

MAR 0 4 2009

Pennsylvania Insurance Department

March 3, 2009

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

Re:

Highmark Inc. 2009 Annual Community Health Reinvestment Application of November 26, 2008 - Revised March 3, 2009

Dear Commissioner Ario:

Please accept this corrected re-submission as Highmark Inc.'s ("Highmark") application for the expenditure distribution or other utilization of its projected Annual Community Health Reinvestment ("ACHR") obligation for 2009. Also note revisions to the amount of projected expenditures included in the 40% of 2009 ACHR allocated to proposed Permitted Community Health Endeavors. The following chart represents Highmark's estimated ACHR calculation pursuant to section 4 of the Agreement on Community Health Reinvestment (the "Agreement") of February 2, 2005:

2009 ACHR CALCULATION

Total Projected	Total Projected	Projected 2009	Excess of	Total
2009 Premiums	2009 Premiums	Pennsylvania	107.5% of	Projected 2009
at 1.6%:	at 1%:	Health Premium	Projected 2008	Estimated
		& State Income	ACHR:	ACHR
		Taxes Credit:		Amount:
\$5,721,742,239	\$ 3,854,244,862			
x .016	x.010			
\$91,547,876	\$38,542,449	\$(9,694,783)	\$(5,038,764)	\$115,356,778

In accordance with sections 5 and 6 of the Agreement, we propose that \$69,214,067 be distributed in 2009 to state approved programs:

	Projected
	Expenditures
60% ACHR to state-approved programs for the low-income and	\$69.2 million
uninsured	

We propose allocating \$46,142,711, or 40% of ACHR, to other Permitted Community Health Endeavors, which include:

40% of 2009 ACHR allocated to proposed Permitted Community	Projected		
Health Endeavors*:	Expenditures		
 adultBasic program: projected indirect costs 	\$3.8 million		
 SpecialCare low-income program: additional rate subsidy 	\$5.1 million		
and projected underwriting losses			
 CHIP and Direct Pay for uninsured children above the 	\$19.9 million		
CHIP income guidelines: projected underwriting losses			
Guarantee Issue Direct Pay programs: projected	\$26.4 million		
underwriting losses			
• Direct Pay, Senior, and HCTC/HIPAA programs: projected	\$26.7 million		
rate subsidies			
• Community Initiatives: projected grants and donations that	\$8.9 million		
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			
* Advertising expenses have been voluntarily excluded.			

As you can see, our projected expenditures related to the 40% for Permitted Community Health Endeavors exceed the agreed upon amount of \$46,142,711. The amounts listed for each activity represent our best estimate of the cost of Highmark's commitment for 2009. While actual amounts may vary from the projections, the amounts committed to these programs will meet or exceed \$46.1 million. This does not signify an expectation that we will always exceed the 40% portion.

Highmark proposes the following timeframe for transferring funds. Highmark has deposited one-fourth of the amount related to the 60% portion of ACHR (\$69,214,067) as of March 1, 2009 and will continue through 2009 (i.e. 6/1/09, 9/1/09 and 12/1/09). Upon approval from the Insurance Department of the Commonwealth of Pennsylvania (the "Department"), Highmark will adjust a quarterly payment in 2010 for any refund/credit from the 2009 ACHR year.

Additionally, by April 1, 2009, Highmark will submit a reconciliation of the 2008 Application to actual premiums reported and taxes incurred (ACHR agreement section 4(b)) and a reconciliation of actual adultBasic underwriting gains/losses (ACHR agreement section 6) to the Commonwealth of Pennsylvania. Upon approval from the Department, Highmark will adjust a quarterly payment in 2009 for any refund/credit for these items from the 2008 ACHR year.

If you would like to discuss the estimated 2009 ACHR amounts in this application, or have any other questions, I can be reached at 412-544-8322, or through Candy Gallaher at 717-302-3982.

Sincerely,

Manette P DeTurk

Executive Vice President Finance, CFO & Treasurer