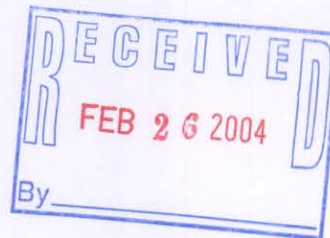




Francis S. Soistman, Jr.
President and Chief Executive Officer

February 25, 2004



Mr. Marc P. Volavka
Executive Director
Pennsylvania HealthCare Cost Containment Council (PHC4)
225 Market Street, Suite 400
Harrisburg, PA 17101

Dear Mr. Volavka:

I appreciate once again the opportunity to preview and comment on our Clinical Outcomes in *Measuring the Quality of Pennsylvania's Commercial HMOs: A Managed Care Performance Report*. HealthAmerica and HealthAssurance continues to support the PHC4 efforts to provide Health Plan performance data to the healthcare consumers of the Commonwealth.

Overall, we are pleased with our performance on this latest report. It is particularly satisfying that our asthma disease management activities have resulted in less than expected pediatric hospitalization rates per 10,000 members for asthma. We also noted that our vaginal hysterectomy procedure rate per 10,000 members continues to be higher than expected. After an analysis of the 2002 cases, we found the mean age of the patients undergoing this procedure was 43.8 years and the median age was 44.5 years. In addition, 85.6% of the vaginal hysterectomies performed were for the diagnosis of excessive menstruation, leiomyoma, uterine prolapse, or endometrial hyperplasia. The remaining procedures were for a variety of diagnoses including endometriosis, pelvic congestion, or dysmenorrhea. Overall, we found no vaginal hysterectomy performed for what we would consider an inappropriate diagnosis. Thus, while our vaginal hysterectomy procedure rate per 10,000 members is reported as higher than expected, we believe this is due to more older women in our Plan getting this procedure done for the appropriate clinical reasons.

HealthAmerica and HealthAssurance continues to support the PHC4 efforts to more accurately define and report this important information on Health Plan performance. We look forward to working with PHC4 in the future to continue to refine this data to give the citizens of the Commonwealth accurate healthcare data on which to base their health care decisions.

Sincerely,

A handwritten signature in blue ink that reads "Francis S. Soistman, Jr." in a cursive style.

Francis S. Soistman, Jr.
President and Chief Executive Officer