

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

1201 NORTH MARKET STREET
P.O. Box 1347
WILMINGTON, DELAWARE 19899-1347

302 658 9200
302 658 3989 FAX

MICHAEL HOUGHTON
302 351 9215
302 425 4675 FAX
mhoughton@mnat.com

February 4, 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:

Pursuant to Your Honor's order, we write to inform you of the position of our client, the Delaware Department of Insurance (the "Department"), regarding Highmark Inc.'s ("Highmark") Motion for Biographicals and BCBSD Proforma Financials to be Declared Confidential Documents (the "Motion") (attached hereto as Exhibit A).

Highmark initially sought confidential treatment of the Biographicals and the BCBSD Proforma Financials – which are both exhibits to Highmark's "Form A" application (Exhibits 8 and 9 to the application, respectively) – in their entirety. If deemed confidential, the Department would be unable to post the documents to its public website, at <http://www.delawareinsurance.gov/departments/bcbs/bcbs.shtml>, where the Department maintains a repository of the filings in this proceeding accessible to the public. Similarly, these documents would not be considered a "public record" under 29 *Del. C.* § 10002(g) and thus would not be subject to public disclosure under Freedom of Information Act ("FOIA") requests made pursuant to 29 *Del. C.* § 10003.

For the Biographicals, the Department has reached an agreement with Highmark to restrict confidential treatment to only the following personal information for each Director or Officer:

1. Direct line business telephone number;
2. Spouse's name;
3. Social Security Number; and

4. Street address, city, and postal code of home address.


As an example, Highmark has provided the Department with a copy of the biographical affidavit of John Robert Baum with the information noted above redacted (attached hereto as Exhibit B). All other information in the Biographicals, including the state of residence for each Director or Officer, would be publicly-available.

Highmark has indicated that it will seek to amend its Motion to reflect this agreement and, if Your Honor grants Highmark's amended motion, that Highmark will provide the Department with a redacted version of the Biographicals, for public disclosure and inclusion on the Department's website. With this arrangement, the Department does not oppose Highmark's request for confidential treatment of the unredacted Biographicals, and the Department would not oppose an amended motion by Highmark that reflects the agreement described here.

With respect to the BCBSD Proforma Financials, the Department and BCBSD, Inc. ("BCBSD") have also attempted to reach an agreement. Although we have made progress during these negotiations, the Department respectfully requests that Your Honor allow the parties an additional week to resolve the remaining disputed issues. If Your Honor grants this extension, the Department would communicate the resolution of, or its legal position on, the remaining issues by February 11, 2011.

Respectfully,

MORRIS, NICHOLS, ARSHT & TUNNELL, LLP



Michael Houghton (No. 2179)
Leslie A. Polizoti (No. 4299)
Brenda R. Mayrack (No. 5253)

*Attorneys for the Delaware Department of
Insurance*

MH/BRM/ss
Enclosures
cc: See Attached Service List

4074764.3

SERVICE LIST

<p>The Honorable Battle R. Robinson 104 W. Market Street Georgetown, DE 19947 Phone: 302.856.2248 <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>Timothy P. Mullaney, Sr., Esquire Delaware Department of Justice P.O. Box 1227 Dover, DE 19901 Phone: 302.577.8341 Fax: 302.577.6499 Email: Tim.Mullaney@state.de.us</p> <p>and</p> <p>Ian R. McConnell, 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</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 19801-1228 Phone: 302.552.4214 Fax: 302.552.4295 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
Email: gene.reed@state.de.us
Email: john.tinsley@state.de.us
Email: dave.lonchar@state.de.us
Email: charles.santana@state.de.us
Email: linda.sizemore@state.de.us

Michael Houghton, Esquire
Leslie Polizoti, Esquire
Brenda Mayrack, Esquire
Morris, Nichols, Arsht & Tunnell LLP
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899
Phone: 302.658.9200
Fax: 302.658.3989
Email: mhoughton@mnat.com
Email: lpolizoti@mnat.com
Email: bmayrack@mnat.com
Counsel for Delaware Dept. of Insurance

EXHIBIT A



Buchanan Ingersoll & Rooney PC
Attorneys & Government Relations Professionals

Mona A. Parikh
302 552 4214
mona.parikh@bipc.com

1105 North Market Street
Suite 1900
Wilmington, DE 19801-1228
T 302 552 4200
F 302 552 4295
www.buchananingersoll.com

January 14, 2011

Via Hand Delivery

The Hon. Battle R. Robinson
Hearing Officer
c/o GianClaudio Finizio, Esq.
Bayard, P.A.
222 Delaware Avenue, Suite 900
Wilmington, Delaware 19801

RE: The Proposed Affiliation of BCBSD, Inc. d/b/a Blue Cross and Blue Shield of Delaware ("BCBSD") with Highmark Inc.

Dear Judge Robinson:

Enclosed please find the Motion for Biographical and BCBSD Proforma Financials to be Declared Confidential Documents (the "Motion") filed by Highmark Inc. ("Highmark") in the above-referenced proceeding. I have enclosed hard copies of Exhibits 1 through 4 to the Motion, along with four (4) compact discs. Each disc contains a separate exhibit.

For purposes of use in posting on the DE DOI's website, we will be attaching to Mr. Houghton's copy of this letter a compact disc that contains a copy of the Motion, this cover letter, and only Exhibits 3 and 4 to the Motion. Of course, Exhibits 1 and 2 to the Motion are the subjects of the confidentiality request and therefore we request that they not be posted at this time to the DE DOI's website of "public documents" in this proceeding. The other recipients of service as to this Motion will each receive hard copies of this cover letter, the Motion, and Exhibits 3 and 4. They will also receive a compact disc containing Exhibits 1 and 2.

Respectfully submitted,



Mona A. Parikh (No. 4901)

MAP/
Enclosures

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF DELAWARE**

In Re: The Proposed Affiliation of)	
BCBSD, INC., doing business as)	Docket No.
Blue Cross Blue Shield of Delaware,)	
with HIGHMARK INC.)	

**MOTION FOR BIOGRAPHICALS AND BCBSD PROFORMA
FINANCIALS TO BE DECLARED CONFIDENTIAL DOCUMENTS**

Highmark Inc. ("Highmark"), by and through its undersigned counsel, and pursuant to Paragraph 10 of the Pre-Hearing Order entered in this matter on October 20, 2010 (the "Pre-Hearing Order"), hereby files this Motion for Biographical and BCBSD Proforma Financials to be Declared Confidential Documents (the "Motion"). In support of the Motion, Highmark respectfully represents as follows:

RELEVANT BACKGROUND

1. On October 7, 2010, Highmark filed a Statement Regarding the Affiliation of BCBSD, Inc. d/b/a Blue Cross and Blue Shield of Delaware ("BCBSD") with Highmark (the "Affiliation Statement") in the Delaware Insurance Department (the "Insurance Department"), thereby seeking approval from the Delaware Insurance Commissioner, Karen Weldin Stewart (the "Commissioner"), of the proposed affiliation of BCBSD, Inc., with Highmark (the "Affiliation").

2. On October 20, 2010, the Commissioner entered the Pre-Hearing Order. Paragraph 10 of the Pre-Hearing Order provides:

Documentary evidence submitted into the record by any Party prior to, at or subsequent to the hearing shall be deemed to be a "public record" within the meaning of 29 Del. C. § 10002(g) and any applicable regulations, unless the Hearing Officer shall determine otherwise upon the application of any Party. Upon motion of a Party, and thereafter by order of the Hearing Officer, those documents considered by the Hearing Officer as part of the hearing record which are deemed to be documents which are not "public records" pursuant to applicable law shall be identified by title and date in a document filed herein.

3. On November 4, 2010, the Commissioner entered an order appointing the Hon. Battle R. Robinson as Hearing Officer in this matter pursuant to 29 Del. C. §10125(a).

4. Highmark, contemporaneously with the filing of this Motion, and pursuant to Paragraph 3 of the Scheduling Order entered by the Hearing Officer dated January 5, 2011, is filing a supplement (referred to as Supplemental Filing No. 1) containing Exhibits 8 and 9 to the Affiliation Statement. Attached as Exhibit 8 to the Affiliation Statement are biographical affidavits of the directors and executive officers of Highmark (the "Biographicals"), and attached as Exhibit 9 to the Affiliation Statement are BCBSD projected balance sheets and income statements, inclusive of overview, assumptions and projected risk-based capital ratios for 2010 through 2015 (the "BCBSD Proforma Financials"). The Biographicals are attached hereto as Exhibit 1, and the BCBSD Proforma Financials are attached hereto as Exhibit 2.

REQUEST FOR RELIEF

5. By this Motion, Highmark respectfully requests entry of an order: (i) declaring that the Biographicals and the BCBSD Proforma Financials as "Confidential Documents"; and (ii) prohibiting the Biographicals and the BCBSD Proforma Financials from being deemed, handled, or otherwise treated as "public records" within the meaning of 29 Del. C. § 10002(g).

BASIS FOR RELIEF REQUESTED

5. Unless the Hearing Officer determines otherwise upon the application of any Party, documentary evidence submitted in this matter shall be deemed to be a "public record" within the meaning of 29 Del. C. § 10002(g) and any applicable regulations. See Pre-Hearing Order, ¶ 10. Paragraph 10 further provides that upon motion, and thereafter by order of the Hearing Officer, those documents considered by the Hearing Officer as part of the hearing record which are deemed to be documents which are not "public records" shall be identified by title and date. Id. Furthermore, and pursuant to Section 10112 of the Delaware Administrative Procedures Act, an

agency may decline to make available documents and other materials which are specifically exempt from disclosure by law. See 29 Del. C. § 10112(b)(4).

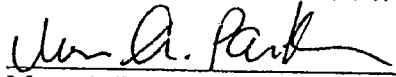
6. The Biographical are tantamount to personnel files, the disclosure of which would constitute an invasion of personal privacy. Similarly, the BCBSD Proforma Financials contain trade secrets and commercial and financial information which is privileged and confidential in nature. Highmark respectfully submits that entry of an order declaring the Biographicals and the BCBSD Proforma Financials as "Confidential Documents" and prohibiting them from being deemed, handled, or otherwise treated as "public records" within the meaning of 29 Del. C. § 10002(g) is therefore necessary and appropriate under the circumstances.¹

CONCLUSION

WHEREFORE, for the foregoing reasons, Highmark respectfully requests the Hearing Officer to enter an order, a proposed form of which is attached hereto as Exhibit 4: (i) declaring that the Biographicals and the BCBSD Proforma Financials as "Confidential Documents"; (ii) prohibiting the Biographicals and the BCBSD Proforma Financials from being deemed, handled, or otherwise treated as "public records" within the meaning of 29 Del. C. § 10002(g); and (iii) granting such other and further relief as is deemed just and proper.

Dated: January 14, 2011
Wilmington, Delaware

BUCHANAN INGERSOLL & ROONEY PC



Mona A. Parikh (No. 4901)
1105 North Market Street, Suite 1900
Wilmington, Delaware 19801
Telephone: (302) 552-4200
Facsimile: (302) 552-4295
Email: mona.parikh@bipc.com

Counsel to Highmark Inc.

¹ Highmark has no objection, however, to public disclosure of the names and states of residence of Highmark's directors and executive officers as indicated in the Biographicals. A listing of such names and states of residence is attached hereto as Exhibit 3.

EXHIBIT 3

EXHIBIT 3

HIGHMARK INC.

DIRECTORS

NAME	STATE OF RESIDENCE
John Robert Baum	Pennsylvania
David Arthur Blandino	Pennsylvania
Rosario Yvonne Campos	Pennsylvania
Thomas John Castellano	Pennsylvania
John Sanderson Cramer	Pennsylvania
John Henry Damcott	Pennsylvania
Don Parks Foster	Pennsylvania
Rufus Ayers Fulton, Jr.	Pennsylvania
William Michael George	Pennsylvania
Joseph Clinton Guyaux	Pennsylvania
Gretchen Robinson Haggerty	Pennsylvania
Calvin Barksdale Johnson	Pennsylvania
Mark Scott Kamlet	Pennsylvania
David Michael Matter	Pennsylvania
Glen Theodore Meakem	Pennsylvania
Kenneth Rudolph Melani	Pennsylvania
Victor Alvarez Roque	Pennsylvania
Susan Weiss Shoval	Pennsylvania
William John Stallkamp	Pennsylvania
William Elton Trueheart	Pennsylvania
Doris Annette Carson Williams	Pennsylvania

EXECUTIVE OFFICERS

NAME	STATE OF RESIDENCE
Ray Hunter Carson Jr. (<i>EVP, Chief Human Resources Officer</i>)	Pennsylvania
Nanette Paden DeTurk (<i>EVP, Chief Administrative & Financial Officer and Treasurer</i>)	South Carolina
Elizabeth Ann Farbacher (<i>EVP, Chief Auditor & Compliance Officer</i>)	Pennsylvania
Maureen Loftus Hogel (<i>EVP, Chief Legal Officer & Corporate Secretary</i>)	Pennsylvania
David Lynn Holmberg (<i>EVP, Vision Services/CEO, HVHC</i>)	Texas
Thomas William Kerr (<i>EVP, Chief Communications & Strategy Officer</i>)	Pennsylvania
Daniel Jay Lebish (<i>EVP, Subsidiary Business</i>)	Pennsylvania
Kenneth Rudolph Melani (<i>President and Chief Executive Officer</i>)	Pennsylvania
David Michael O'Brien (<i>EVP, Government Services & External Affairs</i>)	Pennsylvania
Matthew Vincent Thomas Ray (<i>EVP, Chief Information Officer</i>)	Connecticut
Deborah Lynn Rice (<i>EVP, Health Services</i>)	Pennsylvania

EXHIBIT 4

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF DELAWARE**

In Re: The Proposed Affiliation of)
BCBSD, INC., doing business as) **Docket No.**
Blue Cross Blue Shield of Delaware,)
with HIGHMARK INC.)

**ORDER GRANTING MOTION FOR BIOGRAPHICALS AND BCBSD
PROFORMA FINANCIALS TO BE DECLARED CONFIDENTIAL DOCUMENTS**

Upon consideration of the Motion for Biographical and BCBSD Proforma Financials to be Declared Confidential Documents (the "Motion"),¹ it is hereby:

1. ORDERED, that the Motion is GRANTED; and it is further
2. ORDERED, that the Biographicals and the BCBSD Proforma Financials are hereby declared to be "Confidential Documents"; and it is further
3. ORDERED, that the Biographicals and the BCBSD Proforma Financials are hereby prohibited from being deemed, handled, or otherwise treated as "public records" within the meaning of 29 Del. C. § 10002(g); and it is further
4. ORDERED, that the Delaware Insurance Department will retain jurisdiction to determine any and all disputes arising from or related to the entry of this Order.

Dated: January ____, 2011

The Hon. Battle R. Robinson
Hearing Officer

¹ Capitalized terms not otherwise defined herein shall carry the same meaning ascribed to them in the Motion.

EXHIBIT B

**REDACTED
IN ITS
ENTIRETY**

(PP. 1 – 11)