

October 4, 1999

Dear PAID,

I am writing to clear some confusion concerning the reimbursement of prescription charges for xxxxxxx (GRxxx, 000196903).

In a letter to Ms. xxxxx dated 8/5/99, an unnamed customer service representative explained that the prescription was over \$100.00 and therefore based on ingredient cost, and that no adjustment was due (copy enclosed).

This claims representative does not have accurate ingredient cost information. This is known, because only O'Brien Pharmacy could supply this information, and we have not. Obviously we will not share our costs, any more than PAID will share their profits, salaries and other private business information.

Furthermore, where there are considerable quality, purity and cost choices to be made in ingredients, cost is the one we exclude. We purchase the highest grade, purest ingredients available from a FDA-inspected pharmaceutical chemical supplier. And anyone, with the possible exception of this claims representative, would recognize other costs are incurred besides ingredients.

The only cost information PAID needs to reimburse the patient is that which has already been submitted.

I am sure Ms. xxxxx will want copies of all legal documents that support anything less than full reimbursement. Otherwise, this information will be turned over to Central Reserve Life and the Kansas Insurance Commissioner's office for investigation.

Thank you for your attention in this matter.

Sincerely,

Eric Everett, RPh, FIACP

cc: xxxxxxxx