



**1750 OCEAN PARK BOULEVARD, #200, SANTA MONICA, CA 90405 - 4938
TEL: 310-392-0522 • FAX: 310-392-8874 • NET: CONSUMERWATCHDOG.ORG**

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Honorable John Garamendi
California Insurance Commissioner

Dear Commissioner Garamendi:

We are pleased you are examining the issue of profiteering in the health insurance market. The merger of HMO giants PacifiCare of California and UnitedHealth Group is your chance to do something about it.

This merger is a case study in Wall Street profiteering that will likely result in higher health care costs for all Californians and you have the power to stop it.

Under the terms of the proposed merger, top executives will receive \$445 million in bonuses. These bonuses could provide health care for 148,000 Californians for an entire year (based on an annual cost of \$3,000 per person). Patients should not foot the bill for huge cash and stock payouts to health care executives.

Also at risk is PacifiCare's \$389 million in excess reserves – built with patient premiums to more than 500% of state-required levels – that UnitedHealth could remove from the state unless regulators require the funds remain. This excess reserve is sufficient to provide health care coverage for another 130,000 Californians for an entire year.

Furthermore, UnitedHealth has a history of walking out on California patients. In 2000, the company abruptly dropped out of the HMO/PPO market in California to focus on larger national accounts. If UnitedHealth were to remove PacifiCare from the California market to focus on Medicare nationally, or if PacifiCare's membership was significantly reduced, the result would be more consolidation and less competition.

If you are serious about curbing profiteering in the health care market, take a stand. Oppose the PacifiCare/ UnitedHealth merger until the company repudiates its excessive executive compensation and returns excessive profits to the public. This is a time for more action, not more talk.

Yours Truly,

Jamie Court

Carmen Balber