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October 28, 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., Docket No. 1509-10

Dear Judge Robinson:

On October 24, 2011, the Department of Insurance (the “Department”) and BCBSD, Inc. (“BCBSD”) and Highmark Inc. (“Highmark”) submitted draft Proposed Findings, Recommendations, and Order (“October 24 Proposed Findings”) in the above-captioned matter. Also on October 24, the Department of Justice (“DOJ”) submitted a redline to a prior version of the Proposed Findings on October 24 (“DOJ Proposed Findings”).

The Department has some additional comments to the October 24 Proposed Findings, which are enclosed herewith (both a clean and a redlined version, with filenames of “**October 28 Proposed Findings—Clean**” and “**October 28 Proposed Findings—Redline**,” respectively). As reflected in the redline, some of these comments are minor, in the nature of “clean up” comments, but the revised document also includes a paragraph concerning the condition proposed by the Applicants relating to cost splitting in the event of a disaffiliation. The Department and the Applicants request that Your Honor adopt these revised Proposed Findings.

However, if Your Honor is inclined to use language from the DOJ’s version of the Proposed Findings, the parties have worked together—rather than inundate Your Honor with multiple letters with multiple rounds of comments—to create the enclosed three documents, which identify all parties’ comments to the DOJ Proposed Findings.

The first document (with the filename “**Combined Comments to DOJ Proposed Findings**”) reflects the following: we first took the DOJ Proposed Findings and transferred those comments to the October 24 Proposed Findings, to eliminate any confusion with the DOJ’s

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comments being provided on a prior version of the October 24 Proposed Findings. The parties then negotiated which language was non-objectionable and which language the parties still disputed. The disputed language is reflected in brackets and highlighting¹ in the document. We note that in some instances, the parties agreed to add or delete language from what was contained in the DOJ Proposed Findings. If Your Honor would find it helpful, we would be pleased to provide a redline showing the changes made to the DOJ Proposed Findings that were submitted on October 24.

There is one long section in the Combined Comments to DOJ Proposed Findings document—Section II—that did not lend itself to having differences reflected in brackets and highlighting. Therefore, we have created two standalone documents, one with the proposed language of DOJ for Section II (filename: “**DOJ Section II of Combined Comments**”) and another with the proposed language of the Department and the Applicants for Section II (filename: “**DOI and Applicants Section II of Combined Comments**”).

Please note that there are still certain sections, as indicated in the enclosed documents, relating to a charitable contribution commitment by BCBSD that are not yet complete. The Proposed Findings will be supplemented as soon as possible after these sections have been finalized.

The Department is available to discuss this or any other matter at Your Honor’s convenience.

Respectfully,

/s/ Brenda R. Mayrack

Brenda R. Mayrack (No. 5253)

Enclosures (7 enclosures: 5 with filenames bolded above and 2 containing Appendices)

cc: See Attached Service List
GianClaudio Finizio, Esquire

¹ As is noted in the text of the document, yellow highlighted language represents language proffered by the Department and the Applicants; magenta highlighted language represents language proffered by the DOJ.

SERVICE LIST

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