

October 18, 2005

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), a compilation of information from public resources regarding government contractors, including Humana. I have enclosed the findings relevant to Humana and am requesting verification or refutation of the data from you by Friday, November 4, 2005.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Humana, please be assured that any response received by POGO will be posted on the website along with the data.

Changes to the database include: the addition of more current instances, removal of Superfund cleanup costs, and removal of information that could not be verified with official documents. Additionally, pending cases will still be included, but this information will be kept separate from the resolved cases and will not be included in any totals.

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

Sincerely,

Kevin L. Phelps
Project Director

Enclosure

Instances of Misconduct

1.

Case Name: In re Physician Corporation of America Securities Litigation

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.”

Documents:

SEC 10-K

http://www.sec.gov/Archives/edgar/data/49071/000119312504035443/d10k.htm#tx93728_3

2.

Case Name: Academy of Medicine of Cincinnati v. Humana Health Plan of Ohio Inc.

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.”

Documents:

SEC 10-K

<http://www.sec.gov/Archives/edgar/data/49071/000119312504035443/d10k.htm#tx93728> 3