

# BULLETIN



TO: All Providers NO: 152

DATE: 5/18/07 SUBJECT: Diligence with the Legislature is the Best Policy for Healthcare Group

Dear Provider,

As you have probably noticed, every year legislative efforts are undertaken in Phoenix by those who oppose Healthcare Group; to either end the plan or "help the plan in ways that actually cripple it. Sometimes such legislation passes and sometimes not.

This year there were several pieces of legislation putting restrictions on Healthcare Group that were defeated. That is a good thing for the small business community who needs Healthcare Group as a healthcare coverage option. You are also probably aware that in past few weeks there has been discussions about Healthcare Group needing a subsidy to shore up the financial stability of the program. Since 2005 Healthcare Group has been operating without a state subsidy. The redesign of the program hoped to create a pricing and benefit structure that made being covered affordable for both healthy and sicker individuals. Since the benefit and premium structure changed a couple of years ago there have been mixed outcomes on how successfully that model is working. For University Physicians Healthcare Group we have seen a bit higher than expected medical expenses but not to the degree that we sought subsidy from the legislature.

What is most important for you to know is that University Physicians remains committed to this program. We have provided high levels of care and service for the past 20 years to small businesses and their employers. We continue to work hard at keeping the premiums affordable while providing all the covered benefits as prescribed by the legislature for this program. Healthcare Group helps stabilize the small business and medical communities by helping small business provider healthcare coverage that is affordable and in turn reduces uncompensated care to the medical community. Healthcare Group is unique in that it does community rating, not underwriting. All members of a given age/sex pay the same premium for the benefit level they selected versus the commercial market in which they would pay based on their past medical history. Healthcare Group is an HMO model and has a unique benefit structure to balance the cost of care against an affordable premium. Every benefit that would be found in a commercial or Medicaid product is not included in Healthcare Group, but the premium is not the same as it would be for a person receiving those benefits. We work hard with our businesses as they select this product to make sure it will meet their needs. For many of them they have no other options at all, or no other options that are affordable.

Healthcare Group is a special type of program and it should be safeguarded. I want to thank you in advance for your continued support of this program and the high quality care you deliver to our members. If the business, healthcare, and insurance community work together we can find solutions for everyone.

Sincerely,  
Kathleen Oestreich  
CEO/Plan Administrator  
University Physicians Healthcare Group



If you have any questions regarding this bulletin, please contact Kara Hattem Balliet at (520) 874-5525.