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October 10, 2011

VIA E-MAIL & FIRST-CLASS MAIL

The Honorable Battle R. Robinson
104 W. Market Street
Georgetown, DE 19947

Re: Proposed Affiliation of BCBSD, Inc. with Highmark Inc.

Dear Judge Robinson:

Enclosed please find additional public comments regarding the proposed affiliation of BCBSD, Inc. and Highmark Inc. received by the Department of Insurance, in addition to those already entered into the record during the public hearings held October 5 – 7, 2011.

The Department of Insurance requests that these comments be entered into the record as follows:

- Joint Exhibit 122: Dover Interfaith Mission for Housing letter
- Joint Exhibit 123: New Castle County Chamber of Commerce letter
- Joint Exhibit 124: L. Mullett email
- Joint Exhibit 125: V. R. Sukumar email
- Joint Exhibit 126: N. Moriello email

In addition, the Department of Insurance requests that the sign-in sheets for each day of the October 5 – 7, 2011 public hearings be entered into the record as Joint Exhibit 127.

If Your Honor approves, the Department of Insurance will post these exhibits to Department's public website.

Approved.
ARR
10-13-11

The Honorable Battle R. Robinson
October 10, 2011
Page 2

The Department is available to discuss this or any other matter at Your Honor's convenience.

Respectfully,



Brenda R. Mayrack (No. 5253)

Enclosures

cc: See Attached Service List
GianClaudio Finizio, Esquire

SERVICE LIST

<p>The Honorable Battle R. Robinson 104 W. Market Street Georgetown, DE 19947 Phone: 302.856.2248 Email: robinsonr@ce.net <i>Hearing Officer</i></p> <p>and</p> <p>GianClaudio Finizio, Esquire Bayard, P.A. 222 Delaware Avenue, Suite 900 P.O. Box 25130 Wilmington, DE 19801 Phone: (302) 429-4240 Fax: (302) 658-6395 Email: gfinizio@bayardlaw.com <i>Counsel to Hearing Officer Robinson</i></p>	<p>Ian R. McConnell, Esquire Meredith Stewart Tweedie, Esquire Delaware Department of Justice Carvel State Office Bldg 820 N. French Street Wilmington, DE 19801 Phone: 302.577.8533 Fax: 302.577.6499 Email: ian.mcconnel@state.de.us Email: meredith.stewart@state.de.us</p> <p>and</p> <p>Cynthia R. Shoss, Esquire Dewey & LeBoeuf 1301 Avenue of the Americas New York, New York 10019-6092 Phone: (212) 259-8129 Email: cshoss@dl.com <i>Counsel to Delaware Department of Justice</i></p>
<p>William E. Kirk, III, Esquire Vice President, General Counsel and Secretary BCBSD, Inc. 800 Delaware Avenue, Suite 900 Wilmington, DE 19801-1368 Phone: 302.421.3416 Fax: 302.421.3126 Email: William.Kirk@BCBSDE.com <i>Counsel for BCBSD, Inc.</i></p>	<p>David S. Swayze, Esquire Michael W. Teichman, Esquire Parkowski, Guerke & Swayze, P.A. 800 King Street, Suite 203 Wilmington, DE 19801 Phone: 302.594.3330/302.594.3331 Fax: 302.654.3033 Email: dswayze@psglegal.com Email: mteichman@psglegal.com <i>Counsel for BCBSD, Inc.</i></p>
<p>Mona A. Parikh Buchanan Ingersoll & Rooney PC 1105 North Market Street, Suite 1900 Wilmington, Delaware 19801 Phone: 302.552.4214 Fax: 302.552.42958 Email: mona.parikh@bipc.com</p> <p>Frederick K. Campbell, Esquire S. Doak Foster, Esquire Mitchell, Williams, Selig, Gates & Woodyard, PLLC 425 West Capitol Avenue, Suite 1800 Little Rock, AR 72201-3525 Phone: 501.688.8882/501.688.8841 Fax: 501.918.7882/501.918.7841 Email: rcampbell@mwlaw.com Email: dfoster@mwlaw.com <i>Counsel for Highmark Inc. (pro hac vice)</i></p>	<p>Edward A. Bittner, Jr., Esquire Senior Counsel – Highmark Inc. Fifth Avenue Place 120 Fifth Avenue, Suite 2180 Pittsburgh, PA 15222-3099 Phone: 412.544.8529 Fax: 412.544.7423 Email: ed.bittner@highmark.com <i>Counsel for Highmark Inc.</i></p>

Gene Reed, Deputy Insurance Commissioner

John Tinsley

David Lonchar

Charles Santana

Linda Sizemore

Delaware Department of Insurance

841 Silver Lake Blvd.

Dover, DE 19904

Phone: (302) 674-7300

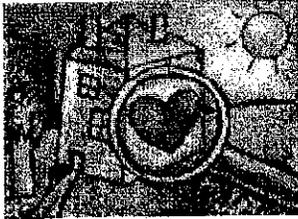
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Email: charles.santana@state.de.us

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Dover Interfaith Mission for Housing
684 Forest Street
P O BOX 1148
Dover DE 19903
302-736-3600

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 Calvary Baptist Church

October 5, 2011

Michael Houghton, Esquire
 Morris, Nichols, Arsht & Tunnell LLP
 PO Box 1347
 Wilmington, Delaware 19899-1347

Dear Mr. Houghton,

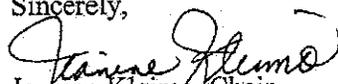
We seek to support BlueCross/BlueShield of Delaware's affiliation with Highmark:

Our organization provides shelter, food, and assistance to homeless men to enable them to live healthy and productive lives as self-reliant members of our community. BlueCross/BlueShield's *BluePrints for the Community* program provided us with a start-up grant that made it possible for us to establish our program here in the Dover area. With their help, we were able to shelter, feed, and help over 150 homeless men with their health care and employment needs. We have continued to benefit from interaction with the staff of BlueCross/Blue Shield of Delaware: Recently, they engaged the services of a local film producer to make a video of our work to help with recruiting volunteers and attracting financial support. The long-term benefits of this contribution are only beginning to be felt in our community.

If the proposed affiliation between BlueCross/BlueShield of Delaware and Highmark leads to the expected economies of scale, then additional resources for community-based organizations serving the poor and least healthy citizens will result. In this era of scarce grant funds and increased competition for scarce resources, measures which achieve both efficiency in the market and the generation of grant funds should be supported. Our organization and others stand to benefit.

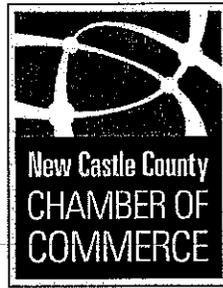
Without funding from the "BluePrints" initiative, southern Delaware would most certainly be worse off. While funds to our organization have resulted in our capacity to assist more than 500 men and to ensure that health care is a component of our program, others in Kent and Sussex Counties are better off, as well: La Red has served hundreds with health care in Sussex County and Westside Community Health Care's expansion into Dover has already begun to meet the needs of some in our shelter. We are grateful for the support of BlueCross/BlueShield of Delaware and trust that this affiliation will only expand their ability to help us to help others in need of improved health and related care in our community.

Sincerely,


 Jeanine Kleimo, Chair

MEMBERS

Baha'i Faith Community, Calvary Baptist Church, Camden Quaker Meeting, Capital Baptist Church, Christ Episcopal Church, Congregation Beth Shalom, Connection Community Church, The Cross Church of the Nazarene, Crossroad Christian Church, Dover 7th Day Adventist Church, Faith Community Church, First Baptist Church, Grace Presbyterian Church, Hibernians, Hindu Faith Community, First Baptist Church of Dover, Holy Cross Roman Catholic Church, Holy Trinity Church of the Living God, House of Pride, Islamic Society of Central Delaware, Lifting Up Holy Hands, Mt. Carmel Church of the Living God, Mt. Zion AME Church, Pentecostals of Dover, People's Church of Dover, Presbyterian Church of Dover, Solid Rock Baptist Church, St. Andrew's Lutheran Church, St. Paul's Episcopal Church, Salvation Army, Trinity Wesleyan Church, Unitarians/Universalists of Central Delaware, Wesley United Methodist Church, Whatcoat United Methodist Church, Woodside United Methodist Church AND MORE EVERYDAY



October 6, 2011

Ms. Linda Sizemore
Director, Bureau of Company Regulation
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, DE 19904

Dear Ms. Sizemore:

I am writing on behalf of the 1400 members and board of directors of the New Castle County Chamber of Commerce to express the Chamber's support of the proposed strategic affiliation between Blue Cross Blue Shield of Delaware (BCBSD) and Highmark.

This strategic affiliation is the best way to ensure that Blue Cross Blue Shield of Delaware remains a not-for-profit insurer grounded in the business community and civic fabric of our state. It is also vital to maintaining BCBSD's competitiveness in an increasingly complex and challenging marketplace. It is clear that health care reform as required by the Affordable Care Act will put additional cost requirements on insurance carriers. The proposed affiliation will strengthen Blue Cross and Blue Shield of Delaware's ability to meet the provisions of health care reform while helping to hold costs down.

The provisions of Senate Bill 146, passed in June, strengthen guarantees that the reserves of BCBSD will continue to be used for the benefit of its subscribers. Additionally, local control is augmented by the bill's provision that the board of the affiliated entity will have a majority of Delaware residents.

In closing, we at the Chamber believe that a strategic affiliation between these two entities is in the best interests of BCBSD customers and the State of Delaware as a whole and urge your approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark A. Kleinschmidt".

Mark A. Kleinschmidt, President
New Castle County Chamber of Commerce

cc: Michael Houghton, Esquire
Morris, Nichols, Arsht & Tunnell LLP

EXHIBIT
JOINT - 123

From: "lmullett@verizon.net" <lmullett@verizon.net>
Date: October 6, 2011 7:40:28 PM EDT
To: "Stewart Karen (DOI)" <Karen.Stewart@state.de.us>
Subject: Merger BCBS

Dear Ms. Weldin-Stewart, I cannot make the Dover public meetings but would like to comment that I do not support the merger of Blue Cross. After having read about the issues, I agree with AG Biden that there should be a fund set aside. If Blue Cross needs revenue to update their technology, I would prefer giving extra dollars deduction straightforward unless they meet Mr. Biden's recommendation. Thanks for your consideration and work on behalf of Delaware.
Lee Mullett

From: Ray Sukumar [mailto:rsukumar@dpspa.com]
Sent: Thursday, October 06, 2011 8:39 PM
To: Sizemore Linda (DOI)
Cc: McConnel Ian R (DOJ); Stewart Karen (DOI); JoAnn Fields
Subject: BCBSD Public Comment

Ms. Sizemore

I was going to be there tomorrow to ask this personally but unfortunately, I have procedures scheduled. I would appreciate you accepting this via email; I know, it is way past submission time.

Now for the question:

Statement: I am Medical Director and Founder of Doctors Pathology Services; we are the largest and most sophisticated pathology practice in the State and the only licensed mobile pathology service in the country. BCBSD has been very supportive and respectful of our service to the community by the fact that they allowed us to stay In Network for their Pathology Services along with LabCorp. It is obvious to us that they will not be supporting all of those out of State labs who use all types of inducements to compete, with expectations of making up by the increased utilization; they may even disallow, non-pathologists from billing for pathology services to keep down utilization.

Question: I have not heard of Highmark fighting against such inducements or physicians billing for surgical and pathology services and protect honest ancillary service who improve quality with lower cost. When it was mentioned that affiliation with Highmark is for financial efficiency, bundling of ancillary services being one of them, it truly bothers DPS. Bundling of ancillary services has never really saved money because the entire laboratory service occupies only 2-4% of healthcare cost; on the other hand 80% of medical decisions are based on laboratory and pathology reports; curtailing this important tool is truly detrimental to patient care. Can Highmark promise to learn from BCBSD and promote their view in PA rather than bubling ancillary services for Delawareans?

Thank you for taking my question.

--
V. Raman Sukumar, M.D.
Doctors Pathology Services
302-677-0000 www.DPSPA.com

From: Nick Moriello [mailto:NMoriello@hiaofde.com]
Sent: Friday, October 07, 2011 10:22 AM
To: Houghton, Michael
Subject: Blue Cross Blue Shield of Delaware/Highmark

Mr. Houghton,

My name is Nick Moriello, and I am the owner of Health Insurance Associates headquartered in Newark, Delaware. We are one of Delaware's largest independent health insurance agencies, and we work with most of the health insurance companies in Delaware on behalf of our clients. Our clients tend to fall into three market segments: 1.) employer groups, 2.) individuals, and 3.) Medicare recipients.

Blue Cross Blue Shield of Delaware is the dominant carrier in the Delaware marketplace, and one of the few carriers that operates in all three of the health insurance markets that we serve. Earlier this year, I provided testimony at a public hearing regarding the proposed affiliation between Blue Cross Blue Shield of Delaware and Highmark. I know that the hearings are ongoing, and I wanted to once again voice my opinion on this topic.

It seems that given their size and considerable resources, Highmark could bring a much improved customer service experience to Blue Cross Blue Shield of Delaware clients. This would particularly be true with relation to their technological resources. That seems to be the primary goal of the affiliation.

It is my hope that if this affiliation is approved, that the service experience for clients will only be better than what it currently is, which is already good, and that over time, any cost savings could be passed along to their clients.

Thank you for allowing me to voice my opinion, and please feel free to call on me as a resource if you need me.

Nick

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PLS SIGN IN

10/7/2011

Jim Lafferty MENTAL HEALTH ASSOC. IN DE

Tom McCarthy DOI STAFF

~~John Kiehl~~ ERIC

Joann Hasse private citizen

Mitch Crum former DOI official

Vincent M. Lehto