

**UnitedHealth Group / PacifiCare Merger**  
**Frequently Asked Questions**

***Q: Does the transaction create a less-competitive health insurance market?***

**A:** No. There will continue to be strong competition among national and local health insurers in every market we serve. Virtually all markets have successful local and national health care plans that compete for market share along side our business.

***Q: What about anti-trust issues?***

**A:** Competition in the marketplace will continue to be vigorous even after the merger. We expect that FTC and the DOJ Antitrust Division will conduct a careful review.

***Q: Will California lose another of its home-based insurers?***

**A:** No. Once the merger is approved, PacifiCare will become part of the UnitedHealthcare organization but will continue to be operated by local leadership. We believe that local accountability is essential in the relationship between consumers and their health plans.

- PacifiCare will retain its name. There are no current plans to reduce the number of employees employed by PacifiCare and its subsidiaries as a result of the merger (other than the few redundant resources that support the separate public companies, handling such matters as investor relations and SEC, Sarbanes Oxley and other financial reporting requirements).
- One year following the completion of our recent acquisitions (Oxford and MAMSI), 80 to 90 percent of employees in the acquired company (including senior managers) remain in place.
- The Oxford brand continues to operate in 100% of its pre-acquisition markets.

***Q: Will the PacifiCare and Secure Horizons brands continue in each current market?***

**A:** Yes. PacifiCare and Secure Horizons are valued assets of the company and our intent is to utilize them in all of their current markets after the merger is approved.

***Q: Will PacifiCare and Secure Horizons continue to provide all of the insurance products that they current provide in all markets?***

**A:** Yes. We have no current plan or intention to change the insurance products offered under PacifiCare's and Secure Horizons' respective product portfolios. PacifiCare will maintain its leadership position as a national consumer health organization and continue to provide

innovative, affordable and quality health care products and services under the PacifiCare and Secure Horizons brands.

***Q: Will there be decreased choices for any current plan members of PacifiCare or United?***

**A:** Not at all. Members will benefit from increased choice of products and broader physician and provider networks as well as previously unmatched resources that will drive innovation and improve health care and cost outcomes. PacifiCare members will gain access out-of-state to UnitedHealthcare's nationwide physician and provider networks.

***Q: Will the proportion of every premium dollar spent on patient care change for any plan members as a result of the transaction?***

**A:** We expect to be able to capitalize on our combined strengths to create a more efficient health care delivery system. That means we will be better able to maximize patient care delivered per premium dollar.

***Q: Will the combined market strength enable the new company to extract draconian concessions from doctors and hospitals?***

**A:** Quite the contrary. Our contracting physicians will have access to an even broader population and a company with stronger financial resources as well as our commitment to work with them to develop "best practices"-- improving member satisfaction and clinical and cost outcomes as well as simplifying their administrative interactions with the company.

- 18 million electronic ID cards are in circulation that help physicians easily check benefit eligibility and will eventually be capable of transporting medical information
- Our experience with recent transactions demonstrates our track record with doctors and hospitals – one year following the completion of the Oxford and MAMSI transactions, more than 98% of physicians and hospitals in the respective networks haven been retained.

***Q: Will the transaction result in higher premiums?***

**A:** No, the cost of this merger will not be funded by policyholders nor will it result in increased premiums.

- Over the last four years, UnitedHealthcare's medical costs have consistently and significantly trended below the industry average – and UnitedHealthcare sets premium prices consistent with medical costs.

***Q: Will the transaction result in higher out-of-pocket costs for plan members?***

**A:** Out-of-pocket costs are more of a function of the plan designs that are selected by employers and consumers and will not be influenced by this transaction. If anything, this transaction will bring more product flexibility, choice and affordable solutions for the benefit of consumers and employers who are trying to manage the cost of health care.

- \$330 million annual savings in prescription drug expenses as compared to national cost trends.
- 230,000 UnitedHealth Group customers enjoy the portable, tax advantages of health savings accounts.
- 2.5 million senior customers have lowered their prescription costs through the Ovations drug discount card program.

***Q: How will the new company make health insurance more accessible and affordable, particularly to minorities and the uninsured?***

**A:** We think our combined strengths will result in savings and efficiencies that can help keep premiums down and make healthcare more accessible.

Also, PacifiCare and the PacifiCare Foundation each already support innovative programs and unique approaches to bring health care to underserved communities.

By way of example, The United Health Foundation supports several community clinics to enable the creation of Centers of Excellence in underserved communities. In addition, UnitedHealthcare has funded and has a residual commitment to fund several million dollars in mammography equipment to support breast cancer screenings for underserved communities and continues to actively support the MAMSI Children's Fund which helps low-income families curtail the cost of health care of children stricken with disease.

These are just a few examples of how these companies have served underserved communities.

- United Health Foundation, which is solely funded by UnitedHealth Group, supports **state-of-the-art community health centers in Washington, D.C., Miami, and New York and to school-based health center throughout New Mexico**
- United Health Foundation provides ***Clinical Evidence*, free of charge, to 500,000 physicians and health care professionals nationally, twice each year**
- **20% of new subscribers in Golden Rule HSA plans were previously uninsured**; Golden Rule is a leader in medical savings accounts/HSAs.

***Q: What does this mean for the employees of PacifiCare? How many PacifiCare employees will lose their jobs as a result of the transaction?***

**A:** While both companies have an ongoing commitment to eliminate unnecessary costs, this is a transaction driven by growth opportunities, not cost savings. Ultimately we expect to fully leverage the combined talent of the two organizations.

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***Q: What if I have specific questions about United Healthcare?***

**A:** If you have any questions or concerns about UnitedHealthcare or about your coverage, please call our Consumer Affairs advocates at 800.842.2656.

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# CCP Bulletin

## PacifiCare Health Systems and UnitedHealth Group Announcement

July 7, 2005

Bulletin #05-0038

**Issue:** On July 6, 2005, UnitedHealth Group issued a press release announcing that UnitedHealth Group has signed a definitive agreement to merge with PacifiCare Health Systems, Inc., a national health care company headquartered in California. The transaction is subject to regulatory approval, and is expected to be finalized within the next 6 to 9 months.

**Applies to:** All Customer Care Professionals/All Customer Care Sites; UNET/COSMOS/PRIME

**Call Quality Effective Date:** July 25, 2005

**Overview:** UnitedHealth Group has signed an agreement to merge with PacifiCare Health Systems, Inc., a national health care company headquartered in California. The transaction is subject to regulatory approval, approval by PacifiCare shareholders and other customary conditions. The transaction is expected to be finalized in late 2005 or early 2006.

PacifiCare Health Systems is one of the nation's largest consumer health organizations with nearly 3.2 million health plan members and approximately 11.3 million specialty plan members nationwide. PacifiCare offers individuals, employers and Medicare beneficiaries a variety of consumer-driven health care and life insurance products. Specialty plan operations include behavioral health, dental and vision, and complete pharmacy benefit management through its wholly owned subsidiary, Prescription Solutions. More information is available on PacifiCare Health Systems at <http://www.pacificare.com>.

**Benefits of the Merger:** Both companies have a strong commitment to serving older Americans, and are working in partnership with the federal government to serve Medicare beneficiaries. When completed, the merger will provide individuals with broader access to quality services, the ability to access their benefits wherever they live, travel or reside on a temporary basis, and expanded services for people with lifelong conditions and those who reside in rural and multicultural communities.

**Message for Existing UnitedHealth Group and PacifiCare Customers:** Until the merger is approved, there is no change in benefits or services to customers of UnitedHealth Group or PacifiCare. The companies will continue to operate as separate businesses in their respective markets and across their various products. When the merger is completed, customers can expect to receive further communications.

**For media calls:** Refer the caller to Mark Lindsay, Director of Public Communications at (952) 992-4297.