



**HOUSE ENERGY AND COMMERCE COMMITTEE, HEALTH  
SUBCOMMITTEE HEARING - PRICE TRANSPARENCY**

**WEDNESDAY, MARCH 15, 2006**

**MR. WILLIAM J. GEDWED  
CHAIRMAN, CEO, UICI, PARENT COMPANY OF HEALTHMARKET**

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**UICI / HEALTHMARKET  
STATEMENT FOR THE RECORD**

**HOUSE ENERGY AND COMMERCE COMMITTEE, HEALTH  
SUBCOMMITTEE HEARING ON  
PRICE TRANSPARENCY IN THE HEALTH CARE INDUSTRY.**

MR. CHAIRMAN, AND MEMBERS –

I'M BILL GEDWED, CHAIRMAN, PRESIDENT AND CEO OF UICI.

ON BEHALF OF THE MORE THAN 2,700 EMPLOYEES OF UICI, IT IS A PLEASURE TO OFFER COMMENTS AT TODAY'S HEARING ON PRICE TRANSPARENCY IN THE HEALTH CARE INDUSTRY.

UICI, A NEW YORK STOCK EXCHANGE COMPANY BASED IN NORTH RICHLAND HILLS, TEXAS, IS A LEADER IN PROVIDING AFFORDABLE HEALTH CARE COVERAGE TO INDIVIDUALS, SMALL BUSINESSES AND THE SELF-EMPLOYED.

FOR MORE THAN 20 YEARS, UICI HAS FOCUSED ON DELIVERING INNOVATIVE PRODUCTS AND SERVICES TO HELP OUR CUSTOMERS IN 44 STATES BETTER MANAGE THEIR HEALTH CARE NEEDS.



AS YOU KNOW, MOST INSURED AMERICANS RECEIVE THEIR HEALTH CARE COVERAGE THROUGH AN EMPLOYER-SPONSORED PLAN. THIS COVERAGE IS COSTLY, AVERAGING JUST UNDER 11,000 DOLLARS PER YEAR. OUT OF THAT, THE EMPLOYEE TYPICALLY IS RESPONSIBLE FOR PAYING ABOUT 25 PERCENT.

IN SHORT, MOST AMERICANS RECEIVE COVERAGE THAT IS HIGHLY SUBSIDIZED BY THEIR EMPLOYER. IT SHOULD BE NOTED, HOWEVER, THE NUMBER OF AMERICANS RECEIVING COVERAGE FROM THESE EMPLOYER-SUBSIDIZED HEALTH PROGRAMS IS DECLINING AS COSTS CONTINUE TO RISE.

BUT I NEED TO MAKE CLEAR THAT, AT UICI, OUR CUSTOMERS LIVE IN VERY DIFFERENT CIRCUMSTANCES.

WE SERVE THE GUY WHO OWNS THE INDEPENDENT MUFFLER SHOP ON THE CORNER ...

THE ENTREPRENEUR WITH A START-UP FIRM ...

THE SINGLE MOM WAITING TABLES.

FOR MOST OF OUR 1.2 MILLION CUSTOMERS, IF UICI WAS NOT THERE WITH AFFORDABLE HEALTH INSURANCE COVERAGE, CHANCES ARE ... THEY WOULD HAVE NO INSURANCE AT ALL.

WHILE THE CONCEPT OF "CONSUMERISM" HAS RECENTLY ENTERED INTO THE HEALTH CARE DEBATE, OUR MEMBERS HAVE ALWAYS HAD TO BE SMART CONSUMERS.

WHEN YOU HAVE TO PAY 100 PERCENT OF THE COST OF HEALTH CARE COVERAGE, YOU HAVE TO BE A SMART CONSUMER.

HEALTH CARE DECISIONS ARE SOME OF THE MOST IMPORTANT, AND POTENTIALLY COSTLY CHOICES AMERICANS FACE.



OFTEN THESE HEALTH CARE DECISIONS ARE MADE WITHOUT THE BENEFIT OF KNOWING – AHEAD OF TIME – THE TRUE COST AND / OR QUALITY OF MEDICAL SERVICES.

IN FACT, BASED ON RECENT RESEARCH, CONSUMERS ARE LIKELY TO SPEND MORE TIME RESEARCHING THE PURCHASE OF A CAR OR A COMPUTER THAN EVALUATING A DOCTOR OR HOSPITAL.

OUR COMPANY HAS CHANGED THAT FOR OUR CUSTOMERS.

THROUGH OUR HEALTHMARKET DIVISION, WE HAVE PIONEERED BENEFIT AND PRICE TRANSPARENCY.

HEALTHMARKET'S AWARD-WINNING, WEB-BASED TOOLS -- WHICH TOOK MORE THAN FOUR YEARS AND OVER \$100 MILLION DOLLARS TO BUILD AND PERFECT – PROVIDE OUR MEMBERS WITH UNPARALLELED POWER TO MANAGE THEIR HEALTH CARE SPENDING.

WE BELIEVE CONSUMERS SHOULD HAVE AT LEAST AS MUCH INFORMATION ABOUT HEALTH CARE COST AND QUALITY AS THEY DO ABOUT CARS OR COMPUTERS.

WHEN THE COST OF HEALTH CARE COVERAGE REPRESENTS NEARLY 10 PERCENT OF OUR CUSTOMERS' ANNUAL INCOME, IT IS OUR RESPONSIBILITY TO ENSURE THEY HAVE ALL THE INFORMATION NECESSARY TO MAKE INFORMED DECISIONS.

WHILE MANY OF OUR COMPETITORS ARE TODAY JUST BEGINNING TO INTRODUCE LIMITED FORMS OF PRICE TRANSPARENCY, WE ALREADY HAVE EMBEDDED TRUE TRANSPARENCY INTO EVERY FACET OF OUR BUSINESS.

OUR MEMBERS HAVE ACCESS TO DETAILED INFORMATION ON APPROXIMATELY TWO-THIRDS OF THE NATION'S MEDICAL PROVIDERS LOCATED IN ALL 50 STATES. THAT MEANS:



MORE THAN 430,000 MEDICAL PROFESSIONALS,  
4,000 HOSPITALS AND MEDICAL CENTERS,  
AND 26,000 OTHER RESOURCES SUCH AS LABS, MRI CENTERS, MEDICAL  
EQUIPMENT PROVIDERS AND HOME HEALTH CARE PROVIDERS.

OUR MEMBERS BENEFIT FROM PRICE TRANSPARENCY ON MORE THAN 20,000  
PROCEDURES OR SERVICES, FROM THE COST OF A ROUTINE OFFICE VISIT TO A  
CONSULTATION BY A SPECIALIST.

MOST IMPORTANT TO OUR CUSTOMERS, ALL THIS INFORMATION IS AVAILABLE  
IN ADVANCE OF AN OFFICE VISIT OR PROCEDURE.

Now -- How do we provide this information to our customers?

OUR COMPANY AGGREGATES INFORMATION FROM PROVIDER NETWORKS AND A  
WIDE VARIETY OF SOURCES. THEN WE SHARE IT WITH OUR MEMBERS IN AN  
EASY-TO-USE FORMAT.

WE USE A GREEN, YELLOW, RED PRICING STRUCTURE TO INFORM CONSUMERS  
ON THE COST OF A PROVIDER RELATIVE TO THEIR BENEFITS. IN SHORT, WE  
MATCH THE LEVEL OF THEIR PLAN BENEFIT WITH EXPECTED COSTS -- SO OUR  
CUSTOMERS CAN SEEK MEDICAL CARE AND NOT INCUR ANY OUT-OF-POCKET  
EXPENSES IF THEY SO CHOOSE.

WE PROVIDE THIS WEALTH OF INFORMATION OVER A RANGE OF CHANNELS - THE  
INTERNET, MAIL AND TELEPHONE ACCESS. IN ADDITION, WHEN CUSTOMERS  
NEED HELP, TRAINED NURSES ARE AVAILABLE TO GUIDE THEM THROUGH THEIR  
HEALTH CARE DECISIONS.

AND I'M PLEASED TO TELL YOU OUR TOOLS CAN BE APPLIED TO HELP STATE AND  
FEDERAL AGENCIES BETTER MANAGE THEIR MEDICARE AND MEDICAID COSTS.



IN FACT, TODAY UICI IS ENGAGED IN CONVERSATIONS WITH SEVERAL STATE AGENCIES ABOUT USING OUR TOOLS.

IN CONCLUSION...

WHILE THERE ARE DIFFERING VIEWS ON HOW TO MANAGE THE RISING COST OF HEALTH CARE IN AMERICA, I THINK WE CAN ALL AGREE AMERICANS NEED ACCESS TO MORE AND BETTER HEALTH CARE INFORMATION.

AS YOUR COMMITTEE CONTINUES ITS DELIBERATIONS ON THIS ISSUE, I WOULD RESPECTFULLY SUGGEST THAT ANY HEALTH INSURANCE PLAN SEEKING TO PUT THE CONSUMER IN THE DRIVER'S SEAT MUST DO SEVERAL THINGS:

THE PLAN MUST OFFER PRICE TRANSPARENCY.

THE PLAN MUST GIVE MEMBERS A REASON TO CARE ABOUT PRICE – A SENSE OF OWNERSHIP OVER THE MONEY THEY SPEND.

AND THE PLAN MUST PROVIDE CUSTOMERS WITH ACCESS TO QUALITY AND OUTCOMES INFORMATION.

THE NATION DID NOT ARRIVE AT ITS CURRENT CONSUMER-UNFRIENDLY SYSTEM OVERNIGHT, SO UNLEASHING THE POWER OF CONSUMERISM IN AMERICA WILL TAKE TIME.

WE AT UICI LOOK FORWARD TO A DAY WHEN ALL AMERICANS WILL HAVE ACCESS TO WHAT HEALTHMARKET CUSTOMERS HAVE TODAY.

THANK YOU.

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HEALTHMARKET AND PRICE TRANSPARENCY: SOLUTIONS TO THE LACK OF PRICE TRANSPARENCY

