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

SUPPLEMENTAL RESPONSE TO PID INFORMATION REQUEST 3.8 FROM THE PENNSYLVANIA INSURANCE DEPARTMENT

REQUEST 3.8-Press Releases or Public Announcement (via July 9, 2012 letter)

A. Request 3.8 provides:

- 3.8 Provide a full and complete copy of any press release or public announcement, issued by the Applicant or any Highmark and WPAHS Entity regarding or referencing the Transaction.
- B. Highmark provided a press release of February 13, 2012 in which Dr. Keith Ghezzi indicated that his "future plans for West Penn Hospital include expanding the hospital's overall capacity to 300-350 private patient rooms; further expansion and renovation of its labor and delivery facilities; the return of cardiovascular services; remodeling of the hospital's lobbies and waiting rooms; and renovation or reorganization of hospital's Mellon Pavilion to accommodate more physician practices and better coordinate patient services."
- C. Required Action: Please (i) describe how much has been undertaken regarding West Penn Hospital expansion; (ii) provide an estimate of the cost of the above expansion steps; (iii) provide a statement

confirming that the cost of this expansion is reflected in the existing financial projections; and (iv) provide a statement confirming that these and all other expansion plans are fully documented in WPAHS' responses to Request 4.2.14 (regarding plans to expand or terminate products or services).

SUPPLEMENTAL RESPONSE:

The Western Pennsylvania Hospital, a member of the WPAHS, is undergoing a multi-phased renovation project designed to facilitate revitalization of the hospital into a full service facility with a core focus on women's health, with supplemental clinical services designed to provide access to a full array of community-based services for the residents of the Western Pennsylvania eastern corridor.

The anchor for Phase I renovations was the re-opening of the Emergency Department. In addition to the opening of the Emergency Department, Phase 1 renovations also consisted of the conversion of two hospital floors from a semi-private to private room model, renovation of the medical/ surgical ICU and renovation of the hospital's labor and delivery suites. All elements of Phase 1 are scheduled to be completed by mid-November.

Phase 2 renovations are expected to consist primarily of the revitalization of cardiac service.

Ongoing physician recruitment has continued to ensure the provision of the clinical support staff required to meet both the primary care and specialty demands of an inner-city hospital facility. Recruited specialty physicians include invasive cardiologists, EP cardiologists, pulmonologists, general surgeons, bariatric surgeons and the establishment of affiliations with independent primary care physicians.

These and all other known expansion or renovation plans have been included in the most recent financial projections for WPAHS, as filed confidentially with the Department on July 13, 2012. Those projections also contain estimated capital investments that UPE believes to be appropriate for future plans.

UPE 120 Fifth Avenue Pittsburgh, PA 15222