
HARRISBURG, PA 17120

Phone: (717) 783-0442

Fax: (717) 772-1969



~~Mike C.~~
Mike C.

Capital BlueCross

March 1, 2006

Hand Delivery

Arthur F. McNulty, Esquire
Office of Chief Counsel
Pennsylvania Insurance Department
1341 Strawberry Square, 13th Floor
Harrisburg, PA 17120

Re: Capital BlueCross and Subsidiaries – Revised Application for 2006 Pursuant to the Agreement on Community Health Reinvestment

Dear Art:

Enclosed please find:

1. A check in the amount of \$649,643 representing the 1st quarterly installment of the Commonwealth Directed Low Income Portion of the Community Health Reinvestment (CHR) obligation for 2006 for Capital BlueCross and its subsidiaries. This amount represents 25% of the 2005 CHR payment including the allowable credit pursuant to the Settlement Agreement
2. In light of the recent Settlement Agreement related to CHR, we have enclosed a revised Capital BlueCross and subsidiaries Application for 2006 CHR.

If you have any questions regarding this application, please don't hesitate to call me at (717) 541-6223.

Sincerely,



Gary St. Haire
Senior Vice President & Chief Financial Officer

Enclosure

CAPITAL BLUECROSS AND SUBSIDIARIES

REVISED APPLICATION FOR 2006 COMMUNITY HEALTH REINVESTMENT

SUBMITTED FOR REVIEW TO THE PENNSYLVANIA DEPARTMENT OF INSURANCE

Per Application for 2006 CHR (AS REVISED 2-24-06)

1. Determination of CHR

Factors	1.6%	1.0%
	2006 (p) <u>Sch T col 3 & 6</u>	2006 (p) <u>Sch T col 4 & 5</u>
Capital Blue Cross	378,797,000	
Capital Advantage Ins Co	1,093,380,000	
Keystone Health Plan Central	287,915,000	227,000,000
Avalon Health, Ltd	-	<u>39,248,000</u>
Totals	1,760,092,000	266,248,000
(A) Sub-Total before Credits	28,161,472	2,662,480
Credits:		
<u>Premium Tax Credits:</u>		
Capital Blue Cross	0	
Capital Advantage Ins Co	21,817,000	
Keystone Health Plan Central	0	
<u>Income Tax Credits:</u>		
Capital Blue Cross	0	
Capital Advantage Ins Co	0	
Keystone Health Plan Central	2,176,000	
(B) Total Credits	23,993,000	
(A) Gross before credits	30,823,952	
(B) Credits	(23,993,000)	
CHR	\$ 6,830,952	
Commonwealth Directed (60%)	4,098,571	
Credits: 2005 adult Basic Loss carryforward & credit for loss of program (1)	\$ (1,500,000)	
Net Commonwealth Directed Portion	\$ 2,598,571	
Quarterly Installment Due March 1, 2006 =====>	649,643	

(1) per settlement agreement



Office of
CHIP & adultBasic
Insurance Program



August 12, 2005

Via first class mail and facsimile (717.651.8930)

Anita M. Smith
President and Chief Executive Officer
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

Dear Ms. Smith:

As you know, under the Community Health Reinvestment (CHR) Agreement, Capital BlueCross agreed to dedicate 60% of its CHR commitment "to providing health insurance through state-approved programs for persons of low income, including but not limited to adultBasic (the "Commonwealth Directed Low Income Health Insurance Portion")." And as you are also aware, in early July, the General Assembly incorporated that commitment into the budget, expressly requiring each plan to pay its commitment for 2005 by the end of this calendar year. I am writing to set forth the Administration's expectations concerning the transmission of those monies to the Commonwealth.

As set forth in the budget, the Commonwealth Directed Low Income Health Insurance Portion of the 2005 CHR funds is being directed to the adultBasic program. Using the CHR funds will allow the Commonwealth to increase adultBasic enrollment. As you know, there is a waiting list for that program. In order to make an offering of coverage before year-end, we request that three-quarters of your 2005 CHR monies be remitted to the Commonwealth by September 15. Kindly remit your payment via electronic transfer to Bank Account Number 2100019662887, Routing Number 031000503 for an ACH transfer and 031201467 for a wire transfer, and notify Cathy Kelly at the Office of the Budget, ckelly@state.pa.us, at the time of your transmission.

We would ask that the remainder of the 2005 contribution be made on or before December 1, 2005. For ensuing years of the agreement, we anticipate receiving the respective Commonwealth Directed Low Income Health Insurance Portion amounts in quarterly installments beginning on March 1, 2006.

Mike C.



Capital BlueCross

March 1, 2006

Hand Delivery

Arthur F. McNulty, Esquire
Office of Chief Counsel
Pennsylvania Insurance Department
1341 Strawberry Square, 13th Floor
Harrisburg, PA 17120

Re: Capital BlueCross and Subsidiaries – Revised Application for 2006 CHR

Dear Art:

Enclosed please find:

1. A check in the amount of \$649,643 representing the 1st quarterly installment of the Commonwealth Directed Low Income Portion of the Community Health Reinvestment (CHR) obligation for 2006 for Capital BlueCross and its subsidiaries.
2. As you requested, also enclosed is a revised Capital BlueCross and subsidiaries 2006 Application for CHR.

If you have any questions regarding this application, please don't hesitate to call me at (717) 541-6223.

Sincerely,

Gary St. Hilaire
Senior vice President & Chief Financial Officer

Enclosure

CAPITAL BLUECROSS AND SUBSIDIARIES

REVISED APPLICATION FOR 2006 COMMUNITY HEALTH REINVESTMENT

SUBMITTED FOR REVIEW TO THE PENNSYLVANIA DEPARTMENT OF INSURANCE

Per Application for 2006 CHR (AS REVISED 2-24-06)

1. Determination of CHR

Factors	1.6%	1.0%
	2006 (p) <u>Sch T col 3 & 6</u>	2006 (p) <u>Sch T col 4 & 5</u>
Capital Blue Cross	378,797,000	
Capital Advantage Ins Co	1,093,380,000	
Keystone Health Plan Central	287,915,000	227,000,000
Avalon Health, Ltd	-	<u>39,248,000</u>
Totals	1,760,092,000	266,248,000
(A) Sub-Total before Credits	28,161,472	2,662,480
Credits:		
<u>Premium Tax Credits:</u>		
Capital Blue Cross	0	
Capital Advantage Ins Co	21,817,000	
Keystone Health Plan Central	0	
<u>Income Tax Credits:</u>		
Capital Blue Cross	0	
Capital Advantage Ins Co	0	
Keystone Health Plan Central	2,176,000	
(B) Total Credits	23,993,000	
(A) Gross before credits	30,823,952	
(B) Credits	(23,993,000)	
CHR	\$ 6,830,952	
Commonwealth Directed (60%)	4,098,571	
Credits: Bid Protest Credit	<u>\$ (1,500,000)</u>	
Net Commonwealth Directed Portion	\$ 2,598,571	
Quarterly Installment Due March 1, 2006 =====>	649,643	

(1) per settlement agreement



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

March 8, 2006

Gary St. Hilaire
Senior Vice President & Chief Financial Officer
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

Re: 2006 Community Health Reinvestment Application

Dear Mr. St. Hilaire:

This will acknowledge receipt of the Community Health Reinvestment ("CHR") Application of Capital BlueCross ("Capital") submitted November 30, 2005 (rev. March 1, 2006) for calendar year 2006. 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. The Department also finds to be reasonable the Net 60% Commonwealth Directed Low Income Health Insurance Portion amount. The Application contemplates quarterly payments, with the first quarter installment due (and paid) on March 1; in consonance therewith, the Department anticipates, and understands that Capital accepts, a quarterly payment schedule, such that the three remaining equal installments will be payable on June 1, September 1, and December 1. Finally, based on the representations in Capital's Application, the Department anticipates that Capital'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,

M. Diane Koken
Insurance Commissioner

cc: Sandra L. Ykema, Esq.



Capital BlueCross

BY HAND

March 1, 2005

The Honorable M. Diane Koken
Commissioner of Insurance
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Community Health Reimbursement Application for 2005

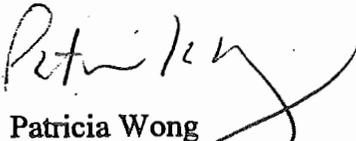
Dear Ms. Koken:

Reference is made to the Agreement on Community Health Reinvestment (the "Agreement"), dated February 2, 2005, among the Pennsylvania Insurance Company and the four Pennsylvania Blue Plans.

Pursuant to paragraph 3 of the Agreement, enclosed is Capital BlueCross' Community Health Reinvestment Application for calendar year 2005.

Please do not hesitate to contact me if you have any questions or comments concerning the enclosure.

Sincerely,



Patricia Wong
Supervising Counsel

2. Proposed Utilization/Disbursement of CHR

Under paragraph 5 of the Agreement on Community Health Reimbursement (the "Agreement"), dated February 2, 2005, among the Pennsylvania Insurance Department and the four Pennsylvania Blue Plans, the CHR amount is to be utilized each year in each Plan's service area for designated purposes:

- (a) 60% of the CHR amount (the "Commonwealth Directed Low Income Health Insurance Portion") is to be dedicated to providing health insurance through programs for persons of low income, such as the adultBasic program or an alternate program to benefit persons of low income, all as contemplated by the Agreement; and
- (b) 40% of the CHR amount is to be dedicated to other community health related expenses (including, among others, rate subsidies for individual programs).

It should be noted that the contract for the adultBasic program that is currently offered in Capital BlueCross' service area was originally set to expire on March 11, 2005 but has just been extended by the Pennsylvania Insurance Department for a period of 90 days through June 11, 2005. The contract for adultBasic for the period following June 11, 2005 has not yet been awarded to any carrier.

This application assumes that Capital BlueCross and its affiliates (collectively "Capital BlueCross") will be offering the adultBasic program on a stand-alone basis for calendar year 2005. If for any reason Capital BlueCross is not awarded an adultBasic contract for the entire calendar year, unexpended funds allocated to adultBasic will be utilized for an alternate Capital BlueCross program to benefit persons of low income, all as contemplated by the Agreement.

Commonwealth Directed Low Income Health Insurance Portion

60% of the CHR amount is approximately \$3.7 million. Capital BlueCross will utilize this amount, less applicable credits for underwriting losses or additions for underwriting gains under paragraph 6 of the Agreement, to enroll persons of low income through the Capital BlueCross adultBasic program (or any alternate program to be offered by Capital BlueCross to benefit persons of low income).

Other Community Health Related Expenditures

40% of the CHR amount is approximately \$2.3 million. Consistent with its historical practice and as demonstrated by prior filings with the Pennsylvania Insurance Department, Capital BlueCross' current rate subsidies for individual programs exceed the amount to be utilized for other community health related expenditures.

Capital BlueCross staff are available to discuss any questions that you may have. Please call the undersigned at 541-7277 if you would like to discuss this matter.

Sincerely,

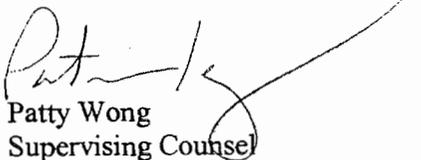

Patty Wong
Supervising Counsel

EXHIBIT B - REDACTED

CHR Activities - Product Subsidies

2009-2010

State Fiscal Yr
Dollars

Total

Traditional ¹		
Special Care ¹		
CMM Non-HIPAA ¹		
CMM HIPAA/HCTC ¹		
Under 65 Totals		
Security (A, B, C, H) ¹		
Security (F) ¹		
Security Totals		
CHIP (low cost direct subsidy)		
Total Product Subsidy^{2,3}		\$12,675,765

¹ These are estimates based on existing and/or filed but not approved rates.

² Differences between current numbers and March Application result from rate requests filed since March 2009.

³ Since projected dollar amount of subsidies are based on enrollment estimates, actual enrollment results will change total subsidy amount.

EXHIBIT C - REDACTED

Community Health Initiatives (4c)

September 4, 2009

Description:

Community Health Initiatives (in partnership with hospitals, physicians and other providers) that provide health services including, but not limited to, community health clinics, dental vans, nurse training programs, and other programs focused primarily on the provision of health care services.

Capital Blue Cross has entered into arrangements with certain of our provider partners in our service area in order to benefit the health of those who live in the communities that we serve. These arrangements are called Community Benefit Initiatives, and a description of each of these Initiatives is provided here.

Each Community Benefit Initiative has a multi-year term, and each year may cover a period of time that does not strictly coincide with the Commonwealth's fiscal year. In certain cases, it was possible to identify a payment that will be made within the Commonwealth's fiscal year. In other cases, we list the yearly payment that falls closest to the Commonwealth's fiscal year.

Item	Amounts
Payment to be made in Commonwealth FY for training of critical care nurses.	\$500,000
Payment to be made in Commonwealth FY to support programs that improve access to care for underserved population in two counties and that address health disparities in vulnerable populations.	\$1,250,000
Payment to be made in Commonwealth FY for nurse training programs, palliative care, physician recruitment and retention, and H1N1 program.	\$450,000
Expanded hours for primary care health center, improved health care technology.	\$500,000
Investment in primary care recruitment and retention, health care bundle infrastructure, regional remote learning technology.	\$800,000
Total	\$3,500,000

EXHIBIT D - REDACTED

Community Health Education (4d)

September 4, 2009

Item	Amounts
<p>To help children grow up healthy, CBC has developed a set of middle school planners that provide knowledge, skills, and activities designed to help students incorporate a healthy lifestyle. These healthy messages are integrated into their homework planner. Parents are notified about the planners through a short parent supplement (optional for schools) and encouraged to read the healthy messages with their child.</p>	<p>\$108,000</p>
<p>CBC partnered with a health system to fund a health educator position to focus on minority outreach and relationship building in a minority community; the health educator connects the population with community resources, focusing on education related to chronic disease, prenatal care, and preventative screenings.</p>	<p>\$81,000</p>
<p>To help in a childhood obesity initiative, CBC funded programs in two counties promoting physical activity for children during the summer and children's health and safety; as part of the summer program, thirty creativity stations were hidden in parks throughout the county, for children to discover while exploring the parks; in a similar program in the preceding year, 8200 program guides were provided to children who, collectively, walked nearly 17,000 miles as part of the program.</p>	<p>\$19,000</p>
<p>As part of a collaboration with a health system, CBC is funding a childhood obesity program in targeted urban schools that will promote healthy behaviors and improve nutrition among young people. The funds cover the cost of staffing, student education, health promotion materials, and food supplies in targeted vulnerable schools based on demographics and body mass index of students.</p>	<p>\$125,000</p>
<p>Totals</p>	<p>\$333,000¹</p>

¹ Amount based on current expenditures and projections.

EXHIBIT E - REDACTED

Donations to Health Related Non-Profits (4e & 5)		
Category	Organization	Amount
Donations	Weller Health Education Center	
Donations	United Disability Services	
Donations	Burn Prevention Foundation	
Donations	Susan P. Byrnes Health and Education Center	
Donations	Safe Kids Allentown Bethlehem Coalition	
Donations	Capital Area Therapeutic Association	
Donations	Susquehanna Association for the Blind	
Donations	Spinal Cord Tumor Association	
Donations	Philhaven Mental Health Program	
Donations	Active Schools Initiative Partnership with Department of Health	
Donations	Pennsylvania Health Care Quality Alliance	
Donations	National MS Society	
Donation	Leukemia and Lymphoma Society	
Donation	Hospice of Lancaster County	
Unallocated Amount	To be decided based on health needs of community.	\$258,000.00
Total		\$500,000.00



September 3, 2009

Ms. Cindy Fillman
Director
Office of Insurance Consumer Liaison & Market Analysis
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Act 62 of 2008 – Community Health Reinvestment Activities report

Dear Ms. Fillman:

This letter is in response to your letter dated August 25, 2009, requesting a resubmission of Delta Dental of Pennsylvania’s (DDP) Community Health Reinvestment (CHR) Activities proposal.

Attached is a revised proposal with a detailed list of proposed grantees including name, contact information and grant amount. Please note that the total projected expenditures have increased from \$155,650 to \$177,650 since our initial filing in March 2009. This additional \$22,000 is accounted for as follows:

- A \$2,000 increase in the grant to be provided to Community Health & Dental Care
- New \$10,000 grants to Community Health Clinic of Butler County and York Hospital Dental Center.

The intended usage of the grant monies is the same for each clinic. DDP awards grants to nonprofit community dental clinics that specialize in providing free or low-cost dental care to children and adults in low-income working households with income that exceeds eligibility requirements for government assistance programs, yet is so low that they cannot readily afford insurance. The grant monies go directly towards the provision of services to this population and make health care services more accessible for persons who are uninsured and unable to pay for services.

These clinics provide treatment of oral health care diseases/injuries, as well as provide preventive care and promote oral health. The grants are not used for advertising, public relations, sponsorships, bad debt, administrative costs associated with State health care programs, programs provided as an employee benefit, use of facilities for meetings held by community groups or expenses for in-service training, continuing education, orientation or mentoring of employees. Therefore, we believe that our expenditures meet the criteria included in the definition of CHR Activities and are compliant with Act 62 of 2008.



Page 2

Delta Dental of Pennsylvania - CHR Activities report

If you have any questions or require additional information, please feel free to contact me at 717-766-8500 ext. 3135 or asinger@deltadentalpa.org.

Sincerely,

A handwritten signature in cursive script that reads "Ashley C. Singer". The signature is written in black ink and is positioned above the printed name and title.

Ashley C. Singer
Manager, Regulatory

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

Proposal for Year 2009

FEIN: 2 3 ████ 1 6 6 7 0 1 1

NAIC: 5 4 7 9 8

I. HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH SERVICE PLAN CORPORATION NAME AND ADDRESS:

Delta Dental of Pennsylvania
One Delta Drive
Mechanicsburg, PA 17055

II. PLANNED EXPENDITURES:

	Projected Expenditures
1. Proposed annual CHR for health care coverage for persons unable to pay for coverage (list and describe proposed endeavors below):	
a.	
b.	
c.	
2. Proposed annual CHR for health care services for persons uninsured and unable to pay for services (list and describe proposed endeavors below):	
a. Grants to nonprofit community dental clinics that specialize in providing free or low-cost dental care to children and adults in low-income working households with income that exceeds eligibility requirements for government assistance programs, yet is so low that they cannot readily afford insurance. Please see attached detailed list.	\$177,500
b.	
c.	
3. Proposed annual CHR for programs for prevention and treatment of disease or injury or the promotion of health or wellness (list and describe proposed endeavors below):	
a.	
b.	
c.	
4. Proposed other annual CHR activities (list and describe proposed endeavors below):	
a. Toothbrushes donated to organizations participating in Give Kids a Smile Day.	\$150
b.	
c.	
5. Proposed other CHR activities pursuant to 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.	
b.	
c.	
TOTALS	\$177,650

**Delta Dental of Pennsylvania
Community Health Reinvestment Activities for 2009**

Grant Recipient	Total Grant Amount	Primary Contact Name	Title	Phone Number	Street Address	City	Zip
Bradford County Dental Health Services, Inc.	\$10,000	Marjory K. Kreischer	Clinical Consultant/RDH	570-265-3173	1 Progress Plaza, Suite #6	Towanda	18848
Centre Volunteers in Medicine	\$10,000	Kristen Houser, MPA	CVIM Executive Director	814-231-4043	2520 Green Tech Dr., Suite D	State College	16803
Chester County Community Dental Center	\$10,000	Donald Price	Executive Director	610-383-3888	744 Lincoln Hwy, Suite 120	Coatesville	19320
Community Health & Dental Care	\$7,000	Carolyn Brunschwyler	Director of Development	610-326-9460 x122	11 Robinson St., Ste. 100	Pottstown	19464
Community Health Clinic of Butler County	\$10,000	Cecelia Buechele Foster	Executive Director	724-841-0980	103 Bonnie Dr.	Butler	16002
Community Health Clinic, Inc.	\$10,000	Bill Hall	Treasurer	724-335-3334	943 Fourth Ave.	New Kensington	15068
Crescent Park Dental Clinic	\$10,000	Alice Pedersen	Corporate Director of Practice Management	814-723-4973, ext. 1507	2 Crescent Park West	Warren	16365
Hamilton Health Center	\$10,000	Jeanine D. Peterson	CEO	717-230-3909	1821 Fulton St.	Harrisburg	17102
HealthLink Medical Center	\$10,000	Barbara Latady	Director of Development	267-699-0122	1775 Street Road	Southampton	18966
Keystone Dental Care	\$10,000	Bev Myers	Office Manager	717-217-4330	767 5th Avenue, Suite B-3a	Chambersburg	17201
Kids Smiles, Inc.	\$8,000	Cheryl Janssen	Executive Director	610-269-5769	2821 Island Ave., Ste. 210	Philadelphia	19153
Phoenixville HealthCare Access Foundation	\$10,000	Tracy L. Shantz	Program Director	610-935-3165	32 Gay St., PO Box 591	Phoenixville	19460
St. Joseph Medical Center Children's Free Dental Clinic	\$10,000	Kelly Altland	Vice President, Development	610-378-2477	P.O. Box 316	Reading	19603
St. Luke's Hospital & Health Network	\$7,500	Carla M. Arbushites	Assistant Vice President, Development	610-954-4136	801 Ostrum St.	Bethlehem	18015
St. Paul's Neighborhood Free Medical and Dental Clinic	\$5,000	Lisa Kelleher	Executive Director	814-454-8755	1608 Walnut St.	Erie	16502
Susquehanna Health System Community Dental Center	\$10,000	Nancy Watts	Community Dental Coordinator	570-567-5430	469 Hepburn St.	Williamsport	17701
The Community Check-Up Center of South Harrisburg, Inc.	\$10,000	Gretchen Ballard	President, Board of Directors	717-566-5812	38-C Hall Manor	Harrisburg	17104
Water Street Dental Clinic	\$10,000	Robynn Rixse	Dental Administrator	717-358-2011	210 S. Prince St.	Lancaster	17603
York Hospital Dental Center	\$10,000	Nancy Newton	Grants Officer	717-851-4275	clo York Health Foundation, 912 S. George St.	York	17403
Total 2009 Grants	\$177,500						



September 11, 2009

Cindy Fillman
Director
Commonwealth of Pennsylvania Insurance Department
Office of Insurance Consumer Liaison & Market Analysis
1326 Strawberry Square
Harrisburg, PA 17120

Re: Response to Insurance Department's Questions of August 25, 2009 on Highmark Inc. July 2009 – June 2010 Fiscal Year Community Health Reinvestment Proposal

Dear Ms. Fillman:

We are responding to your letter of August 25, 2009 in which you seek additional information regarding Highmark's proposal for "community health reinvestment activities." Before providing you with the additional detail you are seeking, we would like to provide some clarification regarding Highmark Inc.'s ("Highmark") obligations with respect to community health reinvestment activities.

Highmark's obligation to make annual financial commitments in the form of "Permitted Community Health Reinvestment Endeavors" is set forth in the Agreement on Community Health Reinvestment dated as of February 2, 2005 by and among the Insurance Department of the Commonwealth of Pennsylvania, Capital Blue Cross, Highmark Inc., Independence Blue Cross and Hospital Services Association of Northeastern Pennsylvania (the "CHR Agreement"). The calculation of the amount of Highmark's financial obligation with respect to Permitted Community Health Reinvestment Endeavors, as well as the expenditures that are permitted to satisfy the obligation, are set forth in the CHR Agreement. The CHR Agreement explicitly states that it is intended to be a complete and total resolution of the issue of Blue Plans social mission/community activity obligations through the period of the CHR Agreement. The CHR Agreement expires on December 31, 2010.

Act 62, on the other hand, requires plans, including Highmark, to submit a proposal (the "Proposal") describing the manner in which they intend to provide "community health reinvestment activities", which are defined by the Act. The term "community health reinvestment activities" has no application, to our knowledge, outside the procedures of Act 62. The Act does not impose any obligation upon any of the plans to make any financial expenditure toward such activities.

Act 62 did not, and could not, as a matter of law, impair the contract terms of the CHR Agreement. While Highmark has complied with, and will continue to comply with, the reporting obligations of Act 62, no provision of Act 62 changes Highmark's rights or obligations under the CHR Agreement. Specifically, the Act does not expand the power of the Pennsylvania Insurance Department (the "Department") to approve or disapprove expenditures that Highmark is making toward its Permitted Community Health Reinvestment Endeavors.

While we are happy to provide you with additional detail regarding Highmark's expenditures set forth in the Proposal, we find it necessary to note that the proposed expenditures comply with the CHR Agreement under the terms of that agreement, pursuant to contract law, and thus do not require justification under Act 62 during the period that agreement is in place.

1a) Uncompensated indirect costs for the adultBasic program included in the Proposal for CHR Activities include administrative expenses not directly associated with the adultBasic program, but essential to the overall delivery of the product to members. Uncompensated indirect costs allocated to the adultBasic program include the costs of benefit management services, enrollment and billing systems costs, rating and underwriting services, finance and accounting services, human resources, procurement/other corporate services and general and administrative costs, all of which are necessary to any product offering.

A table of projected indirect costs by functional expense category, description and amount follows:

Category	Description	Amount
Benefit Management Services	Activities to manage benefit costs by review of patient treatment (type/length/appropriateness)	\$1,172,324
Enrollment & Billing Services	Record keeping costs for membership systems, including processing of applications and member billing	683,107
Rating & Underwriting Services	Product rating activities; claim reserve calculations	268,117
Finance & Accounting Services	Allocated costs related to product accounting, reporting and analysis	314,475
Human Resources Services	Allocated costs of corporate staffing and employee relations (systems, career development, employee benefits)	219,329
Procurement/Other Corporate Services	Allocated costs of procurement activities	93,131
General & Administrative Services	Allocated costs associated with overall administration of product (management, legal, regulatory)	1,047,037
Total Indirect Costs		\$3,797,520

Such costs are Permitted Community Health Reinvestment Endeavors as defined by the CHR Agreement and have been approved by the Department in annual applications submitted in accordance with the CHR Agreement. Please note that the indirect costs included in the Proposal do not include any administrative expenses directly associated with the adultBasic program (e.g. claims processing and member service costs).

1b) Projected underwriting losses on the CHIP and Direct Pay products for uninsured children above the CHIP income (the former Caring Program for Children, now KeystoneBlue for Kids) guidelines are calculated as follows:

Projected Premiums
 Less: Projected Claims
 Less: Projected Administrative Expenses (direct and indirect)
 Projected Underwriting Losses

Highmark has projected the underwriting losses for these products for low income and/or previously uninsured persons based on historical experience evidencing that projected claims and administrative costs exceed projected rates approved by the Department. Given our past experience, the claims costs (medical costs) alone will exceed the total premiums approved by the Insurance Department (and not that these are prior-approval rates). A table which provides detail of projected underwriting losses follows:

	CHIP	Direct Pay	Total
Premium Revenue	\$111,301,024	\$1,975,889	\$113,276,913
<i>Less:</i>			
Claims	(115,143,022)	(2,953,752)	(118,096,774)
Claims Processing Expenses	(1,516,427)	(43,572)	(1,559,999)
Customer Service Expenses	(987,847)	(34,128)	(1,021,975)
Benefit Management Services	(3,371,405)	(53,017)	(3,424,422)
Enrollment & Billings	(4,006,355)	(111,174)	(4,117,529)
Provider Network Management	(2,185,728)	(52,013)	(2,237,741)
Rating & Underwriting	(696,782)	(16,392)	(713,174)
Finance & Accounting	(610,799)	(15,011)	(625,810)
Human Resources	(384,741)	(9,455)	(394,196)
Procurement/Other Corp Services	(164,090)	(4,029)	(168,119)
General & Administrative	(1,454,168)	(46,490)	(1,500,658)
Projected Underwriting Losses	(19,220,340)	\$(1,363,144)	\$(20,583,484)

Such underwriting losses are Permitted Community Health Reinvestment Endeavors as defined by the CHR Agreement and have been approved by the Department in annual applications submitted in accordance with the CHR Agreement.

1c) Projected underwriting losses on the guarantee issue Direct Pay and Special Care low-income products are calculated as follows:

Projected Premiums
Less: Projected Claims
Less: Projected Administrative Expenses (direct and indirect)
 Projected Underwriting Losses

Highmark has projected underwriting losses for the guarantee issue Direct Pay and Special Care low-income products based on historical experience evidencing that claims and administrative costs exceed projected rates approved by the Department. These underwriting losses, created by premiums below actual costs, and the additional direct subsidies we make to programs for the -income (Special Care) and for senior programs (MedigapBlue) more affordable, are Permitted Community Health Reinvestment Endeavors as defined by the CHR Agreement and have been approved by the Department in annual applications submitted in accordance with the CHR Agreement.

1d) The term “certain products” referenced in the Proposal are those products designed with subsidies to provide health care coverage to eligible persons to assist them in affording such coverage or health care services. The names and detail of such products are set forth below:

Type	Product
Under 65 Products:	
	ClassicBlue Hospital
	ClassicBlue Medical
	ClassicBlue Major Medical
	ClassicBlue Comprehensive
	Preferred Blue PPO
	Special Care Hospital
	Special Care Medical
	High Deductible Health Plan (Guarantee Issue)
Over 65 Products:	
	MedigapBlue Hospital
	MedigapBlue Medical
	Direct Pay Medigap

Subsidies for the products above, as well as HIPAA and HCTC rate subsidies, are acceptable Permitted Community Health Reinvestment Endeavors as defined by the CHR Agreement and have been approved by the Department in annual applications submitted in accordance with the CHR Agreement.

3a) The information requested regarding 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 meet the criteria of Permitted Community Health Reinvestment Endeavors as defined by the CHR Agreement. Such community health-care related expenditures, distributions or utilizations have been approved by the Department in annual applications submitted in accordance with the Agreement on CHR. Please refer to **Schedule A** for a detailed listing of proposed items based upon historical experience. We request that Schedule A be made public only in its redacted form. A full copy of the confidential Schedule A is provided to you under separate cover.

4a) The amount projected for the Commonwealth-directed portion of the CHR obligation under the CHR Agreement through state-approved programs for persons of low income, including but not limited to adultBasic, has been forecasted based on historical experience for the fiscal year covered in the proposal. The CHR Agreement provides that a portion of Highmark’s expenditures for Permitted Community Health Reinvestment Endeavors will be dedicated to providing health insurance for persons of low income, including the adultBasic program.

If you would like to further discuss Highmark’s proposal, or have any other questions, I can be reached at 412-544-8322, or through Candy Gallaher at 717-302-3982.

Sincerely,



Nanette P. DeTurk

Executive Vice President, Chief Administrative and Financial Officer & Treasurer

Highmark Inc.
Response to Cindy Fillman
September 11, 2009
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Cc: David M. O'Brien, Government Services, Highmark
Candy Gallaher, Regulatory Affairs, Highmark
Stephen J. Johnson, Deputy Insurance Commissioner

Schedule A - Detail of Line 3a

Organization Name	Description	Contact Name	Contact Phone	Projected Amount
AIDS Community Alliance	a contribution to support the Men4Men program	Goropoulos, Philip K.		
Adagio Health	Platinum sponsorship of Hot Pink Pittsburgh Reception	Dixon, Jackie		
Adelphi USA	Champion Sponsorship (\$5,000) for the 24th Annual Golf Classic May 12-19, 2009 at Laurel Valley and Gold Sponsorship foursome to benefit youths with life skills	Palcic, Carol		
Altoona Regional Health System Foundation For Life	Platinum Sponsorship of the Altoona Regional Health System Foundation for Life Health Care Honors on October 16, 2008	Brumbaugh, Valerie		
American Association of People with Disabilities	Kick-off National Disability Mentoring Day	Webster, Unique		
American Cancer Society	sponsorship of the Exposition latina de Conocimiento de Cancer, the Latino Cancer Awareness Exposition to be held in Reading, Berks County in October 2009. This is a collaboration with the Berks County Community Foundation and the Cancer Society.	Mathis, Dee		
American Diabetes Association	Mini-World/Speaker sponsorship of the American Diabetes Association Diabetes Expo scheduled for September 12, 2009 at the David L. Lawrence Convention Center	Seldman, Terri		
American Diabetes Association, Capital Region Division	a strategic grant to address diabetes management	Roden, Timothy		
American Diabetes Association, Capital Region	a contribution to support scholarships for children with diabetes to attend the Donovan McNabb American Diabetes Camp in 2009	Roden, Timothy		
American Heart Association - Lancaster Division	a Signature sponsorship of the Go Red for Women Luncheon to be held on May 08, 2009	Bagrowski, Judy		
American Heart Association - Pennsylvania Delaware	support as follows: one table for the 2009 Pittsburgh Heart Ball (\$25,000); Fayette Ball (\$7,500); Cambria Ball (\$7,000); Johnstown Region(CPR Anytime Project \$5,000 - already paid); Dr. Fischer's Board Leadership Pledge (\$10,000)	Stitt, Sherri A		
American Heart Association, Capital Region Division	a table sponsorship of the Capital Region Heart Ball to be held on February 28, 2009	McCann, Michelle		
American Heart Association, Capital Region Division	payment for a Presenting Sponsorship of the 2009 Go Red for Women Luncheon on May 7, 2009	McCann, Michelle		
American Heart Association-Lehigh Valley	Presenting sponsor for the Go Red for Women Luncheon and Workshops on February 18, 2009	Germanetti, Julie		
American Lung Association of Pennsylvania	a bronze sponsorship of the 18th Annual Sapphire Gala to be held Eaton, Susan L on March 21, 2009			
American Red Cross - Greater Erie County Chapter	in support of your community educational preparedness program benefiting Erie county (\$5,000) as well as Potter, McKean, Venango, Crawford and Warren counties (\$5,000)	Hermann, Kim		
American Red Cross of the Susquehanna Valley	a contribution toward local disaster relief	Wise-Hurst, Jenny E.		
American Respiratory Alliance of Western PA	one table of 8 for Dine with the Pittsburgh Steelers	Spieler, Merritt H.		
Arthritis Foundation - Western PA Chapter	contribution in lieu of attending the Arthritis Testimonial Dinner and Gala on November 8, 2008	Ellis, Jerry		
Autism Speaks - Pittsburgh Chapter	sponsorship for participation in Autism Awareness Day at PNC Park on May 31, 2009	Whitehouse, Beth		

Schedule A - Detail of Line 3a

Bellaire Elementary School	reimbursement for a field trip to the Byrnes HEC (provides health education sessions)	Byrne, Patrick
Berks County Medical Society Alliance	underwriting of the 2009 Health Project, Health in Balance: Building Resilience in Children and Teens"	Amin, Patricia
Berks Visiting Nurse Association	contribution to support the free childhood immunization program for uninsured children in Berks County	Gough, Lucille D.
Bethesda Mission	a strategic grant to improve access to dental care services for uninsured and underserved clients of Bethesda Mission's shelter programs	Dunwoody, Scott
Bethlehem Haven	Beacon of Hope sponsorship for the Annual Fundraiser Lighting the Way Home on April 23, 2009 (women's shelter)	Martin, Lois Mufuka
Big Brothers Big Sisters of Berks County	to support the Lessons On Life initiative, teaching at-risk, diverse children who have not yet been "matched" how to lead healthy eating and active lifestyles	Kruger, Marie
Blind & Vision Rehabilitation Services of Pittsburgh	Co-Sponsor of the 2009 Steelers Alumni Golf Classic to support Blind & Vision Rehab Services of Pgh	Schwartz-Bedo, Connie
Boy Scouts of America Minsi Trails Council	support for the Fall Family Weekend Camp-Outs promoting the emotional and physical well-being of scouts and their families	Gillick, James
Breast Cancer Healing, Inc	to support startup funding to provide (6) holistic exercise/relaxation Breast Cancer Recovery workshops to 120 Breast Cancer Survivors in Highmark's service area	McClure, Marge
Butler Memorial Hospital Cancer Patient Help Fund	Silver Sponsorship for the Crystal Ball a contribution to support the Angels Jeans and Gems 2009, Feed a Friend" program which provides food for needy cancer patients	Righetti, John J. Winer, Lisa
Candle Inc.	Support of Partners in Prevention Program for 75	Norris, Norma J.
Carlisle Area School District	a reimbursement for a field trip to the Byrnes HEC	Durham, Mary Kay
Carlow University	to fund the extension of the previous Highmark grant of creating a culture of wellness, the effort to get everyone involved in their own health	Madden-Breholts, Linda R.
Catasauqua Middle School	reimbursement for The Weller Center outreach programs on 04/03/09 (wellness educational program)	Inselmann, Melissa
Catholic Charities Diocese of Harrisburg	a Birdie sponsorship of the 7th Annual Interfaith Shelter Golf Classic to be held on May 11, 2009 (proceeds benefit the family shelter)	Totaro, Mark
Catholic Charities Diocese of Harrisburg	a general contribution to support the Lourdeshouse maternity program & Interfaith Shelter for the Homeless Families program	Totaro, Mark
Catholic Charities, Diocese of Pittsburgh, Inc.	Sponsor of Golf Event and Annual Bishop's Dinner benefiting the Free Health Care Center	Rasucher, Susan
Cedars Hospice Center	contribution in lieu of attending the Masquerade Ball on October 25, 2008	Kahler, Kristin
Center for Independent Living	a contribution to support the Living Well Fitness Program	Braddy, Theotis W.
Central Dauphin School District	a reimbursement for field trips to the Byrnes HEC	Barber, Phyllis
Central Dauphin School District-Lawnton	reimbursement for field trip to the Byrnes HEC	Fisher, Kim
Central Pennsylvania Food Bank	a contribution to support the Kids Cafe and Power Pack childhood nutrition programs and a sponsorship for the 2008 Taste of Central PA event	Hanna, Kendall

Schedule A - Detail of Line 3a

Children's Miracle Network	a sponsorship of the following 2009 events: Miracle Ball (Nov. 21) - \$10,000 ; Fashion Show (Dec. 4) - \$1,500 ; Golf Tournament (June 8) - \$2,000	Groff, Jennifer
Circle C Youth and Family Services	Blues Legend sponsorship of the 7th Annual Help Kids Lose the Blues" music benefit scheduled for September 25th at The Inn at Greentree	Jones, Scott
Clearfield Hospital	to support the 4 day New Morning Grief Camp	Duke, Amy
Community Action Southwest	Alvin C. Janovich Golf Classic (\$1,500) and the Olde Fashioned Christmas (\$500) to benefit low income individuals and to provide services that will enable them to become self-sufficient	Kelvington, Andrea
Community Check-Up Center	a contribution to support the center	Ballard, Gretchen
Community Health Council of Lebanon County	a sponsorship of the Healthy Kids Day event	DeLoatch, Vicki
Community Prevention Partnership of Berks County	sponsorship of the annual Latino Youth Conference	Molina, Millie
Concordia Lutheran Ministries	support for Concordia's Mental Fitness program, a program to assist seniors with mental retention, alertness and self-esteem	McIntire, Jennifer
Conemaugh Health Foundation	Gold Level Sponsorship of the 16th Annual Good Sam Invitational Golf Tournament at Sunnehanna Golf Club on May 18, 2009	Barrett, Martha
Cornerstone Ministry Services, Inc.	a Hole In One sponsorship of the 5th Annual PAL Golf Tournament to be held on September 24, 2009 (provides medical needs to individuals in Lancaster County)	Arnold, Donna
Crohn's & Colitis Foundation of America, Inc.	to support the Partners in Care Program educational forums that provide time and money-saving resources to patients with Crohn's & Colitis (\$40,000) and a Sapphire sponsorship for the Women of Distinction Luncheon on April 30, 2009 (\$10,000)	Kukic, Susan
Dapper Dan Charities	73rd Annual Dapper Dan sports awards banquet to support Boys & Girls Clubs of Western PA with funds to develop fitness, sportsmanship and positive relationships	Rosenberg, Eileen
Diakon Lutheran Social Ministries	a gold sponsorship of the Diakon Dinner (provides social services and senior accommodations)	Bilger, Tim
Domestic Violence Services of Cumberland & Perry	a contribution to support the programs of the DVS/CP	Donahue, Deborah
Downtown Daily Bread	a general contribution to help the homeless and people in need	Strokoff, Elaine
Downtown YMCA, A Branch of the YMCA of	Table of 10 for the "Hill of Hope" Gala	
Dubois Regional Medical Center	Advocate Sponsor for the Golf Classic	Klingensmith, Roberta A.
Dubois Regional Medical Center	contribution in lieu of attending the Annual Holiday Ball on December 6, 2008	Graeca, Raymond A.
Duquesne University- School of Nursing	funding for the Health Careers Internship Program	Mayle, Kathy
East End Cooperative Ministry	Sponsorship for A Flavor of the East End raising funds for hunger services	Zelenitz, Myrna
East Penn School District	Reimbursement for all 5th grade students of school district to receive 2 health outreach sessions from The Weller Center	Janice Hoffman
East Pennsboro Area Middle School	reimbursement for field trips to the Byrnes Health Education Center	McDonald, Debra

Schedule A - Detail of Line 3a

Easter Seals Society Western Pennsylvania	Legacy of Dignity Sponsorship for the Annual Cotillion "Putting on Rager, Lawrence the Ritz" on March 7, 2009		
Ephrata Community Hospital	a Starlight sponsorship of the Starlight gala and a foursome in the Annual Golf Tournament	Clark, Patricia M.	
Epilepsy Foundation Western/Central Pennsylvania	King's Court Table at (\$5,000) and a corporate table (\$3,000) for the Mardi Gras Gala on February 24, 2009	Fulkerson, Colleen	
Evangelical Community Hospital	a Grand Master sponsorship of the 23rd Annual Evangelical Golf Classic to be held on August 21, 2009	O'Keefe, Michael	
Family Resources	Lead Sponsorship for the Child Abuse Prevention Month Awards Benefit on April 21, 2009 to underwrite child abuse programming at Family Resources	Fischhoff, Andi	
Family Support of Central Pennsylvania	a contribution to support the Kids on the Block Bullying and School Safety Program	Reiser Leitzel, Lori	
FamilyLinks	Home Run sponsorship of the 23rd Annual Lanny Frattare Golf Classic scheduled for July 13, 2009 at St. Clair Country Club to support people with disability issues such as mental health, drug, alcohol and substance abuse	Elias-Joyce, Terri	
Fayette County Community Action Agency	funding to support matching funds from Federal funding for Nutritional Education Program (\$7,000) and equipment for keeping seniors active in senior centers (\$8,000)	Stark, James	
Forbes Health Foundation	Donor Table for the Harmony Ball and Community of Care Awards May 15, 2009	Gannon, Mary Lee	
G. Fred Dibona, Jr. Memorial Foundation	a Triple Mulligan sponsorship of the 4th Annual Fred's Footsteps Golf Fun Day to be held on September 15, 2008 (provides financial aid to families with sick children)	Dibona, Sylvia	
GNC Live Well Foundation	6th Annual Charity Golf Outing to benefit Children's Hospital on September 15, 2009	Boscia, Evelyn	
Gateway Medical Society, Inc.	2009 Physician for the Year/Scholarship Banquet (\$25,000) plus the Community Health Symposium on June 27, 2009 (\$5,000), and the Health Care Provider Symposium (\$5,000)	Allen, Chris	
Gateway Rehabilitation Center-Corporate Girl Scouts of Western Pennsylvania	Hope Has a Home Gala on December 11, 2008 Annual Girl Scout Dinner to support scouting activities which promote the emotional and physical well-being	Ramsey, Kenneth S. Davis, Dave	
Gittlen Cancer Institute	a sponsorship of the Jake Gittlen Memorial Golf Tournament to be held on August 15-16, 2009 (supports medical research)	Gittlen, Warren	
Goodwill Industries of Central PA, Inc.	a presenting sponsorship of the Goodwill Silver Mile Campaign for 2009. (assisting individuals with disabilities) to support the Emergency Response: Direct Distribution' program in efforts of those utilizing food bank services for first time due to unemployment (\$25,000) and sponsorship for Pittsburgh Blues Festival (\$2,500) and Off-the-Record (\$2,500)	Kratofil, Ron Hawkins, Anne	
Greater Pittsburgh Community Food Bank			
Harrisburg Area YMCA	a strategic grant to support health and wellness programs at the 4 branches of the Hbg. Area YMCA	Curl, Richard A.	
Hill House Association	to support programmatic activities for youth and families	Frazier, Evan S.	

Schedule A - Detail of Line 3a

Hoffman Homes for Youth	a Silver sponsorship of the 12th Annual Hoffman Homes for Youth Golf Tournament to be held on June 08, 2009 (proceeds go toward mental health programs for children)	Sepic, George
Holy Family Institute	Silver Sponsorship for the Arthur J. Rooney, Sr. Courage House Luncheon (residential treatment programs, special and alternative educational programs, in-home and outpatient counseling services, and community programs for children and families in need)	Robinson, Troy
Holy Spirit Hospital	a gold sponsorship of the 15th annual golf tournament to be held on August 10, 2009 (proceeds benefit outreach programs)	Bentzel, Jennifer
Hope Within Ministries	a contribution to support the healthcare needs of the uninsured in Lancaster and Dauphin counties	Rineer, Bichole
Hospice of Central Pennsylvania	a Dinner sponsorship of the 28th annual men's golf tournament to be held on June 08, 2009	Paris, Karen M.
Human Services Center Corporation - Mon Valley	to support the continuation of the osteoporosis screening project for 500 seniors at a minimum of 15 community sites in 2009	Coplan, David A.
In-Stride with Therapeutic Riding, Inc	to support therapeutic horse riding program for disabled individuals ages 2 and up	Flaherty, Dana
Jameson Health System	Business Sponsorship which includes one golfer (\$2,500) and three additional golfers (\$975) for the Annual Jameson Classic scheduled for July 20, 2009 at New Castle Country Club	Neurohr, Debbie
Junior League of Lancaster	a contribution to support the Kids in the Kitchen and Hands Are Not For Hitting programs	Masengarb, Kristen
Junior League of Pittsburgh, Inc.	to sponsor Kids in the Kitchen program	Mazack, Angel M.
Juvenile Diabetes Foundation - Central Pennsylvania	a Player sponsorship of the JDRF Vintage	Harral, Susan
Kellyn Foundation	strategic grant to support the "Healthy Kids Need Healthy Roots" obesity prevention program	Ruth, Eric J
Lancaster Heart & Stroke Foundation	a Private Reserve sponsorship of the WineHeart Gala to be held on October 25, 2008	Martin, Barbara K.
Latino Leadership Alliance of Lehigh Valley	Platinum sponsor of the Latino Family Health Day	Lahoz, Lissette
Lebanon Family Health Services	a major event underwriter of the Celebrate Your Health Latin Style event being held on November 7, 2009 (event to provide Latino pop. with info about available services, health topics, screenings)	DeLoatch, Vicki
Lewistown Healthcare Foundation	a par sponsorship of the Charity Golf Tournament	Mitchell, Phyllis
Life sWork	Gold Sponsorship for the TRACO Golf Outing in support of LifePath services to help people with developmental disabilities live more productive and fulfilling lives	McEiveen, Everett
LifePath	sponsorship of the 11th annual Thanksgiving Benefit and Awards Luncheon	Yurish-Surovy, Ann Marie
Lower Dauphin School District	reimbursement for field trips to the Byrnes HEC	Schilling, Carol
Lupus Pennsylvania - Pittsburgh Branch	to support awareness and educational material providing 100 local libraries with a variety of materials related to lupus in Allegheny, Washington, Westmoreland and Cambria Counties. (Total grant 8,200 - Washington)	Nigro, Deborah A.

Schedule A - Detail of Line 3a

Lupus Pennsylvania - Pittsburgh Branch	to support awareness and educational material providing 100 local libraries with a variety of materials related to lupus in Allegheny, Washington, Westmoreland and Cambria Counties. (Total grant 8,200 - Allegheny County)	Nigro, Deborah A.
Lupus Pennsylvania - Pittsburgh Branch	to support awareness and educational material providing 100 local libraries with a variety of materials related to lupus in Allegheny, Washington, Westmoreland and Cambria Counties. (Total grant 8,200 - Westmoreland)	Nigro, Deborah A.
Lupus Pennsylvania - Pittsburgh Branch	to support awareness and educational material providing 100 local libraries with a variety of materials related to lupus in Allegheny, Washington, Westmoreland and Cambria Counties. (Total grant 8,200 - Cambria County)	Nigro, Deborah A.
Lutheran SeniorLife Foundation	gold sponsorship for the Annual is Ageless Gala and Award Dinner on April 24, 2009	Hager, Edward P.
Make-A-Wish Foundation of Greater Pennsylvania	a contribution for the CEO Holiday Card in the name of Kenneth R. Melani, M.D., in lieu of a gift for hospital executives, toward enriching the lives of children with life-threatening illnesses	Hohn, Ann
Manito Life Center	program support for the Equine Assisted Growth and Learning program for at-risk and disadvantaged children in Lehigh County	schadt, M. Lisa
Mars Home for Youth	Reverend Fulton Sponsor for the Golf Classic/Fundraiser at the Butler Country Club on Monday, July 27, 2009	Shoenthal, Shellyn S.
Mel Blount Youth Home	Double Platinum Sponsorship for the 11th Annual Mel Blount Youth Home All-Star Celebrity Roast on April 3, 2009 (\$30,000); Gold Sponsor for the SBN Sports Black College All American Program (\$5,000) to provide services to adjudicated and troubled youth	Blount, Mel
Memorial Hospital of York	a contribution to support the Kids in the Kitchen nutrition education program	McSherry, Jason
Mental Health America Allegheny County	Advocate Sponsorship for Wellness Works	Lee, Brenda E.
Mental Health Association of the Capital Region, Inc.	a Supporter sponsorship for the Festival of Hope Mental Health Wellness event to be held on March 28, 2009	Spector, Alyce
Middletown Area School District	reimbursement for field trip to the Brynes HEC	Bright, Earl
Miller Keystone Blood Center	corporate contribution to support the My Blood, Your Blood (MBYB) educational program for children in grades 3 through 7	Grasso, Michele
Mon-Vale Health Resources, Inc.	contribution as Major Corporate Sponsor of the 21st Annual Gala, Saturday, May 16, 2009 (\$2,000) and purchase of a table of 10 (\$1,500)	Riefner, Donald C.
Mon-Vale Health Resources, Inc.	support for the internship relationship between the Mon Valley Hospital's Center for Fitness and Health, and the California University Sports Management and Exercise programs	Simmons, Daniel F.
Muscular Dystrophy Association	All Star Sponsorship of the Muscle Team Event	Jefferson, Barbara
Myasthenia Gravis Association of Western PA	contribution in lieu of attending the MGA All-Star Sports Memorabilia Auction March 28, 2009	Lefler, Barbara
National CARES Mentoring Movement	sponsorship of the National CARES Mentoring Movement scheduled for July 30, 2009 at Heinz Field	Banks, Linda

Schedule A - Detail of Line 3a

National Kidney Foundation of the Alleghenies	Annual Patron Sponsorship for the National Kidney Foundation	Hartman, Deborah A.
National Multiple Sclerosis Society	sponsorship pledge for underwriting for the MS Gala	Bettor, Sandy
National Multiple Sclerosis Society, Central PA	an exclusive golf sponsorship of the 2009 MS Polo Match to be held on August 7 - 8, 2009	Adelmann, Margie
Neurofibromatosis Clinic Association	Vintage Growers Sponsorship for the Wine Tasting and Auction fundraiser on October 10, 2008	Irvin, Lorna H.
New Beginnings Youth & Adult Services, Inc.	a contribution toward the 2009 Summer Enrichment Program for at-risk youth in Dauphin County. The program is aligned with Children's Health Promotion and focuses on physical activity, improved self-esteem, and nutrition education	Adeseun, Tanya
New Bethany Ministries	Contribution to support the expansion of the meal and emergency pantry distribution program for homeless and extremely low income families	Kuntze, William
New Hazlett Theater	To purchase assistive listening equipment for hearing impaired patrons	Radelet, Sara
New Hope Ministries	a contribution toward the Neighbors Helping Neighbors Basic Needs Fund (provides food, utility, transportation & medical assistance)	Saunders, Eric
Newborns in Need, Inc.	contribution to assist in expanding services to families in emotional and financial distress	Susi, Joan
Newport School District - Newport Elementary School	a reimbursement for field trip to Susan Byrnes HEC	Welfley, Dawn
Northern Lebanon School District	a reimbursement for field trips to the Byrnes HEC	Wendte, Joanne
Northern Lehigh School District	reimbursement for a Weller Center outreach program for the 5th students of Slatington Elementary School (health education assembly)	Marcincin, Linda
Older Adult Service and Information System	To expand and enhance Active Generations program	Weisburg, Gail
One Vision One Life	program support for one year of violence prevention initiatives	Garland, Richard
One Vision One Life	program support for one year of violence prevention initiatives	Garland, Richard
Operation Warm	a contribution to provide new winter coats for needy children in northwestern Pennsylvania in conjunction with the Guardian Angel Center	Loeslein, Barbara
Operation Warm	a contribution to provide new winter coats for needy children in Central PA	Loeslein, Barbara
PA State System of Higher Education Foundation	scholarship support for high quality health professionals	Ianiero, Anthony M.
Parkland School District	reimbursement for field trips to the Weller Center	Giaquinto, James
Partners for Quality Foundation, Inc.	Gold Sponsor for the 18th Annual Bob Pompeani Charity Golf Classic at the Chartiers Country Club on Monday, June 22, 2009 to provide services to people with intellectual and physical needs	Pompeani, Bob
Pennsylvania Breast Cancer Coalition	an Educational Workshop sponsorship of the annual conference to be held on October 14, 2009	McCarthy, Diane
Pennsylvania Breast Cancer Coalition	a sponsorship of the 2nd Annual Take a Swing Against Breast Cancer Home Run Derbies	McCarthy, Diane
Pennsylvania Department of Health	a contribution toward Health, Wealth, and Wellness Week to be held from September 21 - 28, 2008	Jamahal Boyd

Schedule A - Detail of Line 3a

Pennsylvania Organization for Women in Early Recovery	Benefactor sponsorship of the 15th Annual Power Promises event scheduled for May 21, 2009	Stimmel, Emily
Pennsylvania State Alliance for Health Physical Education Recreation and Dance (PSAHPERD)	Minutes in Motion program engaging school children leading up to the 2008 Tour de Pennsylvania	Huber, Linda
Phoebe-Devitt Homes	Sponsorship of the Phoebe Institute on Aging Benefit	Stevenson, Scott R.
PinnacleHealth Foundation	a \$7,500 Tee Gift sponsorship of the golf tournament, a \$1,000 Haute Couture sponsorship of the fashion show and a \$1,000 Bronze sponsorship of the Women's Weekend Away	Potteiger, Vicki
Pittsburgh Leadership Foundation	to support the establishment of a new community partner in the Knoxville and Beltzhoover area for Amachi Pittsburgh that will provide a mentoring program for 40 at-risk children of incarcerated parents	Stahl-Wert, John
Pittsburgh's Ohio Valley General Hospital Foundation	Gold Sponsorship for the 24th Annual Golf Fundrive	Scanga, Lynne N
Pittsburgh's Ohio Valley General Hospital Foundation	Underwriting Sponsorship for the Auction Elegance	Gingrich, Elizabeth
Presbyterian SeniorCare Foundation	Skill & Score Prizes Sponsor for the Golf Outing	Barlett, Janet A.
Pressley Ridge	2 family Patron Tickets for the Fundae Kick-Off party (residential treatment, foster care, education and community based services for children who are abused, neglected or diagnosed with serious mental and emotional illnesses)	Gamble, Ellen
Project S.H.A.R.E.: Food Bank	a \$1,500 sponsorship of Silver In The City event	Livas, Elaine
Providence Connections, Inc.	Lead Sponsor for the The 2009 Backyard Barbeque (supporting continuum of care for at-risk children and women and children who are victims of domestic violence)	Winschel, Sister Carolyn
Quality Insights of Pennsylvania	funding the Care Transitions Kick-off meeting, November 10, 2008, plus additional learning sessions, covering a 28 month period	Hauser, Naomi
Red Lion Area School District	a reimbursement for the 2008-2009 field trips to the Brynes HEC for all 5th grade student	Clemens, Claudia
Redstone Highlands Personal Care Home	Gold Sponsorship for the Annual Spirit of Giving Gala on November 13, 2008	Dickson, John R.
Reschini Foundation	support of the Reschini Foundation on behalf of the United Way	Zaucha, Tom
STAR	to support therapeutic horse riding program for disabled individuals ages 6-22	Baceski, Deborah
Saint Elizabeth Ann Seton Parish	Funding for Parish Health Care Ministry Program	Luisi, Joseph G.
Saint Francis University's Center for Excellence for Remote and Medically Under Served Areas	to sponsor the Rural Telehealth and Advanced Technologies Conference on September 3-4, 2009 at St. Francis University, Loretto, PA	Rowland, Mary Jane
Salisbury Township School District - Harry S. Truman Elementary School	reimbursement for the The Weller Center	Becker, Loretta
Schuykill Health	contribution to support the ongoing CHATs (Community Health Awareness Talks)	Simodejka, John
Second Harvest Food Bank	contribution to support the Easton Salvation Army's Backpack Buddies program which provides backpacks stuffed of nutritious foods and snacks for chronically hungry children to take home over the weekend	Findon, Cheyanne

Schedule A - Detail of Line 3a

Sewickley Valley Hospital Foundation	Corporate and Breakfast Sponsor for the Ladies Classic on June 1, 2009 (\$2,500); Corporate Sponsor for the Tito Francona Golf at Olde Stonewall on August 17, 2009 (\$2,400) and the Holiday Sponsor for the Holiday Ball on November 14, 2009 (\$1,500)	Abercombie, Susie
Shamokin Area Community Hospital	a bronze sponsorship of the 17th annual golf tournament to be held on September 05, 2008	Chaundy, Kim
Shippensburg University Foundation	a contribution to support the purchase of age-appropriate grief support therapy tools and toys for the Drew's Hope Program	McHenry, Bill
Silence of Mary Home	a contribution to support purchase of fresh fruits and vegetables for mentally challenged teens and adults	Rudy, Susan
Sisters Place, Inc.	to support the Children Climbing Higher programs (\$15,000) and a food subsidy (\$5,000) to help single parent homeless families in the transitional housing program	Parks, Sr. Mary
Sisters of St. Francis of Millvale	Gold sponsorship of the Fifth Annual Sisters of St. Francis Golf Tournament scheduled for August 3, 2009 at Treedale Country Club to support the mobile wellness unit providing health care services	Clark, David
Smithsonian Institution	support of Ability Pittsburgh at the Senator John Heinz History Center on April 16, 2009, conference to address the importance of access, equal opportunity, health and education for youth with disabilities	Pfordresher, Becky
Sojourner House	Platinum Sponsor for the Jazz Explosion on October 16, 2008 to assist women in the early stages of recovery and their children	Seitz, Susan
Southeastern School District - South Eastern Middle	reimbursement for field trips to the Byrnes HEC	McDonald, Cathy
Southern Lehigh School District	a reimbursement for field trips to the Weller HEC supporting the 2009 Senior Games	Atkinson, Donna
Southwestern Pennsylvania Partnership For Aging	Par Sponsorship for the Golf Classic	Kelly, Mary Anne
Southwinds, Inc.	a sponsorship of the 40th Annual Area M Games	Wise, Marion
Special Olympics Pennsylvania Area M	Table Sponsor for the 11th Annual Opportunity Award Dinner on October 24, 2008 to benefit children with special needs	Straw, Kay
St. Anthony School		Babeji, Karen J.
St. Clair Hospital Foundation	Silver Sponsorship of the 12th Annual Golf Classic & Gala scheduled for July 19, 2009 at Hilton Garden Inn, Southpoint and July 20, 2009 at St. Clair Country Club, Upper St. Clair	Allen, Rick
St. Joseph Medical Center	sponsorship of the Charity Ball	Altland, Kelly
Student National Medical Association	a contribution toward the Penn State College of Medicine's SNMA Chapter (scholarship for minority students pursuing medical careers)	Davis, Deborah
Sudden Infant Death Syndrome Alliance	Presenting Sponsor for the 4th Annual Celebrate and Share on March 4, 2009	Judith Bannon
Susan G. Komen For The Cure - Pittsburgh Affiliate	contribution in lieu of attending The Susan G. Komen Race for the Cure on May 10, 2009	Purcell, Kathy
Susan P. Byrnes Health Education Center, Inc.	a contribution toward the Heartbeat Campaign (provides health programs at reduced fee for schools)	Izzo, Chris
Susquehanna School District	reimbursement for field trip to Byrnes HEC	Blasco, Steve

Contributions to Organizations and Programs for prevention, treatment, health promotion, or wellness

Schedule A - Detail of Line 3a

Susquehanna School District	a reimbursement for a field trip to the Byrnes HEC	Blasco, Steve
Tabor Community Services	a general contribution to support STL (Shelter To Independent Living) program to end homelessness	Thomas, Robert
Take It to Heart	a sponsorship of Project JumpStart-a-Heart	Black, Janice
The Children's Home of Pittsburgh and Lemieux	Presenting Sponsor for Shake your Booties	Tierney, Audrey
The Delta Community	a \$1,000 contribution to support transitional housing program for women and children	Jones, Vanetta
The First Tee of Susquehanna Valley	request to support the STOP Program, a targeted outreach to improve physical activity and self-esteem for at-risk, innercity youth, ages 11-18, from Harrisburg, York, and Lancaster	Nehila, Joe
The Four Diamonds Fund	a Two Diamond sponsorship of the golf outing (provides assistance to families of children with cancer being treated at Penn State Hershey Hospital)	Firestone, Sara
The Kidney Foundation of Central Pennsylvania	a strategic grant to support both Camp Kyndie summer camp for children and direct patient services for adults on dialysis	Bucek, Patricia A.
The Kidney Foundation of Central Pennsylvania	a contribution to support direct patient services for low income kidney dialysis patients in 18 counties in central region	Bucek, Patricia A.
The Leukemia & Lymphoma Society	Sponsorship of Vegas on the Mon (\$10,000); Highlights of ASH" Seminar (\$5,000); UPCI Leukemia Golf Open foursome at the Pittsburgh Field Club (\$2,500) on June 15, 2009	Stapro, Ann
The Leukemia & Lymphoma Society-Central PA	a sponsorship of the 3rd annual blood cancer conference to support physical activity and nutrition programming through the Youth & Parent Literacy Program	Mihmet, Beth Owens, Sherry
The Medical Center Auxiliary (Heritage Valley)	Patron Level Sponsorship for the "Holiday Ball"	Abercrombie, Susie
The Mentoring Partnership of Southwestern	sponsorship for the Magic of Mentoring Recognition Event in October, 2009 to support programs for at risk children	Fedor, Colleen O.
The Pittsburgh Harlequins - Rugby Football	contribution for Mentoring programs for at risk youths	Madden, Sean
The Rase Project	a contribution to support the printing of substance abuse prevention flyers, an outreach project of the Cumberland Perry Drug & Alcohol Commission	Jaime Davis
The Salvation Army	a contribution to support a 10-week summer enrichment program for inner-city youth, focusing on physical activity, nutrition, and improving self-esteem	Griner, John
The Second Mile	a Flag sponsorship of the 20th Annual Universal Media Second Mile Celebrity Golf Classic to be held on September 02, 2009 (provides self esteem programs to at risk kids- requested by sales)	Anderson-Martin, Kathy
The Western Pennsylvania Hospital Foundation	Gold Sponsorship for the Friendship Ball	Leber, B.J.
Three Rivers Center for Independent Living (TRCIL)	funding to support the Living Well with a Disability program by purchasing a portion of the handicap accessible Gym	Holbrook, Stanley
Three Rivers Youth	to expand transitional support services for graduates pursuing higher education programs. (CHR - yes. Org works with at risk youth in community)	Peggy Harris

Schedule A - Detail of Line 3a

UPMC Medical and Health Sciences Foundation	contribution to purchase silent auction item for Nemacolin Woodland Resort packages to support the McGowan Institute for Regenerative Medicine	Tissue, Gayle L.
United Auxiliaries to the Lancaster General Hospital	a Silver sponsorship of the United Fore Golf Tournament to be held on June 15, 2009	Dumas, Toni
United Cerebral Palsy of Central PA	a \$1,200 Period sponsorship of Magic Night Event being held on February 07, 2009 and \$1,800 toward general program funding	Latin, Janeen
United Way of Allegheny County	Summer Youth Violence Prevention Project, Together As One, Summer Community Service Project 2009	Nelkin, Robert
United Way of Allegheny County	Highmark's 2008-2009 Corporate Contribution, matching employee pledges to United Way programs to benefit the emotional and physical health of the community	Nelkin, Robert
United Way of Erie County	Highmark's 2008-2009 Corporate Contribution, matching employee pledges to United Way programs to benefit the emotional and physical health of the community	Perez, Alan
United Way of the Capital Region	Highmark's 2008-2009 Corporate Contribution, matching employee pledges to United Way programs to benefit the emotional and physical health of the community	Capita, Joseph
United Way of the Laurel Highlands, Inc.	Highmark's 2008-2009 Corporate Contribution, matching employee pledges to United Way programs to benefit the emotional and physical health of the community	Yorchak, Nikki A.
University of Pittsburgh School of Pharmacy	Silver Level Sponsor for the Extravaganza 2009: Celebrating with Grace on May 30, 2009 to support a program that provides medications for the uninsured and underinsured in the Pittsburgh Region	DiBiasi, Debra N.
Variety The Children's Charity	overall support for 2009: Double Eagle Sponsor Charity Golf on 6/8/09 (\$15,000); Co-Presenting Sponsor Anniversary Gala on 11/13/09 (\$25,000); Presenting Sponsor of "Cares for Kids" Radiothon on 12/8 & 9, 2009 (\$50,000)	Hindes, Celia A.
Verland	to support the expansion of the adaptive augmentative communication project in the Sewickley Campus homes to improve the communication skills and quality of life for individuals with severe intellectual and physical disabilities	Mitchell, Carol B.
Villa St. Joseph	support for an innovative electronic documentation system using the voice-assisted care application of AccuNurse which will serve 120 elderly	McGrady, John
Visiting Nurse Association of St. Luke's	contribution to support the PATH (Parent Advocates in the Home) program to low income families with children at-risk for child neglect and/or abuse due to the immature, inexperienced, and often currently neglected or abused mothers	Robertson, Linda C.
WQED Multimedia	3 On Q shows plus the corresponding web component on health insurance 101, oral & dental health, and healthy living as a senior	Williams, Darryl Ford
Washington Heights Elementary School	Reimbursement for field trip to the Byrnes HEC	Palmer, Sue

Schedule A - Detail of Line 3a

Washington Hospital Foundation	Platinum Sponsorship for the Washington Hospital Ball on March 28, 2009 (\$5,000) and Corporate Sponsorship of the Golf Outing on August 17, 2009 (\$4,000)	Richard Mahoney
Waynesboro and Chambersburg Area Hospital	a split gold sponsorship with USI for the 2nd Annual WAHA/CAHA Golf Tournament to be held on May 11, 2009	Dot Hill
Wesley Spectrum Services	sponsorship for the Gala	Muetzel, Linda
West Shore Meals On Wheels, Inc.	a contribution toward the Meals on Wheels program	Steinkamp, Mary Beth
West Shore School District - Fishing Creek	reimbursement for field trip to the Byrnes HEC (provides health education session)	Schwager, Deb
West Shore School District - Hillside Elementary	Reimbursement for field trip to the Susan Byrnes Health Education Center	Schwager, Deb
Western Berks Free Medical Clinic, Inc.	a contribution toward the Free Clinic expansion project	Davis, Barbara M.
Western Pennsylvania School for the Deaf	Lunch Sponsor for the Skeet and Sport Clay Shoot	Poli, Tricia
Westmoreland County Area Agency on Aging	sponsorship for the 2009 Health and Education Expo at the Four Points/Sheraton in Greensburg, PA on October 28, 2009 for senior citizens and people with disabilities	McGovern, Toni
Whitehall-Coplay School District	a reimbursement for The Weller Center outreach program which was presented to the Whitehall-Coplay Middle School 5th grade students on 02/19/09 (an inter-active outreach program on reproductive system)	Lee, Melissa
Windber Research Institute	World Health Organization Winter Meeting 2009	Dr. Matt Masiello
Women's Center & Shelter of Greater Pittsburgh	Platinum level sponsorship of the Spring Clothes Out on May 13, 2009 (\$5,000) and Title Level sponsorship of the Shop to Stop Domestic Violence (\$25,000)	Regan, Shirl
YWCA of Greater Harrisburg	a Three Carat sponsorship of the 5th Annual Power of Style Fashion Show and Luncheon	Rhoads, Pamela B.
YWCA of Greater Harrisburg	a 20th Anniversary Host sponsorship of the YWCA Tribute to Women of Excellence event	Nixon, Tina
YaaKofAmaNia House, Inc.	a contribution to support the program Diabetes: Live the Sweetness of Today"	Watson, Rosa L.
Aligning Forces for Quality - Central PA	a contribution toward the I Can Challenge celebration, a community health initiative for York & Adams counties that focuses on diabetes and health disease	Amy, Chris
Allegheny County Housing Authority	to provide support for physical activity and nutrition wellness programs targeting seniors and residents with disabilities in (5) high rise communities located in the Mon Valley area	Baulding, Barbara
American Heart Association - Pennsylvania Delaware	sponsorship of the Westmoreland County Heart Walk scheduled for September 26, 2009	Koontz, Terry
Audia Caring Heritage Association	Diamond Sponsor of Mercatino di Carrit's Gala on October 23, 2009 at Bella Sera to benefit Washington City Mission Arbor Women and Children's Shelter and CASA in Washington, PA	Post, Launa
Children's Hospital of Pittsburgh	corporate sponsorship of the Southpoint Golfs for Children's" scheduled for July 14, 2009 at Southpoint Golf Club to benefit Children's Hospital of Pittsburgh	Siencak, Kathy
Children's Hospital of Pittsburgh Foundation	sponsorship of the 2nd Annual Golf Outing for Children's Hospital of Pittsburgh on September 30, 2009 at Laurel Valley Golf Club	Gluck, Scott

Schedule A - Detail of Line 3a

Gilda's Club Western Pennsylvania	Presenting Sponsor for the Key to the Cure (ovarian ca) event & 6 tickets for the Conversation with Paul O'Neill and Henry Kissinger scheduled for October 5, 2009	Lennon, Carol
Health Hope Network	Warmol sponsorship for the annual fundraising gala scheduled for October 10, 2009 at James Gallery to provide stroke survivors with physical, cognitive and emotional support	Bechtol, Dotti G.
Lancaster Heart & Stroke Foundation	a Vinter Reserve sponsorship of the Annual Wine Heart Gala to be held on October 24, 2009	Martin, Barbara K.
Milagro House	a Dream sponsorship of the 8th Annual Evening of Miracles to be held on October 23, 2009 - program services for homeless women & children	Stoudt, Kenneth
Nason Hospital	Reception Sponsor for the Nason Hospital Foundation Golf Outing scheduled for September 14, 2009 at Iron Masters Country Club	Kreider, Heidi
Operation Warm	contribution to provide new winter coats for needy children in northwestern Pennsylvania	Loeslein, Barbara
Operation Warm	contribution to provide 300 new winter coats for children in need in Southwestern Pennsylvania, in the Duquesne, East Allegheny, West Mifflin, and McKeesport school districts	Loeslein, Barbara
Passavant Memorial Homes Foundation	Platinum sponsorship of the Annual Golf Outing	Wyman, Brenda
Penn HOSA Foundation, Inc.	a contribution to support one nursing scholarship. Penn HOSA (Health Occupation Students of America) Foundation is dedicated to promoting health careers through the awarding of scholarships for nursing and healthcare careers for students throughout PA	Tornambe, Matthew J.
Pennsylvania Immigrant & Refugee Women's	a sponsorship to support the 7th Annual Women's Health Conference (promoting health and wellness education) to be held 10.17.09	Nguyen, Ho-Thanh
Pittsburgh Mercy Foundation	to support Operation Safety Net (\$50,000), a program serving the unsheltered homeless, and A Child's Place (\$20,000), addressing the needs of children who are victims of abuse or live in foster care	Murray, Constance
RSC Amyloidosis Research Fund Committee	sponsorship of one foursome for the 21st Annual Dick Caliguiri Memorial Golf Classic scheduled for September 18, 2009 at Longue Vue Country Club	Novak, Trudy
Senior Activities Center of Cambria County, Inc.	sponsorship of the Cambria County Senior Games 2009 to be held August 5-12, 2009	Hartnett, Sharon
Special Olympics - Allegheny County	Silver sponsorship of the 14th Annual Golf Tournament scheduled for August 10, 2009 at Cranberry Highlands Golf Course	Madey, Beata
St. Anthony School	sponsorship of the 12th Annual Opportunity Award Dinner scheduled for November 6, 2009 at Heinz Field (CHR-yes, or helps students with Autism, Down Syndrome, and other special needs)	Babeji, Karen J.
Susan P. Byrnes Health Education Center, Inc.	a contribution toward the Tuition Grant Program (provides free health education sessions to schools)	Izzo, Chris
The AIDS Fund of South Central Pennsylvania	\$1,000 sponsorship for the 2009 AIDS Fund Awards Luncheon to be held 12.03.09.	Browne, Rosemary

Contributions to Organizations and Programs for prevention, treatment, health promotion, or wellness

Schedule A - Detail of Line 3a

The Ellwood City Hospital	Gold sponsorship for the 15th Annual Golf Scramble	Borison, Audrey	
The Emmaus Community of Pittsburgh	Foursome Plus for the Emmaus Golf Classic (residential homes and respite care for persons with developmental disabilities)	Merriman-Preston, Tiffany	
Turtle Creek Valley Mental Health/Mental Retardation, Inc.	Advocacy sponsor of the 2009 Team Ancom Golf Outing scheduled for August 18, 2009 at Southpointe Golf Club to benefit individuals with developmental disabilities	King, Kym	
United Way of Westmoreland County	sponsorship of the 4th Annual Kennametal Strategic Supplier Golf Outing scheduled for August 27, 2009 at Latrobe Country Club	LaDuke, John	
Urology of Central Pennsylvania, Inc.	a gold sponsorship of the 3rd Annual Great Prostate Cancer Challenge to be held on September 11, 2009	Smith, Kevin	
Villa St. Joseph	Silver sponsorship for the Young at Heart 2009 event scheduled for September 18, 2009 to benefit the long-term care patients in Villa St. Joseph	Niedenberger, Ray	
West Shore School District - Highland Elementary	reimbursement for field trip to Byrnes HEC	Imhoff, Cindy	
Influenza Shots for the Community	Highmark purchases flu shots for distribution at various community locations	Highmark	
Highmark Foundation	Donated services including staffing and overhead costs paid by Highmark on behalf of the Highmark Foundation	Highmark	
Caring Foundation	Donated services including staffing and overhead costs paid by Highmark on behalf of the Caring Foundation	Highmark	
Caring Foundation	Highmark matching contributions to the Caring Foundation based upon donations collected.	Highmark	
IBC Caring Foundation	Highmark matching contributions to the IBC Caring Foundation based upon donations collected.	Highmark	
SilverSneakers®	Highmark provides Medigap product members with SilverSneakers® benefits for no charge. SilverSneakers® is a fitness program designed to encourage physical activity among seniors by focusing on health education and low-impact classes aimed at improving and increasing strength, endurance and mobility.	Highmark	
SecurityBlue PALS Program	Costs to administer the PALS (People Able to Lend Support) program available to Highmark senior product members. Trained and screened volunteers provide basic services to help Highmark senior members maintain their independence for as long as possible.	Highmark	
Grand Total			\$8,409,165.00



September 10, 2009

Cindy Fillman
Director
Office of Insurance Consumer Liaison & Market Analysis
1326 Strawberry Square
Harrisburg, PA 17120

Re: Vision Benefits of America, Inc. (the "Insurer")

Dear Ms. Fillman:

Reference is made to your letter to me, as President of the Insurer, dated August 25, 2009, in which you indicate that the Insurer's Plan Proposal for Community Health Reinvestment (CHR) Activities for year 2009-10 submitted on May 11, 2009 ("Plan Proposal"), lacked sufficient detail to allow for informed decisions regarding the Insurer's compliance with Act 62 of 2008. The purpose of this letter is to provide additional information regarding our proposed CHR Activities.

As indicated on the Plan Proposal, the Insurer has proposed to contribute \$100,000 to the Pennsylvania Vision Foundation (the "Foundation"). The Foundation, a Pennsylvania non-profit corporation, is organized for purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Internal Revenue Service recognized the Foundation as qualifying for exemption from Federal income taxes under Section 501(c)(3) in a letter to the Foundation dated August 7, 2007, a copy of which is enclosed. Specifically, the Foundation's purpose, as articulated in its Bylaws, is "to conduct or finance projects to foster and preserve human eyesight through the science of Optometry in the Commonwealth of Pennsylvania." The Insurer contemplates that the proposed contribution will be used by the Foundation in accordance with its express purpose.

To help you further understand the Insurer's Plan Proposal, some background information regarding both the Insurer and the Foundation might be useful. For years, the Insurer had used some of the income from its reserves to provide vision exams and eyeglasses free of charge to this state's underprivileged citizens. In 2007, the Insurer created the Foundation with the hope that the Foundation could obtain sufficient capital to allow it to provide free vision exams and eyeglasses to low-income Pennsylvanians well into the future.

The Insurer contributed \$320,000 to the Foundation in 2008. In accordance with its established purpose, the Foundation spent \$12,068, which is part of the income earned on the money, to provide free vision exams and eyeglasses to 92 underprivileged citizens of Pennsylvania. The

Foundation identifies worthy recipients of its charitable expenditures through collaboration with reputable charities. The Insurer anticipates that the Foundation will use the income from the current contribution to provide similar goods and services free of charge to low-income Pennsylvanians.

The contact information for the Pennsylvania Vision Foundation follows:

Pennsylvania Vision Foundation
300 Weyman Plaza
Pittsburgh, PA 15236
Phone: (412) 881-4900

If you have further questions, please feel free to contact me. Thank you.

Very truly yours,



Michael S. Gissin

Enclosure