



**BlueCross & BlueShield
United of Wisconsin**

bluecrosswisconsin.com

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CONFIDENTIAL - 2 PM 1:59

November 30, 2004

Commissioner Jorge Gomez
Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53702

VIA FACSIMILE
AND U.S. MAIL

Re: Form A Statement Regarding the Acquisition of Control of Unity Health Plans

Dear Commissioner Gomez:

We have had the opportunity to review the 41 follow-up questions presented by your office to University Health Care, Inc. (“UHC”) with respect to its proposed acquisition of Unity Health Plans. We note that none of the questions focus on the potential competitive implications of the acquisition. We are concerned about this for the reason discussed below.

According to the ownership information on file with the Office of the Commissioner of Insurance with respect to Physicians Plus Insurance Corporation (“PPIC”), physicians who are part of the University of Wisconsin Medical Foundation are also owners of PPIC. This information is verified by the PPIC website.

The University of Wisconsin Medical Foundation is one of the three sponsors of University Health Care, Inc., which proposes to acquire Unity.

We are aware that under Section 611.72(3)(b) of the Wisconsin Statutes, you must find that the proposed acquisition of Unity by UHC will not substantially lessen competition in insurance in the State of Wisconsin. Therefore, the effect on competition is one of the issues that must be analyzed with respect to the Form A statement filed by UHC.

As a potential future competitor of Unity’s in the southwestern Wisconsin market, we want to ensure that we have the opportunity to compete fairly. Given the potential for overlapping ownership of PPIC and Unity, we are concerned that decisions about physician pricing for two of the five active HMO insurers in Dane County might be made by the same group of physicians.

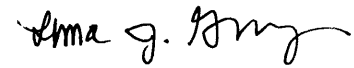
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Please contact me should you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lorna J. Granger". The signature is fluid and cursive, with the first name "Lorna" being the most prominent.

Lorna J. Granger

LJG/jrn

cc: Richard Seligman, Esq.
James Roberts, Esq.
Claudia Sanders, Esq.