

**BEFORE THE INSURANCE DEPARTMENT  
OF THE  
COMMONWEALTH OF PENNSYLVANIA**

Statement Regarding the Acquisition of Control of or Merger with  
Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;  
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;  
Highmark Senior Resources Inc.; HM Casualty Insurance Company;  
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;  
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,  
d/b/a First Priority Health; Inter-County Health Plan, Inc.;  
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;  
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;  
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

**RESPONSE TO PID INFORMATION REQUESTS 4.5.1 & 4.5.2 FROM THE  
PENNSYLVANIA INSURANCE DEPARTMENT**

**Information Request 4.5.1**

**Discuss the experience of the proposed management and Board of Directors of UPE with regard to operation and management of a vertically integrated enterprise that includes a healthcare delivery system.**

**Information Request 4.5.2**

**Discuss the experience of the proposed management and Board of Directors of UPE with regard to the management of healthcare providers.**

Because both of these information requests relate to the experience of the proposed management and Board of Directors of UPE, a response that addresses both inquiries follows.

Principal officers and the Board of Directors of UPE have extensive experience and knowledge of the health insurance industry. Given the constant interaction between health insurers and health care providers, the officers and directors understand the correlation between health insurance and health care services within an integrated healthcare delivery system. In addition to the principal officers of UPE and its board of directors, the Highmark holding system includes several highly qualified senior officers who have been instrumental in assessing the inter-relationship between health insurance and the delivery of health care services. These senior

officers analyzed and developed the conclusion that dramatic steps need to be taken to improve the affordability of health care and health insurance in western Pennsylvania. The vision for the future, as set forth in the Strategic Perspective portion of the Form A filing, reflects management's recognition that health insurers and health care providers need to partner in order to tackle many of the cost drivers that are adversely impacting the costs of both health care and health insurance. The UPE Board of Directors is comprised of seven individuals who currently serve on the Highmark Board of Directors. In that capacity these individuals have been actively involved in strategic discussions concerning Highmark's business plans that necessarily implicate Highmark's relationship with its health care provider network. The biographical affidavits submitted by these individuals reflect their extensive and diverse business experience. Further, David Blandino is a licensed physician. Dr. Blandino has been a practicing physician for more than 30 years as described in his biographical affidavit on file with the Insurance Department.

**Dr. William Winkenwerder, Jr., M.D., M.D.A.**

On June 5, 2012, the Board of Directors of Highmark announced the appointment of Dr. Winkenwerder as Highmark's new President and Chief Executive Officer. Dr. Winkenwerder is a leading national health care executive with significant experience in medical care delivery, health insurance operations and national health policy. Among his accomplishments was his tenure as Assistant Secretary of Defense for Health Affairs in the U.S. Department of Defense from October 2001 through April 2007, where he led the Military Health System's 132,000 personnel and served as the principal medical advisor to Secretaries of Defense Donald Rumsfeld and Robert Gates.

The Military Health System provides care for 9.5 million people through its extensive network of private physicians and hospitals known as TRICARE and through more than 70 military hospitals worldwide.

Dr. Winkenwerder, 58, is a graduate of Davidson College, where he received his undergraduate degree in 1976, and the University of North Carolina School of Medicine in 1981. He also received a graduate degree in business administration from the University of Pennsylvania Wharton School in 1986. He is board certified in internal medicine and practiced primary care for several years.

Dr. Winkenwerder was appointed special assistant to the administrator for the agency that oversees Medicare and Medicaid for the Department of Health and Human Services in 1987, and, in 1988, was recruited to Kaiser Permanente in Atlanta as the director of Quality Assurance and later became associate medical director.

In 1992, he was offered the position of vice president and chief medical officer for Prudential Health Care's Southern operations. In 1996, he was recruited by Emory University as the associate vice president for Health Affairs and vice

president for the Academic Medical Center, where he was responsible for managing a 100-plus physician practice group.

He was vice chairman and executive vice president for Blue Cross Blue Shield of Massachusetts from 1998-2001, and then joined the Department of Defense in September 2001. When 9/11 occurred, the appointment as the assistant secretary of Defense was accelerated and he began his position 10 days after 9/11. Shortly thereafter, he was unanimously confirmed by the U.S. Senate.

Dr. Windenwerder has received numerous awards and recognition, including the Distinguished Service Award from the Department of Defense in 2006, and the Nathan Davis Award from the American Medical Association in 2005. In 2006, Modern Healthcare named him the third most powerful physician executive in America. He was also named a Fellow in the American College of Physicians in 1998. Most recently, Dr. Winkenwerder has served as the chairman and CEO of the Winkenwerder Company, a consulting firm based in Alexandria, Va. that he founded in 2007. The company specializes in strategic advisory services to leading health care companies and organizations across America.

UPE anticipates that its Board of Directors will elect Dr. Winkenwerder the CEO of UPE when his employment arrangements have been finalized.

### **John W. Paul**

Highmark has named John W. Paul as an integral part of the senior executive leadership. John W. Paul is the Division President of the Integrated Delivery System and an Executive Vice President at Highmark Inc., where he oversees the development and business structure of the Integrated Delivery System. Prior to joining Highmark, Mr. Paul was an Executive Consultant in the health care industry specializing in health care finance, and mergers and acquisitions.

Before his consulting work, he was the CFO and COO of the University Pittsburgh Medical Center, where he played a key role in strategizing, developing and executing major acquisitions, expansions and consolidations. Mr. Paul helped UPMC build a 20-hospital system to overcome dramatic challenges in financing of health care, which resulted in significantly improved financial capabilities. He created affiliations with non-UPMC hospitals and physicians, and developed a large referral network; helping to assure continued growth in government and private research funding as well as academic training programs.

Mr. Paul was also a central figure in settlement of a major contract dispute with Highmark Blue Cross/Blue Shield. Mr. Paul aided in creating a \$1 billion health benefit insurance division with more than 400,000 enrollees. He created efficiencies by consolidating administrative and clinical functions, including but not limited to consolidation of accounting, billing, purchasing, IT, HR, and others. He also managed \$6 billion in assets including \$1.8 billion in cash, which helped

UPMC maintain an “A” Rating by Standard & Poors and Fitch. Mr. Paul also interacted with Wall Street investment houses and rating agencies to acquire more than \$2 billion in financing and refinancing.

Prior to his appointment of CFO/COO, he held the title of Vice President of Business and Finance.

Mr. Paul received his MBA, with honors, from the University of Pittsburgh Joseph M. Katz School of Business. He holds a Bachelor’s degree in Business from Indiana University of Pennsylvania.

Mr. Paul has been building an executive team to assist him with the management of the provider network. The individuals he is recruiting bring a wealth of experience in managing health care providers. Among the executive team members are the following: Patricia Liebman, Thomas Kerr, Daniel Lebish, Bonnell Irvin, Jacqueline A. Dailey, Paul Sikora and Maureen D. Peszko.

#### **Patricia (Pat) Liebman**

Pat Liebman is Executive Vice President of Highmark’s Integrated Delivery System and brings more than 35 years of experience to her position. A Registered Nurse, Ms. Liebman embraces a unique understanding of patient care and customer satisfaction. As a senior executive in various healthcare provider and insurance organizations, Ms. Liebman has focused her efforts on the most efficient solutions to healthcare issues. Ms. Liebman was previously CEO of Managed Health Services of Indiana; founding CEO of UPMC Health Plan; and Senior Vice President of Blue Cross of Western Pennsylvania. She was also a Senior Manager at both Saint Margaret and Presbyterian University hospitals.

#### **Thomas Kerr**

Thomas Kerr is Executive Vice President of Highmark’s Integrated Delivery System. He is responsible for a variety of communications and outreach efforts for the system. Since joining the company in 1983, Mr. Kerr has served in a number of key management positions overseeing communications, product development and marketing – positioning Highmark as a leading consumer-focused health insurer locally, regionally and nationally. Prior to working at Highmark, he held numerous positions with Westinghouse Corporation in Pittsburgh. Mr. Kerr holds a Bachelor’s degree from Duquesne University.

#### **Daniel Lebish**

Daniel J. Lebish is Executive Vice President of Highmark’s Integrated Delivery System. Prior to his current position, Mr. Lebish served as Executive Vice President of Subsidiary Business for Highmark, where he was responsible for three of Highmark’s subsidiary companies. Prior to that, he served as Senior Vice President of Business Development for Highmark Inc. where he was in charge of

developing and implementing plans for market expansion and new product development. He also held several other positions in the health insurance and health care industry, including Executive Vice President with HealthAmerica and Chief Financial Officer and Vice President of Administrative Services at Magee-Womens Hospital. In addition, he has served as a board member for Highmark's affiliates MountainState BCBS and NaviMedix Inc. Mr. Lebish holds a Bachelor's degree in Business Administration from St. Norbert College and a Master's degree in Health Administration from The Ohio State University.

### **Bonnell Irvin**

Bonnell Irvin is the Vice President of Medical Mall Operations at Highmark Inc. In this role, she is responsible for the creation, development and integration of the medical mall component of the Integrated Delivery System. Prior to her current position, Ms. Irvin was the Vice President of Provider Contracts and Relations at Highmark, where she was responsible for managing more than 900 facility provider contracts and 17,000 professional providers in western Pennsylvania; the total payout to these providers exceeded \$5 billion.

Before she joined Highmark, Ms. Irvin served as the Vice President of Provider Affairs and Marketing for Gateway Health Plan, where she directed a variety of the activities such as overall quality improvement, which included HEDIS activities to ensure compliance with the National Committee for Quality Assurance (NCQA) and Department of Public Welfare requirements.

Ms. Irvin received a Master's degree in Public Administration, with distinction from Carnegie Mellon University, H. John Heinz, III, School of Public Policy and Management in Pittsburgh, PA. She holds a Bachelor's degree in Health Administration, with distinction from Pennsylvania State University in University Park, PA. Ms. Irvin serves on the Board of Visitors for the Master's of Health Administration Program at Pennsylvania State University. She is also a guest lecturer and alumni board member at the School of Health and Human Development at Pennsylvania State University.

### **Jacqueline A. Dailey**

Jacqueline Daily is the Chief Information Officer of Highmark's Provider division. Ms Dailey previously served as a Vice President for IT Solutions at UPMC. As a member of the UPMC ISD leadership team, she was responsible for leading the transformation of UPMC clinical systems to an integrated, continuum view of patient information. This patient-centered transformation enabled continual improvements in safety, quality and research through the use of technology. Prior to her work at the enterprise level, Ms. Dailey served as Vice President and CIO for the Children's Hospital of Pittsburgh of UPMC, where she provided leadership for the technology design and implementation of the new Children's Hospital campus in Lawrenceville.

**Paul Sikora**

Paul Sikora serves as Chief Technology Officer in Highmark's Provider Services division. Mr. Sikora brings more than 30 years of healthcare technology experience to his role at Highmark. During his time as a Vice President of Information Technology and Transformation at UPMC, he led a \$400 million enterprise transformation effort, in which he managed the overall strategy and resources on a project that consolidated databases and created a cloud computing system. Mr. Sikora also has extensive experience managing electronic health records, data systems and operating systems.

**Maureen D. Peszko**

Maureen Peszko serves as an Executive Vice President within the Integrated Delivery System of Highmark, and is President of the Highmark Management Services Organization known as ProMed Xchange. In this role, Ms. Peszko is responsible for developing and leading an organization that delivers solutions and services to physicians and hospitals including practice management, revenue cycle, technology, transcription services, medical malpractice and more. Previously, Ms. Peszko was a senior advisor to CompuGroup Medical and Novahill Partners with a focus on US commercialization and acquisition strategies. She also served as SVP, Strategy Commercialization & Government Affairs at Sage Health Care, a \$300M leading Healthcare Information Services Company providing EHR, Practice Management, EDI and Analytics solutions to more than 90,000 physician customers. Ms. Peszko graduated from Vanderbilt University with a double major in Economics and Business Administration and later attended Carnegie Mellon University.

**UPE**  
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