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Michael D. Maves, M.D.  
Executive Vice President and CEO  
American Medical Association  
515 N. State Street  
Chicago, IL 60610

Dear Dr. Maves:

WebMD is looking forward to meeting with the American Medical Association. Before we meet, we would like to provide some information for your consideration with respect to the underlying issues you have identified.

As you know, the new transactions and code set standards required by HIPAA have required thousands of payers, physicians, hospitals and clearinghouses to *simultaneously* implement new standardized formats for five electronic transactions. Any time that you implement massive changes in complex EDI systems used by thousands of payers and providers, technical problems will occur.

WebMD is an industry leader in HIPAA implementation. We have devoted tremendous resources to the HIPAA transition and are working diligently to avoid disruptions. We have already enabled tens of thousands of providers to effect hundreds of millions of transactions using the HIPAA standard formats. Despite our best efforts, we are aware that delays have occurred in a small fraction of the 2 billion transactions WebMD processes each year. Although WebMD has experienced sporadic technical issues with some customers for certain payers, these issues are neither nationwide nor systemic.

All of us at WebMD are sensitive to the fact that some customers have experienced service problems in connection with the HIPAA transition, and that resulting delays in cash flow can be disruptive to physician practices. Without in any way seeking to minimize the impact of service problems, it is essential to understand this situation in context:

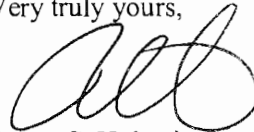
- WebMD annually processes more than 2 billion transactions for over 200,000 physicians and more than 5,000 hospitals with more than 1200 commercial and government healthcare payer connections each year.
- WebMD is sending millions of transactions in HIPAA standard format to commercial and government payers across the country every single day.

WebMD has made and continues to make significant investments to address customer concerns regarding delays in processing transactions. In addition, we are working diligently to prevent and rapidly resolve any issues that may occur in the future:

- We have enhanced our abilities to *monitor and track* all claims transactions.
- We have deployed new tools and resources to enhance *early detection* when an issue occurs.
- We have added resources to *quickly resolve* most identified issues in a timeframe that typically has minimal impact to our customers.
- We are working to communicate issues more quickly to customers when they occur, including posting potential issues on our website and sending *network news bulletins* to keep providers informed of current issues. These communications include an explanation of the issue, its impact to our customer, what, if anything they need to do, and our resolution.

In conclusion, WebMD is working diligently to minimize service disruptions. We look forward to meeting with you and establishing open, appropriate and direct lines of communications, so that we can channel our resources to best meet the needs of all those who are involved. We are committed to working with you and your members to achieve the real benefits that HIPAA was intended to bring about.

Very truly yours,



Roger C. Holstein  
Chief Executive Officer

cc: American Academy of Family Physicians  
American College of Physicians  
Arkansas Medical Society  
Colorado Medical Society  
Iowa Medical Society  
Kentucky Medical Association  
Texas Medical Association