

## ADVANTAGES OF CONSOLIDATION<sup>1</sup>

- The proposed consolidation of Highmark and IBC offers the opportunity to create a more efficient enterprise that will be better positioned to satisfy the needs of its customers by holding down costs and investing in desired new technologies and products, thereby enhancing the consolidated company's ability to fulfill the community missions of Highmark and IBC.
- The cost savings generated by the economies of scale and resources flowing from the consolidation will be utilized in part to improve access to healthcare insurance by supporting expanded health insurance programs for the uninsured and underinsured.
- The more than \$1 billion in savings generated by the combination will enable the consolidated company to fund services and benefits for the Plans' customers and Pennsylvania's uninsured and underinsured.
- The proposed consolidation will avoid the need for duplicative investments in new tools to better serve Highmark and IBC subscribers and providers. At present, both companies are investing in new automated capabilities to meet customer demands, and in many cases these investments are, or would be, redundant. For example, both of the Plans are investing tens of millions of dollars in building parallel and largely overlapping capabilities in informatics, medical management programs, investments in consumer driven health plans, electronic health records, personal health records, and other similar initiatives.
- Consolidation is the best way of providing scale, generating operational efficiencies and eliminating unnecessary redundancies.
- IBC and Highmark complementary product portfolios and lines of business can foster additional revenue opportunities both within and outside Pennsylvania – generating additional employment opportunities in the Commonwealth.
- Consolidation provides a number of other advantages; it will --
  - Facilitate access to new markets for growth.
  - Position the Plans to better serve national accounts located in the Commonwealth.
  - Position the Plans more effectively to participate in federal healthcare programs.
  - Augment key capabilities by capitalizing on complementary areas of expertise across the enterprise.
  - Position the Plans to provide complementary products and services and lines of business.
  - Facilitate the implementation of “best practices” and adoption of “best of both” resources, processes and products for the benefit of group and individual customers
  - Assure that the Plans are able to continue their social mission and their ability to continue to make important contributions to the state and local economies.

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<sup>1</sup> This presentation is an overview of the key reasons why Highmark and IBC have decided to consolidate. This overview summarizes the many factors considered and conclusions reached after exhaustive analysis of available data and careful consideration of complex questions of market conditions and strategic alternatives. Because this is a summary only, it should not be regarded, and is not intended to serve, as a complete statement of all the reasons why Highmark and IBC have decided to consolidate.