

November 16, 2006

Humana Inc.  
Attn: Office of General Counsel  
500 West Main Street  
Louisville, KY 40202

Dear General Counsel of Humana:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database ([www.pogo.org/db/index.cfm](http://www.pogo.org/db/index.cfm)), a compilation of information from public resources regarding government contractors, including Humana. On October 18, 2005, we sent you information regarding findings relevant to Humana, which I have enclosed for your reference. As of today, we have not received a written response from your office.

A written response is certainly in the best interest of everyone involved. It is the best way for your company to go on record regarding this process and the instances identified; your letter will be posted in its entirety on the database. Several companies have already responded and have expressed appreciation for the opportunity to express their views. POGO would prefer to receive a response by November 30, 2006 to ensure it is included with the launch of our new database.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Scott Amey  
General Counsel

Enclosure

## Instances of Misconduct

1.

Academy of Medicine of Cincinnati v. Humana Health Plan of Ohio Inc. (Antitrust)

Date: 10/23/2003 (Date of Settlement)

Misconduct Type: Antitrust

Contracting Party: N/A

Court Type: Civil

Amount: \$100,000,000

Disposition: Settlement

Synopsis: “The Academy of Medicine of Cincinnati, the Butler County Medical Society, the Northern Kentucky Medical Society, and several physicians filed antitrust suits in state courts in Ohio and Kentucky against Aetna Health, Inc., Humana Health Plan of Ohio, Inc., Anthem Blue Cross Blue Shield, and United Healthcare of Ohio, Inc., alleging that the defendants violated the Ohio and Kentucky antitrust laws by conspiring to fix the reimbursement rates paid to physicians in the Greater Cincinnati and Northern Kentucky region. Each suit sought class certification, damages and injunctive relief. Plaintiffs cited no evidence that any such conspiracy existed, but based their allegations on assertions that physicians in the Greater Cincinnati region are paid less than physicians in other major cities in Ohio and Kentucky. On October 23, 2003, [Humana] entered into a settlement agreement with the plaintiffs that specified an increase in future reimbursement we pay to a class consisting of physicians in a 12-county area in Southern Ohio and Northern Kentucky over the next three years. [Humana] agreed to increase the reimbursement, in the aggregate, subject to certain contingencies, that will increase the amounts paid for physician services over the amounts paid in 2003 as follows: \$20 million in 2004, an additional \$15 million in 2005 and an additional \$10 million in 2006. The agreement also provides for a committee to monitor our contracting practices for the period 2007 through 2010, with reporting to us if any anticompetitive behavior is believed to have occurred. The agreement was approved by the courts on December 30, 2003.”

Document(s):

SEC 10-K

2.

In re Managed Care Litigation (Improper Conduct with Insurance Payment)

Date: 05/05/2005 (Date of Settlement)

Misconduct Type: Non-governmental Contract Fraud

Contracting Party: Non-Governmental

Court Type: Civil

Amount: \$0

Disposition: Settlement

Synopsis: “This action is between (1) a class of practicing or retired physicians from around the United States and by certain medical societies, and (2) a number of health care insurance companies, including Aetna, Anthem, Inc., Cigna, Coventry Health Care, Inc., Health Net, Inc., Humana Health Plan, Inc., Humana, Inc., Pacificare Health Systems, Inc., Prudential Insurance

Company of America, United Health Care, United Health Group and Wellpoint Health Networks, Inc. The complaint in the Action alleges that between 1990 and 2002, these companies engaged in a conspiracy to improperly deny, delay and/or reduce payment to physicians by engaging in several types of allegedly improper conduct... The complaint claims that this conduct violated various state and federal statutes. The named plaintiffs in the complaint also seek recovery on various common law theories, including breach of contract. The class representatives and certain medical societies have agreed to settle all claims against Aetna and its affiliates and subsidiaries in the Action in exchange for Aetna's adoption of a number of commitments and initiatives regarding its business practices, the creation of a charitable foundation and the establishment of a settlement fund against which individuals who are members of the Class can make claims for a settlement payment.”

Document(s):

Settlement Agreement

3.

In re Physician Corporation of America Securities Litigation (Making False Statements)

Date: 11/26/2003 (Date of Settlement Approval)

Misconduct Type: Securities

Contracting Party: N/A

Court Type: Civil

Amount: \$10,200,000

Disposition: Settlement

Synopsis: “The consolidated complaint alleged that [Humana subsidiary, Physician Corporation of America (PCA)] and the individual defendants knowingly or recklessly made false and misleading statements in press releases and public filings with respect to the financial and regulatory difficulties of PCA’s workers’ compensation business... On August 25, 2003, the parties entered into an agreement to settle the case for the amount of \$10.2 million. On November 26, 2003, the settlement received final approval by the Court.”

Document(s):

SEC 10-K

Pending Cases

1.

Unsupported Price Increases

Date: 07/08/2005 (Date of Report)

Misconduct Type: Antitrust

Contracting Party: N/A

Court Type: Administrative

Amount: \$0

Disposition: Pending

Synopsis: In one of a series of reports on Medicare+Choice organizations' use of the additional funding provided by the Benefits Improvement and Protection Act of 2000 (BIPA). Our objectives were to determine whether Humana (1) supported the \$7.8 million of additional capitation payments and used the funds in a manner consistent with BIPA requirements and (2) supported the \$6.6 million cost increase that was not related to the BIPA funding increase. Of the \$7.8 million BIPA capitation payment increase in Humana's revised proposal, \$2.6 million was properly supported and was used in a manner consistent with BIPA requirements. However, the remaining \$5.2 million was unsupported; therefore, we could not determine whether it was used in a manner consistent with BIPA requirements. Additionally, of the \$6.6 million increase in direct medical care costs that was not related to the BIPA funding increase, \$1.3 million was supported. The remaining \$5.3 million was unsupported."

Document(s):

HHS Inspector General Report