



Robert L. Dawson

President & Chief Executive Officer

February 24, 2005

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

Dear Mr. Volavka:

I appreciate the opportunity to preview and comment on our clinical outcomes, *Measuring the Quality of Pennsylvania's Commercial HMOs: A Managed Care Performance Report*. HealthAmerica and HealthAssurance continue to support the PHC4 efforts to provide health plan performance data to the consumers of the Commonwealth.

We are pleased with our performance on this latest report. Our asthma admission results for members under 18 years of age again, reflect the effectiveness of our asthma disease management activities. However, we note that our hysterectomy procedure rate per 10,000 members continues to be higher than expected. After the release of the PHC4 2002 MCPR, HealthAmerica and HealthAssurance implemented new prior-authorization processes. We expect the outcome of this medical management oversight to yield improved results in the 2005 MCPR. In the meantime, we will continue to monitor our prior authorization processes with the goal of continued improvement.

Regarding the in-hospital complication rate for mastectomy procedures attributed to HealthAmerica and HealthAssurance, we believe that the PHC4 has not demonstrated a link between the payor of inpatient services and the in-hospital complications resulting from those services. We constantly assess the quality of service our contracted providers offer our members. We have reviewed records for those nine mastectomy cases and the seven facilities in which the care was rendered. We have not discovered any trends nor do we have concerns that the quality of clinical care rendered has fallen below the accepted medical standard of care in any facility. As always, we will continue monitoring our participating facilities for quality-of-care issues to guarantee the highest possible care and best outcomes for our members.

HealthAmerica and HealthAssurance continue to support the PHC4 in its reporting efforts. We look forward to working together to further refine this data so that the citizens of the Commonwealth receive accurate information on which to base their health care decisions. Again, thank you for the opportunity to comment on this report

Sincerely,

Robert L. Dawson

C: J.Bennett, M.D.