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May 9, 2011

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Linda Sizemore
Director of Company Regulation
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, Delaware 19904-2465

Dear Ms. Sizemore,

I wish to express my sincere gratitude and appreciation to you, to Insurance Commissioner Karen Weldin Stewart and Deputy Insurance Commissioner Gene Reed for facilitating the general information sessions and for allowing comments and letters regarding the proposed Highmark-Blue Cross Blue Shield of Delaware affiliation.

As President of the Medical Society of Delaware I am pleased and honored to submit this letter expressing the Society's support of the proposed affiliation between Highmark and Blue Cross Blue Shield of Delaware.

The Medical Society of Delaware believes the proposed affiliation between Blue Cross Blue Shield of Delaware and Highmark is a positive move and in the best interest of the citizens of our state for three main reasons:

1. Blue Cross Blue Shield of Delaware's viability depends upon alignment with a larger insurer;
2. The proposed transaction is an affiliation as opposed to an acquisition or merger; and
3. Highmark is the right partner for us here in Delaware.

Please allow me to elaborate on each of these three points:

First, Blue Cross Blue Shield of Delaware's viability depends upon an alignment with a larger insurer, allowing Blue Cross Blue Shield to remain competitive in the market place. Further, Blue Cross Blue Shield of Delaware must begin to position itself in the marketplace with technology platforms and infrastructure essential to survive in our uncertain climate of health care reform. The small business owners of Delaware, including physician practices, not to mention individual subscribers, cannot afford to lose another health care insurance plan. We have so few choices already.

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Second, as indicated, the proposed transaction is an affiliation. It is not an acquisition or merger. This means Blue Cross Blue Shield of Delaware will maintain a strong local presence, with current senior management, a local board of directors, and assets all remaining here in Delaware. This is important to the Medical Society of Delaware, because we have worked hard over the years to establish and maintain a productive relationship based on trust and mutual respect with Blue Cross Blue Shield of Delaware. Although we do not always agree on issues, the important thing is that, in the true spirit of the "*Delaware Way*," we find ways to collaborate so we can put patients first, provide quality care, and therefore, offer the best outcomes possible for all Delawareans. Health care is delivered locally. A patient's and an employer's insurance should be administered locally as well.

And, very importantly, this affiliation will allow jobs to remain in Delaware. One cannot stress this enough. This, as we all know, is absolutely critical to our state economy.

And the third reason – Highmark is the right partner for us in Delaware. Highmark is a stable organization and is financially strong. In today's economy, this is no small accomplishment. Its nonprofit status means that the patients' well-being and access to quality care should remain the priority, not Wall Street. Highmark's stability and financial position have allowed it to create an electronic infrastructure that is among the most sophisticated of any insurance company in the nation. This will be essential for everyone transitioning into the new era of health care reform.

If history is any guide, we can learn from other states where Highmark affiliations have occurred. In nearby West Virginia, the patients, physicians, and employers all seem quite satisfied with its presence in the market. Highmark has also made positive contributions to the state's economy by actually adding jobs, not reducing them. We believe this trend can occur here in Delaware, as Highmark surely will recognize the reasons why so many corporations call Delaware home.

In summary, the Medical Society of Delaware supports the affiliation between Blue Cross Blue Shield of Delaware and Highmark and it is my pleasure to respectfully submit such a letter of support. Again, thank you for the opportunity to provide comment. Your consideration of this important issue is greatly appreciated.

Sincerely,

David M. Bercaw, M.D.
President