



ANTI-COMPETITIVE CONCERNS LINGER OVER PENNSYLVANIA BLUES MERGER

Combined Companies Claim Consolidation Will Not Limit Choice in the Market But Eliminate Duplicative Expenditures, According To a New Report from HealthLeaders-InterStudy

June 28, 2007 - Nashville, Tenn. - HealthLeaders-InterStudy, the leading provider of managed care market intelligence, reports that concerns over the proposed consolidation of Highmark Inc. and Independence Blue Cross (IBC), Pennsylvania's two largest Blues plans, continue to surface as the companies try to convince regulators and lawmakers that their proposed consolidation is in the best interest of Pennsylvanians. According to the latest *Pennsylvania Health Plan Analysis*, politicians and industry stakeholders are lining up with demands that the merged company keep premiums low, share more of its surplus and not abuse its bargaining power over providers.

"Most express concern that creation of a mega carrier will stifle competition and lead to higher insurance premiums and lower reimbursements for providers," states Chris Lewis, market analyst for HealthLeaders-InterStudy and author of the report. "However, if politicians and industry stakeholders have their way, the Blues' nonprofit parent companies can expect to face the same standards other insurance companies are held when they change ownership."

Politicians question the companies' nonprofit status in light of their \$4 billion combined surplus. Company executives believe the combination of Highmark and IBC will not reduce competition or choice in the health insurance marketplace, and the combined companies will generate more than \$820 million in scale-based economies from eliminating duplicative expenditures. The merger's effect on premiums is not spelled out to the satisfaction of some policymakers, and many businesses are skeptical that they'll reap any of the benefits.

Despite their size, the companies maintain they face major competition from publicly traded, highly capitalized companies with a national reach, like Aetna, CIGNA Health Care, Coventry Health Care Inc. and UnitedHealth Group.

For additional insight into the merger between Highmark Inc. and Independence Blue Cross, please visit www.healthleaders-interstudy.com to download a brief audio interview with Chris Lewis, HealthLeaders-InterStudy market analyst, who covers the Pennsylvania health plan market.

About Health Plan Analysis

Health Plan Analysis identifies key health plan trends, allowing healthcare businesses to create comprehensive strategic plans and sales strategies at state and local levels.

About HealthLeaders-InterStudy

HealthLeaders-InterStudy is the authoritative source for managed care data and analysis.

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