

November 17, 1999

Mr. Marc P. Volavka
Executive Director
Pennsylvania Health Care Cost Containment Council
225 Market Street, Suite 400
Harrisburg, PA 17101

Dear Mr. Volavka:

Horizon Healthcare is committed to provide our members with the best care possible. It is our commitment to provide innovative health care options and to make health care work for our members.

Below are some highlights of the Horizon Healthcare data to be included in the PHC4 upcoming public report on diabetes. In this report, we address the following areas:

1. Percentage of Horizon Healthcare members with diabetes.

- The percentage of eligible Horizon Healthcare diabetic members for the "Eye Exam for People with Diabetes" HEDIS measure is 6.8 percent.
- Horizon Healthcare had 9,100 members as of December 31, 1998. Of these members, 1,073 were continuously enrolled diabetic members (Type I and Type II), age 31 years and older. Of the 1,073 diabetic members, 73 were continuously enrolled in the plan that had no more than one gap in enrollment of up to 45 days during 1998 and meeting HEDIS data specification.

2. HEDIS Eye Exam Rate

- The HEDIS eye exam rate percentage was not reported due to the low number of eligible members. (We found only 73 eligibles. HEDIS requires a minimum sample size of 411 members to be considered an eligible population.)

3. Measurement of HbA1c, Lipid Profiles and Urinalysis

- Horizon Healthcare has identified the "Management of Adults with Diabetes Mellitus" as one of the consensus guidelines. We distributed this guideline to our providers and encouraged them to use it in managing

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Page 2

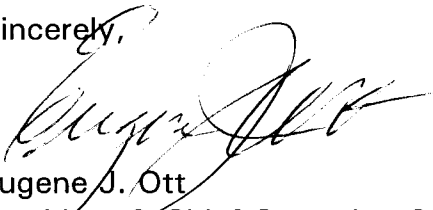
their diabetic patients. Currently, we are assessing the level of our providers' compliance with the guidelines.

4. HEDIS Comprehensive Diabetes Measure

- No report was submitted for 1999 due to lack of adequate eligible members as cited above.

We appreciate the opportunity to present our comments to you. If you need additional clarification or if there are any outstanding questions, please call me at 215-282-2201.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene J. Ott", written over a large, light-colored circular scribble or watermark.

Eugene J. Ott
President & Chief Operating Officer

Attachment