



PacifiCare Commercial Business Planning & Integration

Commercial Advisory Council Meeting

May 19, 2006

PacifiCare[®]

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Agenda

- Overall Progress Update
 - Overall Program Update
 - Overall Progress Update
 - Key Milestones by Major Effort
 - Synergy Update
 - 100 Day Report Out: Follow-up
 - Project Summary

- Key Discussion Topics
 - CTN Network Recruitment and Operational Readiness Status
 - Best in Class Network
 - ACN
 - UnitedPlatform Implementation: Summary Update
 - Product Strategy
 - SW Sales Readiness
 - Regulatory Update

- Attachments
 - Team Progress Updates
 - Decision Log (separate document)
 - VRP (separate document)

Overall Program Update

- The overall program is on target with regards to milestone achievement and synergy realization.
- Major focus areas since the 100 Day Report Out (April 11) include:
 - **State-by-State Product Launch** - Significant progress has been made at the national and regional level to launch dual option products and ensure sales and operational readiness.
 - **Network** - On target progress of network re-contracting and CTN member migration.
 - **UP Implementation** – Formal launch of the UP Implementation program.

Key Program Metrics

Key Business Decisions	
Approved	45
Submitted	7
In Process	22
Not Started	8
Total	82

Major Projects by Phase	
Investigation	12
Planning	51
Implementation	47
Complete	6
Total	116

Major Projects by Status	
Green	64
Yellow	35
Red	11
Blue (complete)	6
Total	116

Overall Progress Update

Progress To Date

- **Product & Sales Readiness** – National product strategy documented. Regional product strategies completed for CA and SW. Comprehensive CA Product Rollout plan in progress. Sales readiness training and implementation in progress. PacLife aggressively executing migration upon renewal strategy. Individual state by state analysis completed; initial organization changes completed. Cases sold in CA SB and specialty. OR Product Filings submitted; approvals pending. SW KA local plans to support 6/1 case effectiveness. CA KA & SG Local plans were available as of 5/1.
- **Underwriting** – Finalized KA & SG Rules of the Road. Finalized SG Multi-site guidelines. Filed 7/1 PHS SG Rates for CO & OR. Developed HMO rates with PRIME compatible age scale to support quoting on UHC platform. Received DOI approval for 7/1 SG rate filing. Aligned KA UW Guidelines & Re-Rate Process. Completed all training. Regional support model recommendations completed.
- **Network** – Tracking to tight schedule for CTN member network migration live on 6/23/2006. Analysis complete in overlap states outside of CA, working with product teams to develop network strategy. Confirmed manual/automated repricing plans for PHS HMO business. Manual high dollar process continues (\$10,000 threshold) and is beginning to achieve benefits.
- **Clinical Advancement** - Working on coordination between regional and national UM programs. Agreement reached on CHF, COPD and Asthma programs. Team presented an analysis for CAD and Diabetes for 5/11 MCOG meeting – asked to return to next MCOG with more detail.
- **Operations & Technology** – Established target timelines for key business application access, front office platform migration.

Key Issues/ Challenges/ Risks

- **Product strategy** – need to continue to focus on both short term and long term product strategies, including cross functional impact (network, medical management, etc.). Additional team members added to assist Product Team with deliverables.
- **UnitedPlatform Implementation** - challenges with confirming strategy and approach. Need to confirm critical path, resources and system queue deadlines. Key discussion topic for today.
- **Operational readiness and capacity** – working through product rollout of additional states. Target timelines in process of being confirmed and potentially are impacted by sales and operational readiness and capacity.

Planned for Next Period

- **Product & Sales Readiness** – Develop plans and ownership for additional Pacific states (WA, OR, NV). Complete all training on operational readiness.
- **Underwriting** – Develop WA rates for SG (6/1) filing and 6/15 KA filing. Confirm regional support model approach. Continue pricing analysis for next round of products/ states. Continue analysis to implement integrated SW rating factor strategy (combined size, gender, age factor recommendations). Implement KA SW Renewal strategy to encourage movement to UHC plans. Begin implementation planning to Oregon.
- **Network** – Complete member network migration for CTN network. Develop contracting strategy for crossover states. Begin detailed planning and implementation for Repricing.
- **Clinical Advancement** - Continue analysis on business decisions. Confirm approach after review of recommendations at MGOG.
- **Operations & Technology** – Continue application access testing and support.

Synergy Summary

Synergy Summary	PHS (UHC Portion Only)			
	Due Dilig.	Run Rate	Realized \$	Realized %
Revenue	\$ -	\$ (1.7)	\$ (0.2)	11.8%
Access to UHN	\$ 90.0	\$ 42.6	\$ -	0.0%
Access to Target's Networks	\$ -	\$ -	\$ -	0.0%
Other Network-Related	\$ -	\$ 15.5	\$ 0.1	0.6%
Pharmacy	\$ -	\$ -	\$ -	0.0%
SG&A	\$ -	\$ 79.2	\$ 15.7	19.8%
Total	\$ 90.0	\$ 135.6	\$ 15.6	11.5%

*Note – Run Rate is 2007

Key Milestones by Major Effort

Pacific Region	
CA SB Product Rollout for Case Effective 5/1	✓
CA KA Product Rollout for Case Effective 5/1	✓
WA SB Product/Pricing & Filing Submission	6/1/06
WA KA Product/Pricing & Filing Submission	6/15/06
OR SB Product Filing & Approval	6/1/06
OR KA Product Filing & Approval	6/1/06
OR SB Product Rollout & Sales Ready (not final date, awaiting regulatory approval, capacity planning, operational plan confirm)	7/1/06 - 8/1/06
OR KA Product Rollout & Sales Ready (not final date, awaiting regulatory approval, capacity planning, operational plan confirm)	7/1/06 - 8/1/06

Southwest Region	
SW KA New Business Product & Sales Ready - Case Effective Date	7/1/06
SW KA Renewals to UHC Platform – Product & Sales Ready Case Effective	9/1/06
U/W Rating Alignment (tier, industry factors) & Margin Requirement alignment (by markets)	Q4 06
Determine margin alignment phase in strategy	Q4 06
Develop value proposition for sales/ account mgmt to support customer retention and growth (by market)	Q3 06
SW Co-Location (Phase 1)	6/06

AMS/PacLife Small Group to UHC	
Complete AMS quoting	ongoing
AMS assumptions and withdrawals filed in all states	7/1/06
AMS discontinuances filed for all states	10/1/06
PacLife Block Terms completed	9/1/06
PacLife TPA conversion begins	8/1/06
PacLife TPA conversion completed	10/1/06
PacLife - Residual operations transitioned, Irvine Operations closed	12/1/06
AMS - Small Group business transitioned	1/1/07
Operations transitioned	3/1/07

Individual to GRI	
Complete implementation of key strategies in priority markets: <ul style="list-style-type: none"> ▪ Cross appointment of brokers; ▪ Level set commissions; and ▪ Capture network value. 	2/06 – 6/06
Multi-co./brand system capability for new business.	9/06
Finalize transfer strategy for policies on the AMS platform.	5/06
Integrate service via uniform and efficient processes.	2/06 - 12/06
Achieve lower expense ratios via staffing synergies.	3/06 - 12/06

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Key Milestones by Major Effort (cont.)

CA Network	
Complete network load in UNET.	✓
Complete execution on network support for ACR filling.	6/3/06
Cut over from CTN to directly contracted network.	6/23/06
Complete rate remediation and close CTN gaps.	7/1/06
Continue network recruiting to expand access.	1/1/07
Target 95% complete on non-medical group physician network migration to UnitedHealthcare standards.	1/1/07
Complete hospital and medical group migration to UnitedHealthcare standards through 2006 and 2007 recontracting cycles.	1/1/08

Network – Overlap States	
Load net adds to repricing engine or claims systems, except where limited by regulatory requirement.	7/1/06
Pursue immediate unit cost synergies from Quick Hits/Priority 1s identified through contract audit results.	7/1/06
Complete other Quick Hits/Priority 1s	1/1/07
Migrate off of leased networks to direct relationships.	1/1/07
Complete migration to UHC contract standards through 2006 and 2007 recontracting cycles.	1/1/08

Network Operations – Claims Pricing	
Scope	✓
Business Requirements	✓
Tech Specs	✓
Tech Development	3/06
Testing	5/06
Network Access Go-Live	6/06
Claim Processing Go-Live (manual)	6/06
Claim Processing Go-Live (automated)	9/06

UnitedPlatform implementation	
High-Level Migration Strategy and Conceptual Design	✓
High-Level Business Requirements	✓
Detailed Business Requirements	7/1/06
Integrated Front Office – Build/Test	Q1 07
Capitation (Commercial) – Build/Test	Q3 07
Member Migration Begins	Q2 07

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Synergy Update

UHC / PacifiCare 2006 Consolidated Value Realization Plan as of 5/12/2006 (thousands)					
2006				2007	
Totals					
FTEs	Actuals/ Projection	Actuals	Runrate	FTEs	Runrate
	TOTAL	YTD			
Revenue					
Covantage	(866.3)	(222.9)	(1,656.0)		(1,656.0)
	-	-	-		-
	\$ (866.3)	\$ (222.9)	\$ (1,656.0)		\$ (1,656.0)
Medical Cost Reductions					
AMS Network	7,000.0	-	10,700.0		10,700.0
ARO	2,236.1	150.0	15,478.6		15,478.6
Contract Optimization	8,300.0	-	18,100.0		18,100.0
Network Access Fees	1,750.0	-	3,400.0		3,400.0
Out of Area	1,950.0	-	3,900.0		3,900.0
Out Of Network	(250.0)	-	1,500.0		1,500.0
Targeted CA Remediation	1,000.0	-	5,000.0		5,000.0
	-	-	-		-
	\$ 21,986.1	\$ 150.0	\$ 58,078.6		\$ 58,078.6
SG&A Reductions					
AMS	541.0	36,321.2	7,165.9	122.0	54,269.1
ARO	-	(600.0)	-	-	(1,050.0)
Commercial Sales and Marketing	102.0	10,419.4	4,624.0	-	12,724.3
Commercial Solutions	3.0	1,052.5	358.7	-	1,367.8
Covantage	29.0	1,398.2	216.5	-	2,012.4
CTN Network Access Fees	-	11,400.0	-	-	23,200.0
Enterprise Solution	-	-	-	-	-
Exec/Admin	(6.0)	(528.1)	(562.0)	-	(940.5)
Finance	3.0	(694.1)	(92.7)	-	(872.2)
Group Services	55.0	461.2	-	-	2,458.3
Healthcare Services	27.0	3,710.3	2,189.0	-	3,267.8
Information Technology	-	(9,900.0)	168.2	-	(26,690.0)
Legal	2.0	1,126.0	473.4	-	1,237.2
Management Programs	-	(1,484.2)	(494.7)	-	(1,484.2)
Marketing	-	1,378.2	566.1	-	1,500.0
Network	31.0	1,870.3	207.8	-	2,124.9
Pricing and UW	18.0	1,144.9	709.3	-	1,474.6
Procurement	-	29.1	29.1	-	-
Public Affairs	2.0	310.4	124.0	-	348.1
Vendor Savings	-	(905.7)	-	-	4,249.3
	-	-	-	-	-
	808.0	\$ 56,509.5	\$ 15,682.6	122.0	\$ 79,196.9
Total Savings	808.0	\$ 77,629.4	\$ 15,609.8	122.0	\$ 135,619.5

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100 Day Report Out: Follow-up

	Task/Deliverable	Resp	Status	Target Date	Comments
1	CA Product - Broker Service Model - Employer Service Model	Kate	In Process		Submitted 5/17/06. Been reviewed by Frey, needs to be approved by Cronin.
2	Competitive Intelligence - All products/regions/states - SB (AMS/PacLife) Simeon	Tom/Kurt	In Process		Meeting with Wichmann to review competitive climate has not been confirmed. The competitive intelligence team is planning to be built up over the next year. Currently have 4 resources, expansion TBD.
3	Details on \$50 Million for Platform Migration	Sheila/Dirk	Complete		Reviewed immediately following the 100 Day
4	Confirm/document SW Product Strategy	Jay/Ken/Brian	Complete	5/19	Included in 5/19 Advisory Council presentation
5	Product Strategies	Sheila/Semone	Complete	5/1	Included in 5/19 Advisory Council presentation, updates to be managed in on-going Platform Migration program plan
6	Requirements for Front Office due by 7/1/06 - to be included in Q2 07 release	Semone	Complete	7/1	Included in 5/19 Advisory Council presentation, updates to be managed in on-going Platform Migration program plan
7	Capitation – Meeting to revisit requirements (including Individual) (Cap for Ovations - - Tech Platform for HMO Ind)	Sheila/Darcie/Rich C.	Complete	June	Included in Product strategy, updates to be managed in on-going Platform Migration program plan
8	NICE enhancements – Meeting to discuss; start/stop/modify	Kate/Sheila/Dirk	Complete		Included in Product strategy, updates to be managed in on-going Platform Migration program plan (only NICE enhancement scheduled is for Deductible HMO product in June, all others being scrutinized)
9	Review potential ST on UeS & Connecture	Sheila/Dirk	Complete	Aug - CA SW - TBD	The 8/06 Ues release will include the ability to quote CA PHS business on Ues, SW markets still to be scoped
10	Improved immediate network/application access for integrations	Sheila/Tammy	Complete		Discussions completed to tighten cooperation for future integrations

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100 Day Report Out: Follow-up (cont.)

	Task/Deliverable	Resp	Status	Target Date	Comments
11	Repricing analysis to support Platform migration (run claims through)	Sheila/Tom	Complete		Included in 5/19 Advisory Council presentation, updates to be managed in on-going Platform Migration program plan
12	Medical Management – strategy & requirements	Jon/Sam/Sheila/Darcie/Semone's team	Complete		Final strategies under development and updates to be managed in on-going Platform Migration program plan
13	HRA Discussion – meeting to review analysis and confirm approach	Tom/Kurt	In Process		Meeting with Wichmann not confirmed.
14	Key Pricing Opportunities - Identify top opportunities - Track & improve process	Tom	Complete		Opportunity is to identify more efficient communication of network changes so they may be reflected in rating. HCE to take lead and work with Network to establish quicker turn-around for UW.
15	Billing/dual option process prep – include Chris Burns	Kate/Brooke	Complete		Misdirected payments policy and procedure developed and being distributed
16	HMO Individual Product discussion	Rich/Steve P./Kate	Complete		Initial discussions complete - further investigation/planning required
17	Optum (Diabetes, etc.) vendor recommendations to MCOG	Jon/Sam	In Process	5/11	Was presented to MCOG 5/11/06 - further analysis requested. To be brought back to next month's meeting. Business plan will be crafted and finalized based of these discussions.
18	Pursue Optum Shared Savings approach	Jon/Sam	In Process		see #17 above.
19	Group Retiree Services (discuss & resolve issues)	Ken	In Process		Ownership of this block not confirmed.

Project Summary - Revenue (cont.)

Functional Category / #	Project Name	Project Leader(s)	Current Phase	Phase Finish	Impl. Target Date	Project Overall Status	Change from Last Period	Comments	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	
Revenue	Integrate Individual Business to GRI	Rich Collins																							
IND1	Integration of AMS PPO Individual Business - Policy Term and Rewrite States	Steve Pollack/Cathy Jaronski	Implementation	Mar-06	Mar-06	Green	New		INV	INV	PL	PL	IMP												
IND2	Integration of AMS PPO Individual Business - Product Discontinuance and Replacement States	Steve Pollack/Cathy Jaronski	Implementation	Dec-06	Dec-06	Yellow	New		INV	INV	PL	PL	IMP												
IND3	Integration of PHS HMO Individual Business - Policy Term and Rewrite States	Steve Pollack/Cathy Jaronski	Planning	Jun-06	Mar-06	Green	New		INV	INV	PL	PL	PL	IMP											
IND4	Integration of PHS California Individual Business	Steve Pollack	Planning	Jul-06	TBD	Yellow	New		INV	INV	PL	PL	PL	PL	IMP										
IND5	Place AMS business on the most cost effective Network (United, PHS, or leased).	Steve Pollack	Implementation	Dec-06	Dec-06	Green	New		PL	PL	PL	IMP													
IND6	Transition new PLAC/PHLIC PPO business from the RIMS system to the OTIS system and administer the business at AMS in Green Bay.	Steve Pollack	Planning	May-06	Aug-06	Green	New		INV	INV	INV	PL	PL	IMP	IMP	IMP									
IND7	Transition existing PLAC/PHLIC PPO business from the RIMS system to the OTIS system and administer the business at AMS in Green Bay.	Jim Becker/Cathy Jaronski	Planning	May-06	Feb-06	Green	New		INV	INV	INV	INV	PL	PL	IMP										
IND8	Develop a system platform to replace the NICE and ILLIAD systems for administration of the individual HMO business.	Frank Fulls	Investigation	May-06	Jul-06	Yellow	New		INV	INV	INV	INV	INV	PL	PL	IMP									
IND9	Determine the real estate needs to support the Individual business and ensure excess space is transferred to UHC Corporate Services for appropriate disposition.	Pat Carr	Implementation	Dec-06	Dec-06	Green	New		INV	PL	IMP														
IND10	Universal Marketing Agreement Remediation	Susan Fowler	Complete			Complete	New		INV	PL	IMP	IMP													
IND11	Re-Align AMS and PHS individual business reporting structures to GRI, and ensure appropriate staffing levels relative to the block of individual business.	Betty Lonis	Implementation	Dec-06	Dec-06	Green	New		PL	PL	IMP														
IND12	Consolidate financial controls of the Individual Business (AMS/PHS/GRI) under Golden Rule Leadership.	Pat Carr	Implementation	Jul-06	Jul-06	Green	Same		INV	INV	PL	PL	IMP	IMP	IMP										
IND13	Consolidation of quoting tools - Connecture / eSales / eStore / AMS quoting CD / GR quoting CD / SONIC	TBD	Investigation	TBD	TBD	Yellow	Same		INV	INV	INV	INV	INV												
Revenue	Implement Branding and Marketing Plans to Support Integration																								
MKT1	Implement Branding Strategy for Pacific and SW Regions	Jeanne Stitt	Implementation	Dec-06	Dec-06	Green	Same		PL	IMP															
MKT2	Implement Marketing Plans/Programs for Pacific and SW Regions	Jeanne Stitt	Complete		Apr-06	Complete	Same		PL	IMP	IMP	IMP													

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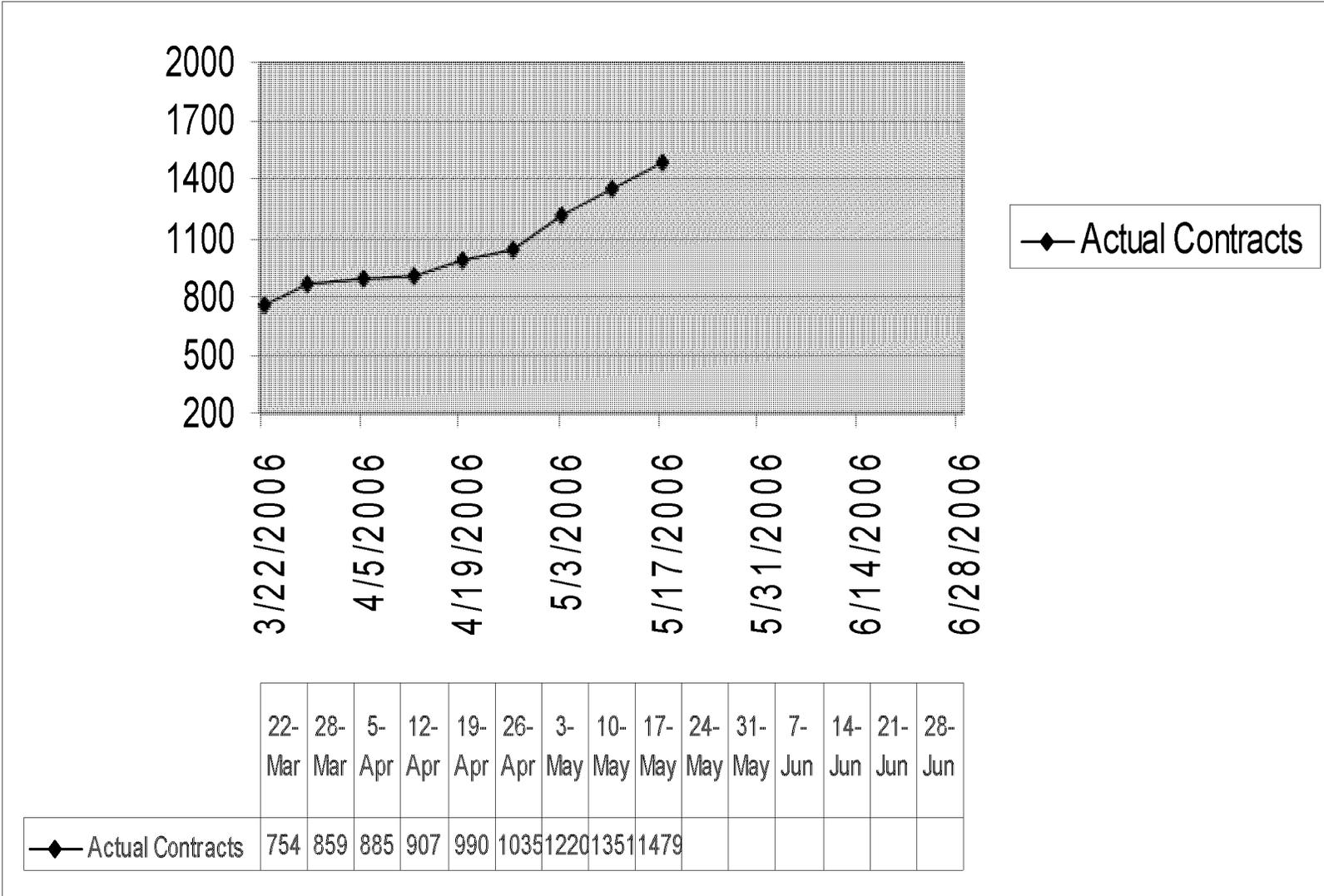
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Key Discussion Topics

1. CTN Network Recruitment and Operational Readiness Status
2. Best In Class Network
3. ACN
4. UnitedPlatform Implementation Summary Update
5. Product Strategy
6. SW Sales Readiness
7. Regulatory Update

Discussion Topic #1 – CTN Status

CTN Gap Progress Against Target - Contracts Physician, Ancillary and Hospital – Week of 5/15

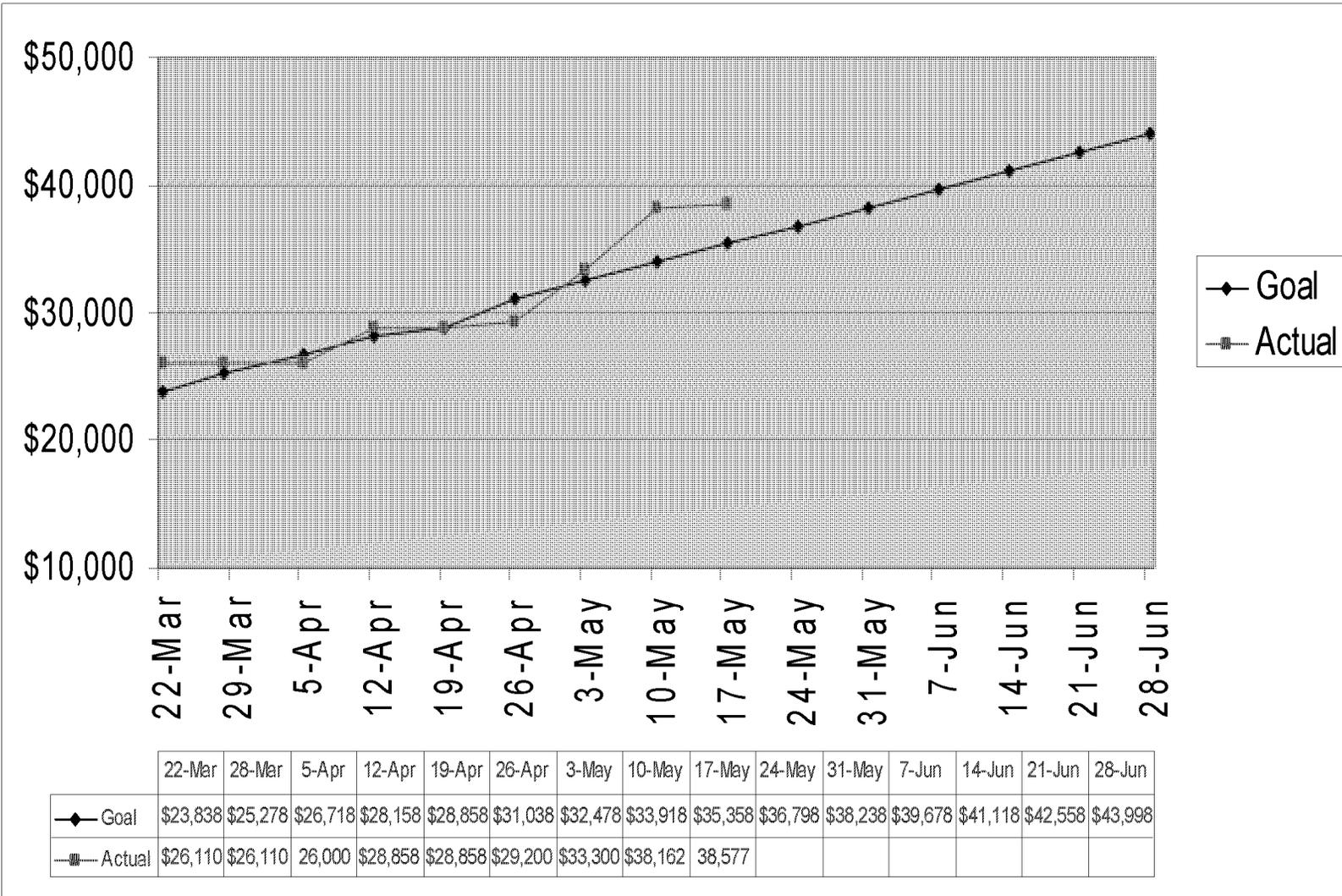


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CTN Status

CTN Gap Progress Against Target - Spend (\$M) Physician, Ancillary and Hospital – Week of 5/15



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Hospital Recruitment & Remediation Initiative: Access to California Network

Top 5 Rate Remediation Hospitals

Facility	Combined Annual Volume	Confidence Level	Comments / Next Steps
Stanford University Medical Center	\$ 61,208.7		Stanford and Packard executed amendments agreeing to extend the pre 6/22 CTN rates through 12/31/06 and addressing any access issues.
Lucille Salter Packard Childrens	\$ 47,150.5		Stanford and Packard executed amendments agreeing to extend the pre 6/22 CTN rates through 12/31/06 and addressing any access issues.
UCSF	\$ 45,630.6	80%	Spoke to Executive Director re: need to maintain UHN spend rate.He understood issue and is drafting ctr proposal.UC system is R&K client.
UCLA	\$ 42,920.7	50%	4/14 proposal sent:R&K retained per UCLA, current negotiations with CTN impacts counter.Per UCLA they are disadvantaged in moving to PCC rates.R&K retained for UC system, ongoing discussion re:contract structure and language for entire system.
John Muir / Mt. Diablo Medical Center	\$ 48,805.6	50%	Hospital responded, declined to make modification to fee schedule.Will follow up with customer specific intervention

Top 5 CTN Gap Hospital Recruitment

Key Target	Facility	Estimated Ann.	Confidence Level	Comments / Next Steps
1	Saint Agnes Medical Center	\$ 7,826.0	100%	Rate exhibit initialed and returned by 5.20. start load process and work through remaining language issues.
2	Queen of the Valley Hospital	\$ 5,370.0	80%	Meeting went well, working toward resolution.
3	Hazel Hawkins Memorial Hospital	\$ 2,984.0	80%	Hospital CEO receptive to new contract.Working through consultant.Documentation package and proposal sent 5/8/06.
4	Colorado River Medical Center	\$ 2,912.0		Contract excuted-2 year CO with fixed IP and OP cost targets
5	Tahoe Forest Hospital District	\$ 2,352.0	100%	Initial proposal sent week of 4/24.FPA negotiations finalized-working on rates

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CA Readiness for CTN Migration

Tracking over 17 areas to ensure mitigate risks



<u>Areas of Focus</u>	<u>Target Date</u>	<u>Status</u>	<u>Owner</u>	<u>Notes</u>
1. Contract Loading	5/1	<input checked="" type="radio"/>	Lippincott/Cutlip	On target for 5/1 completion for hospital, physicians and ancillary. Test with providers in progress & PT/OT/ST loading
2. One shot	6/12	<input type="radio"/>	Dock	Contingency and testing plan in development
3. Network Recruitment	6/22	<input type="radio"/>	McFann/Carter	Successfully recruited \$38MM CTN gap spend. Feet on the street have good traction. Negotiations with CTN gap hospitals and remediation targets continue
4. Directory	6/25 (on-line)	<input checked="" type="radio"/>	Dock	Myuhc.com will be available on 6/23; Definity website on 6/25; Paper directory on 8/21
5. APC Capabilities	6/23	<input type="radio"/>	Huxley	MOU approval needed by 5/19; reimbursement policy on PHS / UHN discrepancy; TOPS pend capability in development; training plan

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CA Readiness for CTN Migration

Tracking over 17 areas to ensure mitigate risks



	<u>Areas of Focus</u>	<u>Target Date</u>	<u>Status</u>	<u>Owner</u>	<u>Notes</u>
6.	ID cards	6/22		Haben/Reboul	Big Bang to remove CTN logo before 6/22, including partner businesses
7.	Continuity of Care	5/23		Urbin/Thompson	Letter and SOP completed; Disrupted member letter out on 5/16; Ensure claims adjudication capabilities for access decisions
8.	CTN provider service Transition	6/23		Connolly	Transition plan in place; War room established to manage provider issues; provider portal change
9.	Credentialing	8/14		McCarthy	Full organization integration upon Cred data transfer; Resolve integration HR issues
10.	Communication	6/22		Stitt/Lallo	Disrupted member communication by 5/23; Employer communication by 5/23; Provider communication late June

CA Readiness for CTN Migration

Tracking over 17 areas to ensure mitigate risks

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	<u>Areas of Focus</u>	<u>Target Date</u>	<u>Status</u>	<u>Owner</u>	<u>Notes</u>
11.	Partner Business	6/22	<input checked="" type="radio"/>	Peterson/Feng	Ensure partner business ready for the migration (repricing, etc.) ppoONE changes?
12.	GSP For USS Must Have	6/22	<input type="radio"/>	Lippincott/Piacentini	Provide final list on 6/15
13.	Customer Service	6/22	<input checked="" type="radio"/>	Lynn Voss	E-bulletin to address processes
14.	CRT Preparation	6/22	<input type="radio"/>	Susan Gamache	Coding changes
15.	Adjustment Team	6/22	<input type="radio"/>	TBD	TBD
16.	PAO	6/22	<input type="radio"/>	TBD	Define key process change req
17.	Account Management	6/22	<input type="radio"/>	Catherine Krause	Define key process change req

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CTN Readiness/Cut Over Update

One Shot - New day by day provider load plan to meet the 6-23 migration

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<u>Step</u>	<u>#Date</u>	<u>Activity</u>
1	June 5th	EPDL file from Caretrust is received. This is the last EPDL from CTN to be electronically updated to NDB (though not the last EPDL file from them)
2	June 6th	EPDL file is electronically applied to NDb
3	June 10th (Saturday)	Normal directory extract is sent to Geoaccess
4	June 12 th , 13 th and 14 th	(after directory extract takes place) Run the PacifiCare/CTN one shots for professional providers only. This cancels CTN with a 6/22/2006 cancel date and creates the PacifiCare contracts under standard products with a 6/23/2006 effective date. It also cancels the PacifiCare contracts which are under the nonstandard product codes, with a cancel date = effective date (a void, or "logical delete")
5	June 12th	NDM will run a macro to update UB billers one shot (same as step #4, but for <u>hospital providers and ancillaries who bill on a UB</u>). This impacts about 360 MPINs total. There is a new one shot that UT has to code for this and test, which is why it cannot be run with the physician one shots.
6	June 12th through June 22	PCP reassignment can feed to CES/PRIME over span of days (if needed), we are allowing almost 2 weeks for all records to feed successfully over to TOPS, for Professional providers (HCFA billers).
7	June 12	CTN sends an EPDL feed. UT does not electronically apply this file to NDB. Instead, NDM simply accesses the file (we already get a copy) and identify TIN changes and contract adds and terms. NDM then manually applies these to NDB (and sends facility contract changes to CCI, which is normal process anyway)
8	June 17th	Normal directory extract from NDB to Geoaccess
9	June 17th	NDB sends extract to OPD (Margaret Oliva) server. Margaret works to apply the file to the 25 custom sites who still rely on OPD search functionality - especially our "vendor" sites such as Golden Rule, MidWest Securities, HP, Oxford, etc. The PHS network appears to these entities as of June 23rd. Margaret's process would require a change control ticket to be submitted to "hold" the normal application of this data to be a 6/22 date (as opposed to its normal date of 6/19).
10	to June 19th	(last EPDL file from CTN) CTN sends an EPDL feed. UT does not electronically apply this file to NDB. Instead, NDM simply accesses the file (we already get a copy) and identify TIN changes and contract adds and terms. NDM then manually applies these to NDB (and sends facility contract changes to CCI, which is normal process anyway)
11	June 17th-June 21st	Geo performs their normal scrubbing of the data
12	June 22nd	Geo begins to apply the extract to the directory web. PHS will display on myuhc on 6/23
13	June 22nd	Geo sends extract to Definity (Geo may, not definite, but may be able to send to Definity one day earlier on 6/21)
14	June 23	Definity QAs data and then applies the file as it is if it passes QA. QA is 12 hr process, application of file is minimum of 36 hrs (sometimes more)
15	June 25	PHS appears on Definity site

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CTN Cut Over Risk Mitigation Plan

High Level Overview – Managing detailed risk plans in key areas such as one shots.

Item #	Risk	Impact	Mitigation	Contingency	Point Person	Probability	Magnitude of issue
1	Performing physician one-shot on the originally scheduled Friday night (6/19) would not allow time to correct any issues prior to the 6/23 claim ready date.	Any issue that could not be resolved in time would lead to an inaccurate online directory from the 6/17 directory extract. Failing to resolve the issues before 6/23 would result in incorrect claims payment.	Switched One-shots to be spread over 3 nights beginning on 6/12. Operations will audit results each night to ensure one-shot executed correctly.		Marie Cendo, Greg Mills, NDM Ops	H	H
1a.	Claims will not pay correctly end to end after one shot	Incorrect Claim Payments	Use Test environment to move up the date of the 6/23 after the test is complete and run one shot through	Review test scenarios and adjust as appropriate	Eileen Dock/Ross Lippincott	L	H
2	The one-shots for physician data do not function correctly.	Additional time and work to resolve the issues with the one shots and possible risk to accurate directory information for 6/23	With the one shots are being done on 6/12 there is an additional "one shot" to resolve the issue. The one-shots could be re-run on the nights of 6/15 and 6/16.		Marie Cendo, Greg Mills	L	H
3	Since the one-shots are split over multiple nights, all contracts for a given PCP must be termed for Caretrust and added as effective for PHS during the same one shot. If they are not, there will be an inability for members to keep their same PCP.	This could result in additional manual work in assigning the member back to the same PCP (or a new PCP), and result in a letter being sent to the member, where this wasn't really necessary.	The one-shots will be grouped by MPIN to ensure the contract term (CTN) and contract add (PHS) occur on the provider in the same night.	PCPs not resolved on the same night will be manually handled by Johnstown with defined procedures to ensure the member maintains their PCP and additional letters are not sent.	Domenick A Furfari	M	M

Sample from risk plan

War Room Readiness

PHS Service Continuity

- The War Room will be the vehicle for early intelligence on issues related to the integration of the California leased network to a directly contracted network.
- It will allow for early intervention on identified service issues to prevent provider dissatisfaction or network disruption.
- The SWAT team will include support from all departments to allow for identification of gaps, development of action plans for quick resolution, and interdepartmental synch up for long term solutions.

Why do we need a War room ?

- Effective 6/23/06, approximately 1 million members will move to a directly contracted network.
- This network consists of existing PHS contracts and newly negotiated UHC contracts.
- PHS contracts are complicated and do not always align with UHC standard contracts. Loading these contracts in UNET requires use of the SPIs which historically has caused claim issues. Payment consistency questions between PHS Platforms and UHC Platforms
- In California, providers will have service issues from CTN, from PHS, and the new direct contracts for UHC. This will create confusion and we need to be prepared to support and educate providers quickly and effectively from all points of contact.



War Room Readiness

PHS Service Continuity



War Room SWAT team participants

War Room for California Integration/CTN conversion

SWAT team support	Participants
PCSU	Lisa Ward
CPM	Carlene Brucato Sandy Keebler
CCI	Georgia Swinney Charles Shields
Care Coordination	Dan Ellenberger
Leased Network Management	Maria Thompson Sandra Quinones
Customer Service	Lynn Voss
	Pat Dowd Kim O'Connor Martin Shindle Kelly Vavra
Adjustments	
CRT	Susan Gamache
Network Management	Tamara Wood
Operations Account Management	Audrey O'Neill
Credentialing	Denise Strait
NDM	Jessica Kotter
	Glenn Turner Susan Mimick Frances Lee Michelle Brownell Jill Backus Holly Robey
Regional Ops	
PAO	Stephanie Phillips

War Room Process

- A War Room conference call will be established with a facilitator who will keep minutes and action plans with assigned owners to report resolution.
- The meeting will be conducted as a round robin approach allowing each department time to identify any issues followed by discussion on resolution and assignment of the owner and expected TAT for the issue.
- The assigned actions from previous meetings will be reviewed and brought to closure.
- Will need dedicated team members to be in attendance regularly and staffed with experts that can drive resolution quickly.
- The War Room will start out with a daily call scheduled for one hour.
- The meeting will start promptly and will end as soon as all issues have been discussed but no greater than one hour.
- The meeting schedule will trail off as the team agrees based on the number of issues, gaps, problems.

Discussion Topic #2 - Best in Class Network

Overlap States (excl CA) Progress Update

- **Net Adds**
 - Hospital – 32 hospitals to be loaded effective July/August in OK, CO, TX and OR
 - Physician - CO, PHS contracts will be loaded direct onto UNET to address network gaps on Western Slope. Targeting late July/August effective date. Remaining overlap states contracts will be remediated first due to risks identified in our ability to administer on UNET and support differences in policies/protocols.
 - Ancillary – audit complete. Significant challenges in our ability to administer on UNET due lack of standardization, differences in methodology. Therefore, plan is to load net add contracts where there's material nonpar savings opportunity and recontract remainder on standards.
 - Plan is to remediate net add hospitals and physicians onto standards as soon as possible
- **Leased Network Replacement**
 - NV – exploring whether to fast track replacement of NPP rental agreement sooner than 1/1/07.
 - AZ/TX/WA – targeting replacement of PHS leased arrangements effective 1/1/07
 - Focus is on closing any gaps prior to transition and loading all overlap contracts into RIMS
- **Overlap contract savings opportunities**
 - Limited number of potential contract jumping opportunities identified to date. Most savings opportunities will be achieved through recontracting and either lowering/mitigating trend. Deploying split-rate strategy to achieve best price for Choice+. Also focused on maintaining PHS HMO preferred price points in Tucson, Denver, Nevada and OK City to support product growth strategy.
- **Integrated Product, Platform, Network and Operations Strategy**
 - Developed Network Strategy Grid (95% complete) to align and document the repricing, product, network access and platform migration timeframes & strategies as well as identify and consolidated next steps.

Best in Class Network Strategy Scoreboard



Net Adds to UNET from PHS (Non Leased)

	Immediate loads - Par PHS / Non-Par UHC			PHS Par Providers – Recontract on UHC Standards			PHS Leased Networks - Providers to Remediate		
	Physician	Hospital	Ancillary	Physician	Hospital	Ancillary	Physician	Hospital	Ancillary
	Nevada	0	0	TBD	2	0	TBD	539	13
Oregon	0	5	TBD	820	3	TBD	N/A	N/A	N/A
Washington	0	0	TBD	349	3	TBD	72	1	TBD
Arizona	0	0	TBD	320	0	TBD	88	0	TBD
Colorado	232	3	TBD	346	0	TBD	N/A	N/A	N/A
Texas	0	14	TBD	473	0	TBD	2327	21	TBD
Oklahoma	0	10	TBD	173	0	TBD	N/A	N/A	N/A
Totals	232	32	TBD	2483	6	TBD	3026	35	TBD

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Best in Class Network

Overlap States (excl CA) Progress Update (cont.)

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- Contract Remediation progress –
 - Iasis & John C Lincoln for \$381,000 in 2006 savings
 - In process: University of WA, HCA (NV, CO, TX), Integris, Providence WA
 - Pacificized UHN templates/Amendments finalized and filed in overlap states.
 - Developing plan to amend United contracts to move toward one contract supporting all lines of business where it makes sense.
- Finalize Platform/Product Migration strategy
 - Network and Enterprise Solutions to estimate cost of UP migration strategy
- Secure Horizons Contract Audit
 - Finalizing audit to confirm whether Evercare can access SH contracts to support product expansion

Discussion Topic #3 - ACN Group Update

ACN Vendor Replacement

- **Overview of Current Business Case Proposal**

- ACN to replace current vendor, ASH, effective 1/1/07 for Chiropractic and Acupuncture provider networks, care management, and health and wellness program
 - Consistent with UHG going-in position to recapture external vendor margins by utilizing UHG capabilities whenever feasible
- ACN brings
 - Proven record of success for UHC and other payers on both regional and national basis.
 - Program that is aligned with UHG access quality, usability, and affordability objectives (have been involved since 2001).
 - Commitment to optimize quality and efficiency of networks
 - Designated resources to ensure implementation success

- **Project Status**

- Business case reviewed and supported by Network Steering Committee
- Pricing at same rates as current vendor agreed upon by Dave Wichmann and Bill Munsell
- Contracts being jointly drafted for regulatory filings
- Initial network overlap analysis completed – network size comparable.
 - Aggressive CTN network replacement efforts are on track.
 - Disruption analysis and recruitment plan to be developed and reviewed with UHN and PHS.

ACN Vendor Replacement

- **Project Status (continued)**

- Clinical program and operational/administrative capability comparison completed – ACN can replicate and/or enhance. To be reviewed and validated with PHS.
- On-site meetings and data exchange underway since January; next scheduled on-site meeting planned for 5/24 and 5/25 to work through implementation plan and to provide ACN program overview training to PHS Products, Marketing, Network Management, Regulatory, and Medical Management.
- PHS Implementation leads identified and reviewing implementation plans (Kate Kanne, Tracy Bounds, Angie Wahl, Chris Kair, Thom Kirk, Jean Diaz).

ACN Vendor Replacement

- **Technology Status and Issues**

- For 1/1/07 implementation, data feeds currently going to/from ASH will need to be established with ACN
- If ACN in place prior to 4/1/07 migration to UNET, data exchanges already built and supported between ACN and Uniprise/UHC
- If business not moved to ACN prior to 4/1/07, data feeds will need to be built between UNET and ASH (i.e. eligibility) – unnecessary development effort if ultimately moving to ACN

ACN Vendor Replacement

- **Decisions Needed**

- 180 day termination notice required for ASH termination – by 6/30
- Identify PHS accountable owner of vendor replacement success - network, product or other
- If decision is made to move forward with system development work to manage ASH from UNET platform, then identify accountable owner

- **Known Risks**

- Impact to 2007 sales already made with ASH program
 - Assess impact with PHS sales and products
 - ACN and PHS to partner on remediation plan
- Required timely regulatory approvals
 - PHS / UHC / SCS / ACN partnering on contracts and filings
- Market “noise” or disruption related to vendor replacement
 - Partner on communication plan requirements

- **Discussion**

- Other decisions needed?
- Other risks?

ACN Vendor Replacement

▪ Next Steps

- Advisory Council agreement that ACN will replace ASH
- Establish targeted replacement implementation date
- Execute to agreed-upon implementation plan, including:
 - Jointly complete required contracting and regulatory filings
 - Finalize network optimization plan
 - Receive appropriate sign-off on detailed clinical and operational elements of ACN's programs
 - Train the PHS sales and product teams on ACN's programs; develop marketing collateral
 - Collaboratively work with PHS Implementation team on integration
 - Partner with the PHS product and sales team to ensure customer confidence in vendor replacement
 - Build and establish required data feeds between PHS and ACN; establish plan for migration to UNET
 - Define and negotiate transition requirements for ASH to transfer members including continuity of care and run-out expectations
- Return to Advisory Council with progress update and to seek affirmation for ASH termination prior to 6/30
- Other steps?

Discussion Topic #4 - UP Implementation

Summary Update

Objectives & Opportunities

Implement PHS products to the United Platform with a focus on:

- Supporting Growth
- Retention
- Ensuring Quality Service
- Providing Financial Synergies
- Minimizing Risk

Progress to Date

- **Conceptual Design** – Initial analysis and conceptual design draft completed 4/1/06
- **Strategy** – High level strategy and timelines approved by UHC and UHG senior team
- **Structure**- Governance structure drafted; teams staffed, resourcing issues being vetted
- **Accountability Matrix** – Drafted and review in process
- **Deliverables** – Initial Scope/approach documents completed; high-level business requirements completed for 5/1 (e.g. Product, Capitation, RxSol and Front Office Integration)
- **Program Kickoff** – Program kickoff conducted
 - Validated initial Milestone Activity Timeline (MAT)
 - Reviewed initial critical dependencies
- **Program Office** – PMO status reporting package complete; weekly team status reporting in progress
- **Resource Eval** – identified current estimates around resource needs, timing & allocation by month

Key Issues / Risks / Dependencies

- Understanding end state scope, deliverables and critical path at a detailed level; need to completely understand work effort at hand
- Potential risk re: system queue capacity/cut-off dates = possible off-cycle schedule adds, and/or shortened time to complete work
- General key dependency on Product strategy and detailed business requirements
- Resource Constraints: understanding immediate resource needs to mitigate risks re: quality/accuracy of deliverables (constraints due to competing priorities, e.g., Alliances, 2007 CoC); once vetted, need clear path to sourcing

Next 30 Days

- Lock down Critical Path package, overlaps, real work effort
 - Deliverables by team by month
 - UT schedules/constraints
- Align/obtain resources & ramp up on teams
- Constituent Flows drafted (e.g., broker, empl, dollar, etc)
- Detailed Business Requirements nearing completion for 7/1
- Initiate all SPRFs (and consolidate/refine as needed)
- Identify cost reduction drivers (moving from 90M in spend to 50M or less); ensure we understand all costs (e.g., decommissioning systems, etc.)

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UP Implementation: Accountability Matrix

Executive Steering Committee

- Dave Wichmann
- Steve Black
- Dirk McMahon
- John Santelli
- Steve Auerbach

PHS UP Implementation Program Leadership

Semone Wagner

Key Stakeholders

- Ken Burdick
- James Frey
- Diane Schofield
- Gary Ahwah (PHS)
- Dr. Lew Sandy

Integration Leads

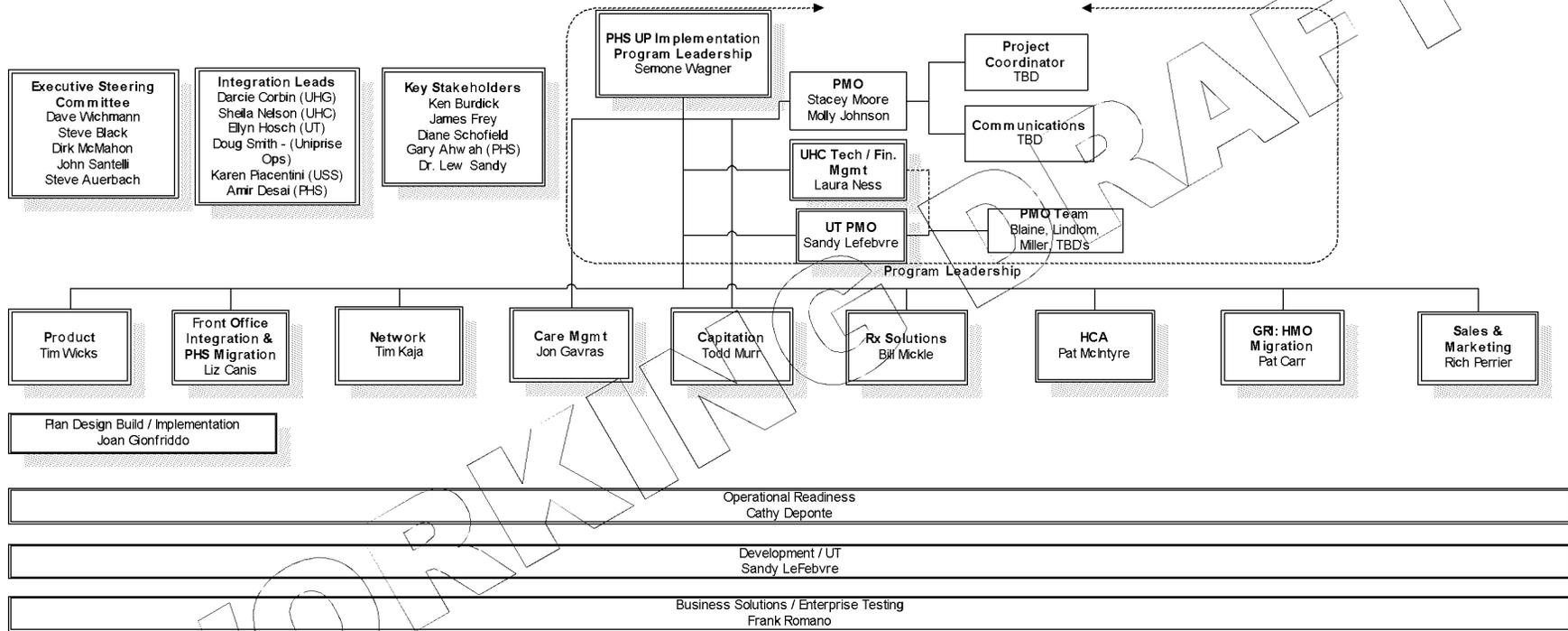
- Darcie Corbin (UHG)
- Sheila Nelson (UHC)
- Eilyn Hosch (UT)
- Doug Smith (Uniprise Ops)
- Karen Piacentini (USS)
- Amir Desai (PHS)

	Product	FOI / UP Migration	Network	Capitation	Care Mgmt	Rx Solutions	HCA	GRI: HMO Migration	Sales and Marketing
Team Leads	Tim Wicks	Liz Canis	Tim Kaja	Todd Murr	Jon Gavras	Bill Mickle	Pat McIntyre	Pat Carr	Rich Perrier
Program Mgmt: Stacey Moore	Sam Pakrashi	Suja Jayachandran	Ross Lippincott	Janet Wright	Brad Vergin	Vicki Desler	Chuck Officer	Doug Waltz	Isabelle Smith
Ops Readiness: Cathy Deponte	Joanne Sigstad	Liz Canis	Harsha Rao	Larry McIntosh	Jon Gavras	Vicki Desler	Tanya Rylee	Jim Becker	Shelley Duval
UT Dev.: Sandy Lefebvre	Jeff Ahlberg	Marty Toomb	Bruce Gray	Diwakar Raman	Jeff Ahlberg	Donna McCart	Stan Martin (UHC)	Bob Fredette (UTEA)	Bonnie Bistodeau
Bus. Solutions/ Enterprise Testing: Frank Romano	Sam Pakrashi	Liz Canis	Eileen Dock	Larry McIntosh	Nancy Turner	Maria Jimenez	Tanya Rylee	Bruce Tepfer	Sean Wagstaff
Plan Impl / CI: Joan Gionfriddo	Joanne Sigstad	Jason Greenberg							
PHS Dev. Council: Laura Ness	Work directly with Team Leads								

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UP Implementation: Governance Structure





UP Implementation: Initial Resource Summary

- Resource needs being vetted to the work at hand
- BA's will drive a number of critical work efforts throughout the life of the program:
 - High-Level Business Requirements
 - Data Mapping / Detailed Business Requirements
 - Refinement of Business Requirements with UT Partners
 - Test Planning / UAT / Execution
- Requesting extension of current Product BA's to 1/1/07; critical to continued Product success
- Working with Mike Tabayoyong and Uniprise HC to urgently identify / assign BA & PM resources
 - Long list of PHS resources from RIF lists being reviewed as potential candidates for BA & PM roles

Total # of Open Needs by Team					
Project	BA	Lead	PM	BA / PM	Grand Total
FOI & UP	10	2	3		15
Plan Imp / CI	1				1
Product	2				2
Cross - Function				3	3
Grand Total	13	2	3	3	21

*Red – Immediate needs

**Yellow – BA's currently assigned to Product; requesting they be extended to 1/1/07

Candidate Opportunity					
Project	BA	Lead	PM	BA / PM	Grand Total
FOI & UP		2		7	9
Plan Imp / CI					0
Product	2				2
Cross - Function					0
Grand Total	2	2	0	7	11

*Leads identified to be Don Powers and Joan Gionfriddo

UP Implementation: Critical Path Approach & Next Steps

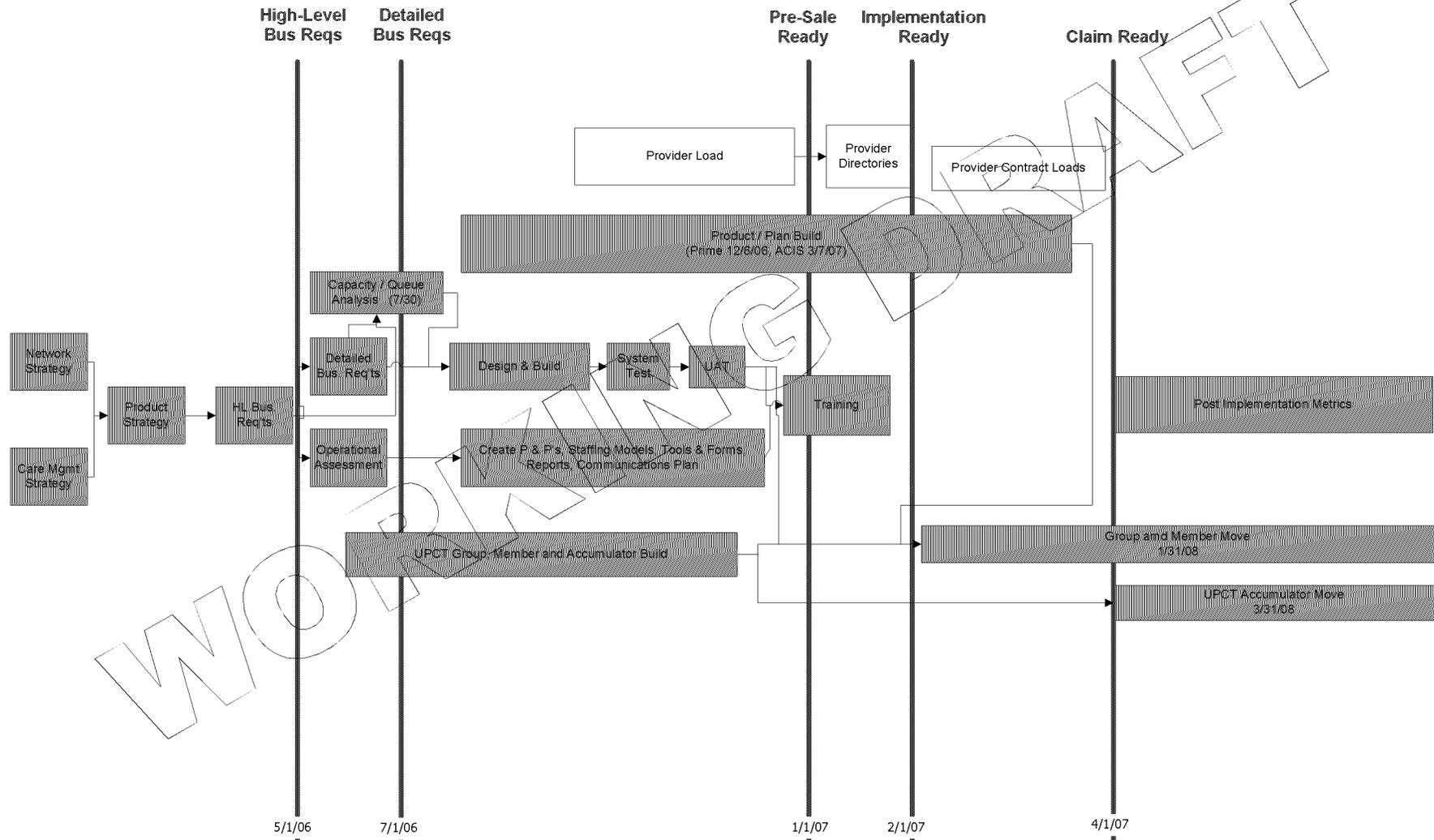
- Initial critical path and high-level timeline crafted
- Preliminary key milestones and a sample of associated deliverables include:

<u>1/1/2007</u>	<u>2/1/2007</u>	<u>4/1/2007 (Insurance)</u> <u>Q3'07* (HMO)</u>
<i>Pre-Sale Ready</i>	<i>Implementation Ready</i>	<i>Claim Ready</i>
<ul style="list-style-type: none"> ▪ Quote/proposal system changes in place ▪ Underwriting models/tools in place ▪ Marketing collateral and communications 	<ul style="list-style-type: none"> ▪ Products built and loaded ▪ Plan design built and loaded ▪ Case install, billing and eligibility ready ▪ ID cards and fulfillment 	<ul style="list-style-type: none"> ▪ Claim system enabled ▪ Provider contracts loaded ▪ Employer contracts loaded ▪ Employer / member portal access

- Initial critical path revealed the need for multiple views:
 - Insurance } ACIS vs. Prime (with a distinction by new business vs. renewals)
 - HMO }
- Critical path to be vetted and refined during the Large Team working session on 5/24

**HMO claim ready date yet to be established*

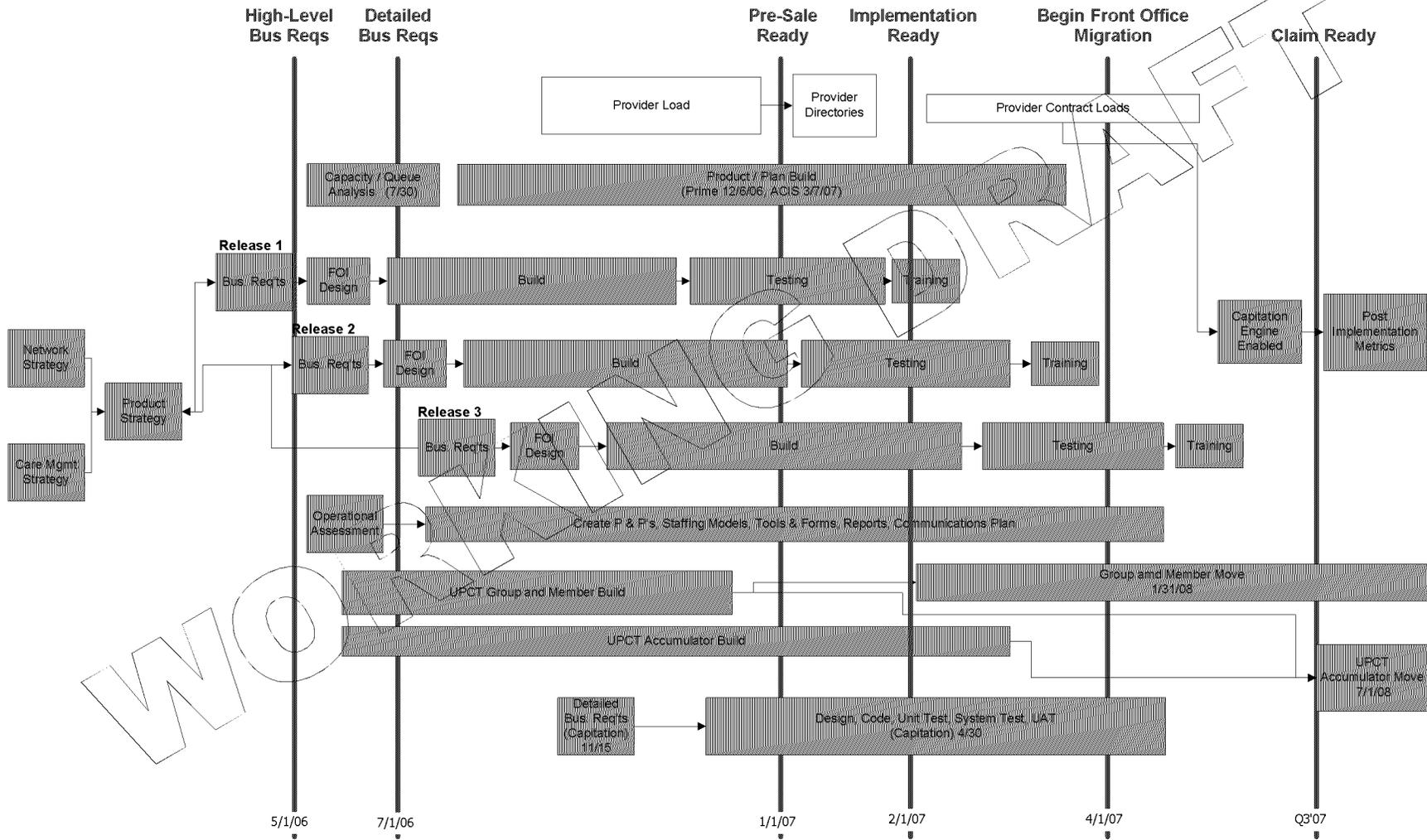
UP Implementation: Critical Path – Insurance



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UP Implementation: Critical Path – HMO

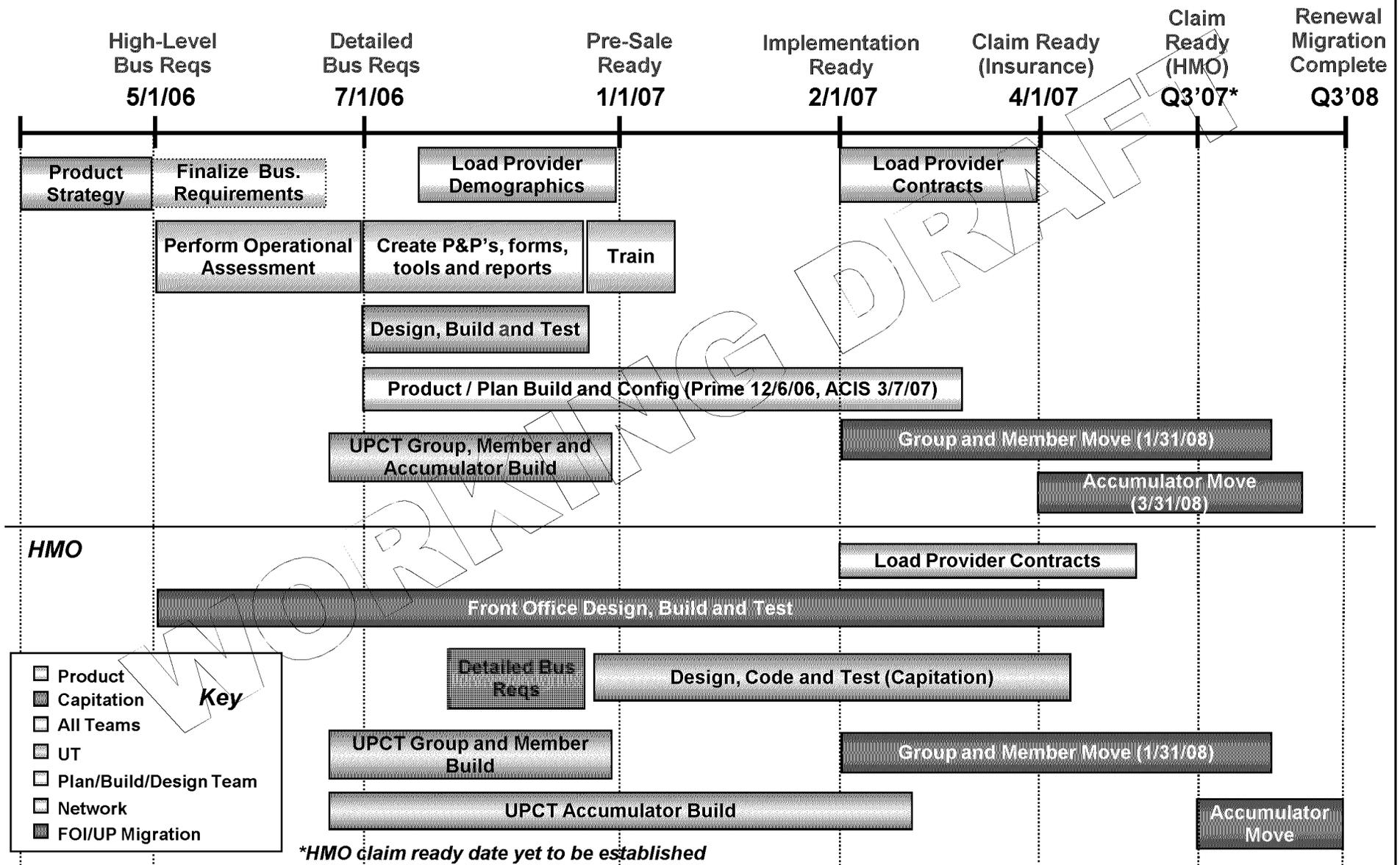


***HMO claim ready date yet to be established**

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UP Implementation: High-Level Timeline



Discussion Topic #5 - Product Strategy

Product Strategy Inputs for Analysis

- Benefit comparisons
- Standard plan comparisons
- Network composition
 - Size
 - Strategic providers
 - Contracting strategies and timelines for non-overlap providers
- Network reimbursement comparisons
 - Re-contracting strategies and timelines for overlap providers
- Pricing
 - Differences in models
 - Impact and timelines for any changes
- Actuarial analysis
 - Cost drivers; unique elements and combined effects
 - Positioning of the products on the pricing continuum
 - Anticipated impact to membership of any product withdrawals
 - Anticipated continuation of any significant pricing differentials
 - Profitability by product, including trends & targets
- Undertakings
- Sales feedback
 - Product positioning
 - Customer interests
 - Market differences
 - Anticipated impact to membership of any product withdrawals
- Membership by product
 - Volume & trend

Product Analysis & Strategy

Progress and Actions Through 5/15

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Defining “Product Strategy”

Determining what major products (PHS and UHC) to offer or withdraw – and which to promote –in order to best meet customer needs and UHC business goals

3 main options (with many variations also available):

1. Withdraw PHS & sell UHC products
2. Maintain both PHS & UHC products and push UHC
3. Maintain both and be agnostic on what customers buy

Determining what plan designs will be offered to support above decisions

- Developed conceptual framework to drive product strategy decisions related to migrations (e.g. from PHS products to UHC products, from PHS platform to UHC platform)
- Compared national generic CoCs
- Compared PHS vs. UHC plan design availability and completed plan design mapping
- Identified short list of new plan designs to fill gaps as we encourage KA groups to switch to UHC plans
- Participated in initial UHC product training for PHS field staff
- Supported development, implementation and roll out of Joint Marketing strategy
- Completed “bells & whistles” comparison of UHC/PHS products
- Developed short-term product strategy –approved by integration Steering Committees
- Worked with pricing, actuarial, network, and other areas to clarify comparison of products to feed longer-term strategy recommendations
- Finalized high-level business requirements for build of PHS products on United Platform for migration beginning 4/1/07

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“Short-Term” Product Strategy for New Business & PHS Renewals

GENERAL STRATEGY FOR OVERLAP STATES (state variations shown at right)

- For now, all existing PHS and UHC products and plan designs will continue to be available in all markets.
- Joint marketing of combinations of some PHS and UHC products (dual-option) were available by 5/1 or sooner
 - Not available for Small Business in Southwest
- Primary goal is to retain/acquire membership – **membership takes precedence over desire to encourage purchase of UHC products**
- While encouraging sale of UHC products when possible, we must honor all HIPAA guaranteed renewal and guaranteed issue laws.
- **Key Accounts:** For new business and renewing PHS business, we should attempt to sell UHC products when reasonable, using PHS products as backups if necessary.
- **Small Business:** Lead with both UHC & PHS products to new business proposals. SB renewals will be quoted products from existing carrier (e.g. UHC or PHS)
- PHS 51-99 “Large Group” customers will align with UHC Small Business line of business and product portfolio. Product offering strategy for this group tracks the KA strategy (i.e. generally offer UHC products to new business, and encourage PHS renewals to move to UHC products when reasonable)
- Existing PHS dual-option groups can renew into both PHS products

STRATEGY FOR STATES W/ NO PRIOR UHC PRESENCE

- Introduce UHC insurance products as quick as reasonably possible to complement PHS existing product offerings

State-Specific Variations & Notes

Overlap States

TX	<ul style="list-style-type: none"> ▪ State agreement requires maintenance of PHS products/platform for one year ▪ San Antonio: 51-99 and KA lead w/ both products ▪ Austin: SB will lead w/ UHC product ▪ 3 new UHC local plans to match popular PHS plans ▪ Joint Marketing not available to KA/large group
OK	<ul style="list-style-type: none"> ▪ PHS HMO explicitly approved as appropriate proposal for new business ▪ Building 3 UHC local plans to match popular PHS plans
AZ	<ul style="list-style-type: none"> ▪ PHS HMO explicitly approved as appropriate proposal for new business ▪ Building 2 UHC local plans to match popular PHS plans
CO	<ul style="list-style-type: none"> ▪ PHS HMO explicitly approved as appropriate proposal for new business ▪ Building 1 UHC local plan to match popular PHS plans
CA	<ul style="list-style-type: none"> ▪ UHC PRIME plans available as of 5/1/06 ▪ Added KA & SB local plans
NV	<ul style="list-style-type: none"> ▪ Promotion of UHC products on hold until network issues resolved, by Q3 2006.

States with No Prior UHC Presence

OR	<ul style="list-style-type: none"> • Filed CoCs 3/06 – hope for approval in 60 days; implementation 60 days for sales ready.
WA	<ul style="list-style-type: none"> • No UHC products available at this time. • Targeting 6/06 filing pending regulatory permission

UHC Product Overview – PHS Integration

Objective: Support the migration of PHS licensed products to UNET (by target date: 4/07 insurance & 7/07 HMO) to promote profitable membership growth & retention by optimizing administration, operating expense, joint marketing opportunities, & the customer experience

Scope

- Analyze pricing and UW analysis and strategies (3/06)
- Confirm product strategies by state (3/06)
- Confirm the products to be migrated (3/06)
- Confirm product features
- Ensure compliance with undertakings (ongoing)
- Determine the key stakeholders within PHS, UHC, SCS, and Uniprise that would be impacted (4/06)
- Draft high level business requirements for both PHS HMO and PPO products, detailed business requirements and migration of PPO products

5/1/06 Deliverable – High Level Business Requirements

- Confirmation of products: include all commercial group products, except SDHP (which is remaining with the vendor as membership declines & to avoid large UNET enhancements)
- Inventory of products & features
- Inventory of all benefit documents by state, product & LOB
- Inventory of all employer specific filings
- State mandate analysis
- Outline of key requirements for all SCS areas
- Benefit comparisons by state, product & LOB
- Administrative comparison
- High level assessment of system compatibility

Next Steps

- Submit SPRF for the migration (submitted 5/5/06)
- Confirm Medical Management model (5/06)
- Evaluate UNET benefit & admin. challenges for product code & enhancement needs (5/06)
- Evaluate initial OOM estimate & its impact on products included, timelines, & objectives by 7/1/06
- Submit detailed business requirements by 7/1/06
- Assess resource, priority conflicts, release schedule & timeline issues (7/06)
- Develop PHS Preferred Portfolio for migration (7/06)

Risks

- **The Product Group has never previously owned a platform migration – our role has always previously been that of business sponsor**
- Completing detailed business requirements in 8 weeks (i.e., vs. months needed in past migrations), risking opportunity for full analysis
- Downstream resource constraints due to the volume of high priority projects throughout UHC
- Project timing and capital expense is unknown until UT OOM is delivered (05/06)
- Network management & medical/admin. expense issues related to migration before re-contracting for a single overall UHC network is complete
- Receipt from UT by 5/15/06 of the **specific** list of questions to be addressed in 7/1 business requirements

Appendix

Data Considered in PHS Product Strategy Determination

Medical Cost Differentials

- In most SW markets, Choice Plus has much higher expected medical cost vs. PHS HMO, but lower expected cost vs. PHS PPO
- Medical Cost differentials are driven by network unit costs and, for HMO, care management rather than COC “richness”

Expected Medical Cost Differences UHC v. PHS
All Ratios Are UHC/PHS Cost Ratios Assuming 100% INN Utilization; Excludes Rx

State	Market	Size Segment	UHC Choice+ v. PHS HMO/POS				UHC Choice+ v. PHS PPO			
			Contract	COC	CareMgmt	Total*	Contract	COC	CareMgmt	Total*
AZ	Phoenix	All	1.06	1.03	1.06	1.16	0.82	1.03	1.02	0.88
AZ	Rural	All	1.20	1.03	1.06	1.31	1.05	1.03	1.02	1.11
CO	Denver	ALL	1.12	1.00	1.06	1.19	0.80	1.00	1.02	0.83
NV	Las Vegas	All	1.62	1.02	1.06	1.74	1.08	1.02	1.02	1.13
OK	OK City	All	1.26	1.01	1.06	1.35	1.01	1.01	1.02	1.04
OR	Portland	<51	0.98	1.00	1.06	1.04	0.90	1.00	1.02	0.92
OR	Portland	51+	0.98	1.01	1.06	1.06	0.90	1.01	1.02	0.94
TX	Austin	All	0.79	1.00	1.06	0.85	0.84	1.00	1.02	0.87
TX	Dallas	All	1.04	1.00	1.06	1.11	0.91	1.00	1.02	0.94
TX	Houston	All	0.91	1.00	1.06	0.97	0.83	1.00	1.02	0.86
TX	San Antonio	All	1.09	1.00	1.06	1.16	0.99	1.00	1.02	1.01
WA	Seattle	<51	1.11	1.00	1.06	1.18	1.03	1.00	1.02	1.05
WA	Seattle	51+	1.11	1.01	1.06	1.19	1.03	1.01	1.02	1.06

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Premium Rate Differentials

- This chart highlights the relative pricing differentials between UHC Choice Plus and PHS HMO by market
- Top group of 4 shows end price comparison of 4 standard UHC plans to most similar PHS HMO plans
- 2nd group of 4 shows end price comparison of same 4 UHC plans to hypothetical PHS HMO w/ identical benefits (but in reality, PHS HMOs do not have deductibles)
- Results range from UHC ~20% higher to UHC ~20% lower, but UHC generally more expensive
- PHS PPO pricing is higher than PHS HMO

Overlap State PHS HMO vs. UHC Choice+ HCC and Premium Rate Comparison

Effective date: 4/1/2006

Plan	Plan Code	Benefit Description	Dallas		Houston		Austin		San Antonio		OK City	
			HCC	Premium	HCC	Premium	HCC	Premium	HCC	Premium	HCC	Premium
Raw Comparison												
UHC Choice+ Plans												
1	AAH	OV:\$20/40 / IP:NA / ER:100 / Ded:\$500 / CI:90% / OCP:\$3,000	-2.18%	-0.14%	20.25%	21.20%	2.68%	1.10%	-20.47%	-19.30%	1.57%	1.34%
2	AAF	OV:\$10/30 / IP:NA / ER:100 / Ded:\$500 / CI:90% / OCP:\$2,000	0.30%	1.97%	23.29%	23.85%	5.29%	3.23%	-18.46%	-17.72%	-0.63%	-0.90%
3	NLH	OV:15 / IP:NA / ER:100 / Ded:\$250 / CI:90% / OCP:\$2,000	-1.21%	0.27%	21.44%	21.83%	3.70%	1.51%	-19.68%	-19.14%	-1.87%	-2.25%
4	NLL	OV:20 / IP:NA / ER:100 / Ded:\$500 / CI:80% / OCP:\$4,000	4.72%	6.67%	28.73%	29.52%	9.93%	7.99%	-14.86%	-13.86%	3.95%	3.80%
Same-Benefits Basis												
UHC Choice+ Plans												
1	AAH	OV:\$20/40 / IP:NA / ER:100 / Ded:\$500 / CI:90% / OCP:\$3,000	-8.47%	-5.73%	12.51%	14.22%	-3.92%	-4.55%	-25.59%	-23.57%	-9.14%	-8.61%
2	AAF	OV:\$10/30 / IP:NA / ER:100 / Ded:\$500 / CI:90% / OCP:\$2,000	-7.60%	-5.15%	13.58%	15.00%	-3.01%	-3.97%	-24.88%	-23.19%	-8.28%	-7.94%
3	NLH	OV:15 / IP:NA / ER:100 / Ded:\$250 / CI:90% / OCP:\$2,000	-5.95%	-3.88%	15.62%	16.64%	-1.27%	-2.68%	-23.53%	-22.28%	-6.64%	-6.57%
4	NLL	OV:20 / IP:NA / ER:100 / Ded:\$500 / CI:80% / OCP:\$4,000	-7.91%	-4.89%	13.20%	15.19%	-3.33%	-3.69%	-25.13%	-22.80%	-8.59%	-7.87%

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UHC Product & Plan Design Availability

- UHC offers a wide variety of plan designs in the SW overlap states
- Implication: plan design availability not likely to be a major barrier to customer migration to UHC products

State	Segment	Insurance						HMO			
		CH	CH+	S	S+	PPO	NPPO	CH	CH+	S	S+
TX	2-99	0	78	0	0	70	14	0	5	0	0
	100+	0	122	0	0	119	13	11	21	10	15
OK	2-99	0	69	0	0	69	14	0	0	0	0
	100+	0	104	0	0	102	13	0	0	0	0
CO	2-99	0	69	0	0	69	16	1	0	0	0
	100+	15	109	0	0	112	13	19	19	0	0
AZ	2-99	0	70	0	0	70	15	0	0	0	0
	100+	0	106	0	44	109	13	20	0	20	0

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Plan Design Mapping

- Plan mapping has been done to determine similarity of PHS and UHC plan designs
- Example below is for TX small business PPO product
 - Top 4 PHS plans cover more than 80% of TX PHS PPO membership
 - Only very minor differences exist (copays and OOPM)
- For KA, we recommend implementing a few Local Plans in the SW in addition to Local Plans already introduced in the Pacific Region
 - See embedded file for plan mappings and KA Local Plan recommendations in the SW



Microsoft Excel Worksheet

Texas and Oklahoma		PacifiCare Sm Grp 2-50		Plan Designs							
		In-Network Benefits						Out-of-Network Benefits			
Product	Plan No.	OV Copay	Inpt Copay	Urg. Care Copay	ER Copay	Ded.	Coins.	OOP Max	Ded.	Coins.	OOP Max
PHS PPO+	153P	\$30	80%	\$50	\$75 Add Ded	\$2,500	80%	\$5,500	\$7,500	60%	\$16,500
UHC	USR	\$25	80%	\$75	\$125	\$2,500	80%	\$4,500	\$5,000	60%	\$9,000
PHS PPO+	152P	\$30	80%	\$50	\$75 Add Ded	\$1,500	80%	\$4,000	\$4,500	60%	\$12,000
UHC	USJ	\$25	80%	\$75	\$125	\$1,500	80%	\$3,500	\$3,000	60%	\$7,000
PHS PPO+	151P	\$30	80%	\$50	\$75 Add Ded	\$1,000	80%	\$3,000	\$3,000	60%	\$9,000
UHC	USF	\$20	80%	\$50	\$100	\$1,000	80%	\$2,500	\$2,000	60%	\$5,000
PHS PPO+	150P	\$30	80%	\$50	\$75 Add Ded	\$500	80%	\$2,500	\$1,500	60%	\$7,500
UHC	USD	\$20	80%	\$50	\$100	\$500	80%	\$2,000	\$1,000	60%	\$4,000

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Discussion Topic #6 –SW Sales Readiness

Sales Force Readiness

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- **Sales**

- Integrated Sales Force March 30 - Cross selling both PHS and UHC products
- UW Rules of the Road in place for new and renewing business
- Formal and informal training ongoing (see attached detail)
- Broker assignments have been completed
- Integrating Incentive Comp by 7/1 for Sales & Management
- Internal and external appointments nearing completion
- Status quo approach for PHS External Compensation and Recognition programs through 01/2007
- Realized synergies of 20 FTEs in conjunction with the integration of the sales force

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Sales Force Readiness

- **Account Management**

- Consolidated UHC and PHS teams under one market leader
- Building structure to support segmentation 51-99 and 100+
- Formal and informal training in process – (see attached detail)
- Targeting 7/1 date readiness for 9/1 Voluntary Migration 51+:
 - Account management personnel to be trained and fully versed on product differentiation including: COC, network, embedded features, medical management, service, etc.
 - Individual Case Pricing Strategy will be deployed on Renewal

- **Overriding Theme for Renewals - PHS cases:**

- Position product and plan design to PHS customer that will maximize opportunity to retain that customer – will manage case by case for 51+

- **Pricing Approach – PHS cases**

- As lower margin PHS cases are renewed, a thoughtful pricing approach must be in place to maintain a reasonable level of membership retention – (drive margin increases over two or three years as opposed to one)
- Budgeted margin for 2007 should account for blend of UHC and PHS blocks

Sales Operations Readiness

- **Sales Operations Readiness - Field**
- **Short term**
 - Buddy system in place to support integrated sales force and ultimately integrated Account Management.
 - Formal and informal training is ongoing
 - Completed analysis to identify unique PHS roles and processes: quoting, case installation, service etc
 - By 7/1 will implement integrated sales operations approach, accounting for unique manual processes to support PHS quoting and installation.
- **Long Term**
 - Define and implement single field sales operations model to support both Key Accounts and Small Business.
- **Sales Operations Readiness - Back Office**
 - P&Ps developed by Sales Readiness project team are being evaluated by business leaders to ensure a relatively seamless customer and broker experience
 - Identified deficiencies will be fed back to project team for system / process enhancements

Southwest Region Training - Learnwell

- Training in the SW Region kicked off in February
- Since that time, the following training sessions have occurred for sales and non-sales personnel

Company Information

1. Introduction to UHG and UHC
2. Partnering for Health

Value Proposition

3. UHC Value Solutions: Clinical Solutions
4. UHC Value Solutions: Network Solutions
5. UHC Value Solutions: Service & Technology

UHC Products

6. Understanding and Selling UHC Products
7. Product Strategy
8. Product Knowledge
9. Product Document Mgmt Library
10. Product Availability
11. Consumer Driven Health Care

- Pharmacy and Specialty Product training is slated for May, UHC University and Affordability training will take place in June, ASO training is scheduled for July

Southwest Region Training – Local Level

- The Training department has developed a suggested **local level training plan** to complement the training facilitated on Learnwell. The plan below was developed so that a consistent curriculum is conducted in each market.
- Local Level training is targeted to be completed by May 31

(Excerpt from Training Plan Template)

Topic / Activity	Suggested Speaker	Training Date	Completed?
New Business and Renewal Quoting Process <ul style="list-style-type: none"> • Process (PHS- overview of the Sales Associate and Salesforce.com and UHC- overview of NBC roles and ATLAS) • Process new vs. renewal 	VP or Director Sales or Account Management		
Financial Underwriting <ul style="list-style-type: none"> • Underwriting – required information and documents for proposal • Paperwork to complete • Medical Underwriting Process • Provide sample UnitedHealthcare & PacifiCare offering proposal/packet. (Include Medical, Dental, Vision, Life and Ancillary) • Underwriting Contacts 	VP or Director Sales or Account Management or Underwriting		
UHC Case Installation and PHS Membership Accounting Services (MAS) <ul style="list-style-type: none"> • Process/Paperwork requirements • Responsibilities list • Contact lists (PHS and UHC) • Process for new vs. renewal (flowchart diagram) 	VP or Dir. Sales or Account Mgmt Medical U/W or Manager, Operations, Customer Service, MAS		

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PacifiCare Book of Business – 100+ Cases



PacifiCare Book of Business SW Region - Number of Key Account Cases by State

	AZ	CO	OK	TX	Total
Fully Insured					
100 - 500	56	51	26	54	187
501 - 1000	3	5	2	4	14
1000 +	3	6		1	10
Public Sector	7	8	2	0	17
ASO					0
100 - 500	0	3	0	0	3
501 - 1000	1	0	0	0	1
1000 +	1	1	0	0	2
Total	71	74	30	59	234

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Discussion Topic #7 - Regulatory and Undertaking Compliance

- Undertaking compliance
 - CA
 - TX
 - WA
 - CO
 - WI
- Reporting
 - CA
 - TX
 - WA
 - CO
 - WI
- Status update of DOJ ordered divestitures
 - Tucson
 - Boulder
- Legal/regulatory business case review
 - Status

Regulatory Compliance Process

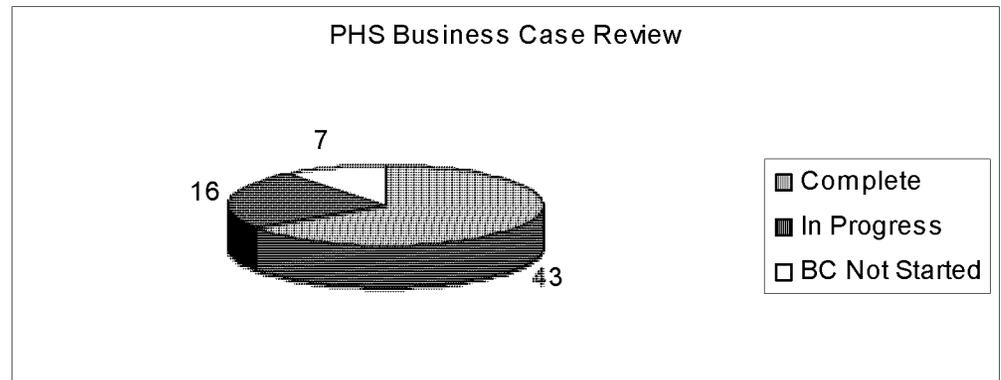


Progress to Date

- Multiple processes in place
- Multi-segment reviews of Business Cases

Metrics

Total Business Cases	76
Require review	66
Do not require review	10





**Attachments:
Team Progress Updates,
Decision Log (separate
document) & VRP (separate
document)**

5/19 PHS Advisory Meeting

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Team Progress Update - Revenue

Product Strategy

High-Level Progress Update

Area	Key Accomplishments	Planned	Issues/Risks
National Initiatives	<p>Platform Migration</p> <ul style="list-style-type: none"> Completed high level business requirements by target date of 5/1/06. Submitted SPRF to request an "order of magnitude review" to size and price the effort to migrate all PHS products (except SDHP) to UNET. Added key documents to Sharepoint intranet site to support the UNET compatibility assessment: employer specific filings, SPDs, bracketed filings, group policies. Completed product feature analysis by product and state to highlight any issues critical to UNET support. Created an inventory of all ASO groups. Completed analysis of WA, OR, & CA mandates to identify any benefits potentially requiring a UNET enhancement before the migration. Completed the TOPs comparative analysis for insurance products (no new product codes; 8 enhancements needed). 	<ul style="list-style-type: none"> Begin drafting of detailed business requirements due 7/1/06. Continue analysis of PHS product and features. 	<ul style="list-style-type: none"> The benefit, administrative and network features of the PHS products may require UNET enhancements that make meeting the 4/1/07 migration target date challenging. The degree of this risk will be measured in the order of magnitude review expected to be completed in May 2006.
State Specific	<p><u>Oregon</u></p> <ul style="list-style-type: none"> COC filing submitted in March – no response yet from the regulators. <p><u>Washington</u></p> <ul style="list-style-type: none"> Conversations with the regulators suggest that UHC will be allowed to file CoCs in this state sooner than 5/07 (i.e., the date dictated by HIPAA regulations pertaining to market withdrawals). Filing date that will be allowed has not yet been confirmed. <p><u>California</u></p> <ul style="list-style-type: none"> KA and SB local plans were case effective by target date of 5/1. Local marketing materials were developed on UHC products. <p><u>TX, OK, AZ, CO</u></p> <ul style="list-style-type: none"> Submitted KA local plans for set-up for 6/1 case effective. 	<p><u>Oregon</u></p> <ul style="list-style-type: none"> Partner with Contract Specialists to ensure timely response to any objections, received from the regulators, on the COC language. <p><u>Washington</u></p> <ul style="list-style-type: none"> Confirm product strategy; draft CoCs & benefit summaries; identify plan designs; prepare KA & SB rates for filing. <p><u>California</u></p> <ul style="list-style-type: none"> 4 additional SB local plans to be included in the May PRIME release for a 7/1/06 case effective date. <p><u>TX, OK, AZ, CO</u></p> <ul style="list-style-type: none"> Support KA local plan implementation. <p><u>NV</u></p> <ul style="list-style-type: none"> Begin evaluation for local plans for NV 	<p><u>WA & OR</u></p> <ul style="list-style-type: none"> No implementation dates can be confirmed until written approval of CoCs is received from regulators.

Team Progress Update – Revenue

Pricing & Underwriting – Small Group

High-Level Progress Update

Area	Key Accomplishments	Planned	Issues/Risks
<p>Small Group Underwriting</p>	<ul style="list-style-type: none"> ▪ Finalized workflow for new business submissions ▪ Updated UHC multi-site guidelines with recommended changes (CA) ▪ Continued reviewing UW guidelines and rating differences (OR) ▪ Received access to UeS for UW teams ▪ Finalized product portfolio (OR) ▪ Received approval on Business Case to update BMS/Symphony FileNet (CA) ▪ Strategy developed to migrate existing California UHC groups off their current plans ▪ Submitted Business Requirements for BMS/Symphony updates on 4/26 (CA) ▪ Continued discussion on determining recommended strategy for integrated UW guidelines (all states) ▪ Continued discussion of Medical Risk Assessment Comparison for Southwest ▪ Tested and validated Direct Print Functionality to support new case installation (CA) ▪ Completed testing of Pegasys small group rating system release for 7/1/06 California changes ▪ Filed PHS rates for 7/1 (CO) ▪ 7/06 PRIME rate template developed and submitted to UW (CA) ▪ Developed HMO rates with PRIME compatible age scale to support quoting on UHC platform (CA) ▪ Initial training for UHC rate change process ▪ Updated slope analysis comparison 7/06 effective date using a sample of benefit plans (AZ) ▪ Received approval of 7/06 rate filing (CA) ▪ Filed OR rates 7/06 (2-25) 	<ul style="list-style-type: none"> ▪ Continue review of UW submission requirements (all states) ▪ Determine SW UHC/PHS process changes needed to reduce groups coming to PHS from UHC upon renewal - awaiting regulatory opinion ▪ Implement 7/06 rates in PRIME (CA) ▪ Develop WA rates for SB filing targeted for 5/31 and NV filing for SB targeted for 6/15 ▪ Begin programming 8/1/06 changes in Pegasys ▪ Continue discussions on recommendation for experience datamart transition (UDR, PHS, PRIME, etc) ▪ Continue analysis to implement integrated rating factor strategy to be combined with size, gender, age factor recommendations (SW) 	<ul style="list-style-type: none"> ▪ Completion of the RX comparison differences between RX vendors has not been received and there is no expected completion date.

Team Progress Update – Revenue Pricing & Underwriting – Key Account

High-Level Progress Update

Area	Key Accomplishments	Planned	Issues/Risks
<p>Key Account Underwriting</p>	<ul style="list-style-type: none"> ▪ Began planning for Nevada & Washington ▪ Continuing work on selection factors and pooling charges ▪ Implementing/reviewing rate processes with PHS legacy employees ▪ Onsite sessions held to review UHC processes and systems in more detail; reviewing renewal processes, customer reporting, KARA/RTD data ▪ Completed KARA/RTD Summit and side by side comparison of both tools. Developed recommendation for a feed from RTD to KARA. ▪ Released PLUS 6.03 with Choice + plans & aligned multiple UHC/PHS Factors (e.g.-SIC, ASF Slope, etc) ▪ Requested the UAF form to be added to PLUS 6.04 to support UHC Case Installation Process. ▪ Finalized new proposal output and options for 51+ being integrated into PLUS 6.04 release ▪ Completed Manager training on MRT/MRS and communicated recommendation to use PLUS instead of MRT/MRS in the Pacific Region. This capability for PLUS is schedule for PLUS 6.04 release ▪ Testing of PLUS 6.04 completed to enable quoting of Options PPO, Select + and ancillary products ▪ Aligned UW Guidelines & Re-Rate Process ▪ Determined Atlas “work around” for Pacific Region UW until a Pacific Region office is set-up within the tool. ▪ Atlas Training 3/16/06 and 5/4/06 ▪ Determined Pacific and Southwest Regions will continue to support Group Retiree quoting for new & renewal groups until further notice. ▪ Understand Case Installation & requirements for sold case process. Submitted systems access for Pacific Region UW to Lotus Notes D-base/Case Package. 	<ul style="list-style-type: none"> ▪ Alignment of Southwest Region block renewal process and calls to UHC. ▪ Implementation of Southwest Region renewal strategy to encourage movement to UHC plans. ▪ Start analysis on pharmacy cost differences; getting data by end of week ▪ Resolve ATLAS installation issues ▪ Finalizing workflow on case installation ▪ Test , Release & Train Pacific and Southwest Region UW's on PLUS 6.04 changes (including ALL UHC plans being loaded) ▪ Conduct Staff Meetings as refresher on the process, systems, & products to support UHC products (SA or Dual Choice). ▪ Begin Implementation planning in Oregon. ▪ Finalize statement of work for RTD data extract to KARA data feed. ▪ Continue training on integrated process and tools. 	<ul style="list-style-type: none"> ▪ SW PDV being turned off; need to resolve workflow issues in order to provide UHC ancillary quotes with PHS medical quotes ▪ Final decisions & communications regarding Total Solutions Strategy is still pending.

Team Progress Update – Revenue

Pricing & Underwriting – Public Sector

High-Level Progress Update

Area	Key Accomplishments	Planned	Issues/Risks
<p>Public Sector</p>	<p>FEHBP</p> <ul style="list-style-type: none"> ▪ Updated 2006 and 2007 renewal projections developed for MDIPA and PHS using March claims ▪ Adjusted A/S factors >65 for inclusion in PLUS 6.04 ▪ Developed project plan for UHC and legacy MAMSI, UHC and PacifiCare plans to incorporate rate reconciliation, renewal, and policies and procedures ▪ Conducted initial training on policies and procedures and reconciliation with Jason Peck ▪ Fully engaged Cypress Oversight team in review preliminary OIG audits for MDIPA and UHC – Ohio ▪ Oversight team named and initial meeting set for May 31. ▪ Established initial 2007 SSSG discount targets for MDIPA and PHS plans <p>Labor & Trust</p> <ul style="list-style-type: none"> ▪ Published monthly updates for block of business experience to PS CFO for 2006 and projected 2007 using January claims <p>Other Public Sector</p> <ul style="list-style-type: none"> ▪ Finalized identification of groups and group numbers by legacy underwriting location and brought experience data into the dashboard tool for experience assessment. ▪ Provided 2006 projected experience for PS block to regional CFOs for legacy PHS to assist with 3+9 forecast <p>Overall</p> <ul style="list-style-type: none"> ▪ Updated Rules of the Road 4/21; awaiting sales feedback to finalize 	<p>FEHBP</p> <ul style="list-style-type: none"> ▪ Review final updated 2007 projections with April claims data for MDIPA and PHS ▪ Issue policies and procedures for UHC ▪ Develop experience assessment for UHC plans as well as proposed 2007 UHC expansion states ▪ Develop recommendations for 2007 HDHP offering ▪ Prepare for initial Oversight team meeting ▪ Finalize 2007 PHS SSSG targets after analysis of latest 6.03 rating model adjustments <p>Labor & Trust</p> <ul style="list-style-type: none"> ▪ Continue monthly book of business updates with March claim update due week of 5/1. ▪ Introduce projection tool to new PS CFO Dorothy Coleman and customize to her needs <p>Other Public Sector</p> <ul style="list-style-type: none"> ▪ Continue monthly block experience updates with 2006 and 2007 projections <p>Overall</p> <ul style="list-style-type: none"> ▪ Adjust 2007 financial projections for all sub-sectors in response to expected receipt of targets 	<ul style="list-style-type: none"> ▪ Need to compare updated projections to top down targets for net member growth and NGM and close any gaps

Team Progress Update – Revenue Pricing & Underwriting –Tools & Training

High-Level Progress Update

Area	Key Accomplishments	Planned	Issues/Risks
Tools & Training	<ul style="list-style-type: none"> ▪ Successfully installed Active X package on most of PHS desktops (ATLAS). ▪ Work in progress to enable UHC users to access required database on PHS server. ▪ Plans to provide MRS access to PHS UW suspended with decision to use Plus Model for census / manual rating for both UHC and PHS plan designs. ▪ ATLAS workaround established to identify PHS SW ASO cases, decision made to route all UHC cases from the PHS Southwest region to Edina UHC legacy, work around suspended ▪ Job Aide for Underwriting Coordinators and Underwriters completed. To pair PHS legacy Coordinators with Hartford UHC legacy Admin Coordinators for help with initial use of ATLAS 	<ul style="list-style-type: none"> ▪ Resolve issues surrounding unsuccessful installation of Active X package on a minority of PHS desktops (ATLAS). ▪ Provide Excel Plus Model to UHC UW users on Phil Johnson's team in MN. Continue working towards enabling UHC users to access required database on PHS server. Continue review of PHS tools that UHC UW may also need. ▪ PHS Tools Inventory completed. Planning / testing underway to support deployment of PHS pricing and UW tools to Edina UW staff ▪ Request workflows from Pacific Region PHS UW, and Southwest Region PHS and UHC UW to complete system access requests and training plan. ▪ Training on ATLAS job aide for Coordinators and UW scheduled for 5/4 	<ul style="list-style-type: none"> ▪ Testing and resolution of Access versions for PHS tools on UHC desktops needs to be coordinated with UT testing and migration plan and schedule for PHS desktops to United "Hercules" desktop

Team Progress Update

Branding & Marketing

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
Pacific	<ul style="list-style-type: none"> Developed 2006 marketing plans (Consumer Marketing-Pacific Region, all ethnic-LHS, AAM, AAHS) Transitioned B2B-specific projects (PPO implementation to PAC Region B2B Marketing) Initiated development of B2C plan for PPO implementation Confirmed sales tools for LHS initiative expansion Received list of vendors and key contacts for LHS and other ethnic initiatives Initiated Individual Plan Integration with Golden Rule Integration teams Pacific region marketing and Pam Stahl's team met to align plans, programs and projects 	<ul style="list-style-type: none"> Integrated events and event marketing, establish rules for broker events and publish/communicate guidelines – in final review Begin planning for WA/OR launch 	
SW	<ul style="list-style-type: none"> Began development of the Account Manager Renewal Kit Developed communication plan and began development of suite of tools to communicate detailed product strategy Dropped integration broker eBulletin 4/11. Move to monthly from bi-weekly 	<ul style="list-style-type: none"> On-going bi-weekly broker communication Continued refinement of launch support as product, pricing and sales ops continues to come together 	
CTN/CA Network	<ul style="list-style-type: none"> Developed communication plan for the CTN conversion to UHC network Developed and implemented several UHC field communications Drafted broker and employer communications Developed impacted consumer suite of letters 	<ul style="list-style-type: none"> SW: Continue regular broker integration communication PAC: Continue regular broker integration communication CA Network: National communication effort to begin launch to all audiences late April 	
AMS	<ul style="list-style-type: none"> Identified staffing requirements Developed and issued brand strategy for AMS brand 	<ul style="list-style-type: none"> Continue executing transition plan 	

Team Progress Update

Operational Readiness

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
Training	<ul style="list-style-type: none"> •Completed Atlas/Rosetta training database installation. •Completed Pacific (minus NV) and Southwest Atlas/Rosetta system training. •Completed CA SB UeS training. •Completed CA KA/SB sales process training. •Communicated Pacific (minus NV) Case Package training dates. 	<ul style="list-style-type: none"> • Execute Pacific KA Case Package training. • Finalize Pacific (including NV) Account Management Atlas training schedule. • Establish training plan for sales and operations on operation exception processes to support sales & customers in Pacific/Southwest 	
Sales Desktop	<ul style="list-style-type: none"> • Completed Pacific (minus NV) and Southwest Atlas, Rosetta and Analytics user setup. • Distributed Pacific and Southwest Atlas/Rosetta logins to sales users. • Distributed Atlas/Rosetta support process to Pacific business leaders. • Completed CA SB broker load in Rosetta. • Completed CA SB UeS user setup. • Distributed Pacific Case Package/Citrix logins. • Distributed process on how to request Atlas/Rosetta access to Pacific business leaders. • Initiated Pacific KA brokerage firm load into Atlas • Developed inventory and draft of operations exception processes to support sales & customers in Pacific/Southwest. 	<ul style="list-style-type: none"> • Complete production system installation for remaining Pacific and Southwest users. • Identify NW SB users for UeS setup. • Established user need and process to request access to PCIS for Pacific KA and SB users. • Complete Pacific KA brokerage firm load into Atlas • Finalize and communicate operations exception processes to support sales & customers in Pacific/Southwest. 	<ul style="list-style-type: none"> • Overall Sales readiness project issue: policies need to be finalized and training/communication needs to be completed.
Broker Alignment & Credentialing	<ul style="list-style-type: none"> • Alta credentialing campaign completed 4/28. • Developed Pacific strategy to obtain credentialing for remaining brokers from Alta campaign. • Delivered SB broker realignment recommendation to Sales VPs. • Alta Credentialing Campaign ended 	<ul style="list-style-type: none"> • Initiate Pacific internal campaign to complete credentialing for remaining brokers from Alta campaign. <ul style="list-style-type: none"> - Complete broker analysis for campaign. - Identify resource/approach to manage incomplete contracts from Alta campaign. • Due to the small number of SW brokers, each Account Executive will e-mail or phone their brokers to facilitate appointment by 6/30/06. • Obtain territory lists from VPs to develop realignment maps. 	
Sales Organization	<ul style="list-style-type: none"> • Determined CA KA & SB broker commission structure will remain as is through 2006. • Determined need for HPIR role in the Pacific. • Confirmed Pacific KA strategy to utilize the UHC Account Management centralized model for groups less than 1000. 	<ul style="list-style-type: none"> • Confirm Pacific SB strategy on Inside Sales model for new business. • Determine Pacific SB strategy on Account Management. 	

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Team Progress Update - Revenue Specialty Products

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
<p>Specialty Products</p>	<p>Training</p> <ul style="list-style-type: none"> All PHS Key Account reps have received training on Life/Disability products All Pacific Region Key Account reps have received training on Spectera UnitedHealthcare Dental products <p>Packaged Savings</p> <ul style="list-style-type: none"> The current UHC packaged savings program was made available to PHS reps (UHC medical bundled with UHC ancillary) <p>Operations</p> <ul style="list-style-type: none"> Loaded pricing/rate models into PLUS and provide information for Manual Rate Card(s) as appropriate 	<p>National Dental / Vision/ Direct Compensation</p> <ul style="list-style-type: none"> Complete small group training in CA and SW Region Participate in UHC University – CA and SW Finalize SW Region rules of the road document Finalize renewal and migration strategy to coincide with medical <p>Life and Disability</p> <ul style="list-style-type: none"> Launch Life products for 51 – 99 on May 5th Participate in UHC University – CA and SW 	<ul style="list-style-type: none"> Timing of UHC medical product launch – some of the specialty trainings have been delayed at the request of the regional sales teams in order to ensure that the trainings are closer to when the large UHC product launches will occur. (example: Oregon)

Team Progress Update - Revenue

PacLife Small Group

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
<p>Integrate PacLife Small Group Commercial Business to UHC</p>	<ul style="list-style-type: none"> ▪ Achieved significant improvement in PacLife retention. Stats as of 5/10: PacLife groups transitioned and retained within the UHC family (AMS/PHS/UHC): <ul style="list-style-type: none"> - January 39.7% - February 44.6% - March 53.9% - April 59.6% - May 46% (preliminary) - June 35% (preliminary) - July 23% (preliminary) - August 20.2% (preliminary) - YTD 2006: 2,395 groups transitioned for an overall retention of 40.7% (preliminary – will increase) ▪ Determined that the strategy in Florida is NOT to offer UHC quotes on 1 life groups, but rather run them out and terminate them 	<ul style="list-style-type: none"> ▪ Develop plan for transitioning business that can remain until 2007 renewal ▪ Continue to improve transition (retention) of PacLife business 	<ul style="list-style-type: none"> ▪ Complete appointment of brokers for all business transitioning to UHC ▪ Business continues to renew to PacLife. Evaluating network “white space” and options in those areas
<p>PacLife Operational Wind Down</p>	<ul style="list-style-type: none"> ▪ Received approval PacLife/Irvine Operations Close business case ▪ Implemented team to focus on solutions for PacLife business “holding on” until the end 	<ul style="list-style-type: none"> ▪ Select TPA and begin discussions about transition of residual operations ▪ Develop communications for groups that continue to renew with PacLife ▪ Disclose plan to Pacific Life 	<ul style="list-style-type: none"> ▪ Need to manage discontinuation of utilization of all services under the Transition Services Agreement and PHS/UHC obligations under the Administrative Services Agreement. ▪ Membership “hanging on” to PacLife paper elongates the Administrative Services Agreement.

Team Progress Update - Revenue

AMS Small Group

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
Integrate AMS Small Group Commercial Business to UHC	<ul style="list-style-type: none"> ▪ 60-day June 1 renewals were mailed on 3/27 ▪ Self-funded June 1 renewal groups received their termination notices ▪ Deductible credit and misdirected premium processes are in place ▪ The ancillary dental strategy was clarified and SCS is engaged ▪ Agent contracting - 6700 total agents not licensed with UHC or MWS - outside firm hired to solicit - 23% completed with an additional 24% in a pended stage ▪ AMS retention reporting process in place (owner – Karen Kneeland) ▪ Finalized the AMS renewal strategy ▪ AMS renewal strategy implemented for June 1 groups: <ul style="list-style-type: none"> - the 6/1/ renewal cycle included 3/1 4/1 and 5/1 - UHC, MWS or PHS (for NV) offers included with AMS renewal ▪ Completed broker credentialing approach business case ▪ Implemented renewal communications plan ▪ Finalized who will be providing dental quotes for 51+ ▪ Began the transition of groups & retained 61 groups and 922 members 	<ul style="list-style-type: none"> ▪ Agent and GA commissions – need to clarify pay levels and communication ▪ Need to determine pricing strategy for dental stand-alone ▪ Finalize and implement AMS retention reporting process ▪ File \$100 deductible dental plan (both UHC and MWS) 	<ul style="list-style-type: none"> ▪ Need \$100 lifetime deductible dental plan filed for both UHC and MWS to secure highest volume of retention ▪ Complete appointment of brokers for all business transitioning to UHC
AMS Operational Wind Down	<ul style="list-style-type: none"> ▪ Received approval on AMS Assumption/Discontinuation plan business case 	<ul style="list-style-type: none"> ▪ File assumptions ▪ Finalize communications for assumption/discontinuation ▪ A back up plan for assumption being created - if assumption does not go quickly, we will file market exits and do block terminations. ▪ Withdrawal strategy being reevaluated. Need to get Legal's okay for AMS to block term groups at end of 180 days rather than upon renewal. 	<ul style="list-style-type: none"> ▪ Assumption filing dependent on meeting with Wisconsin DOI. Meeting date TBD. ▪ The WI DOI and CT filing beyond 6/1/06 will delay the timeline for assumption and discontinuance.

Team Progress Update – Revenue

Individual

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
<p>Integrate Individual Product at PHS & AMS with Golden Rule</p>	<ul style="list-style-type: none"> ▪ UHC Legal (T. Johnson/N. Monk) have approved the GRI plan for PPO business in the PacifiCare Legacy States ▪ Organization Re-Alignment <ul style="list-style-type: none"> - Continue evaluating staffing needs at AMS and GRI ▪ Real Estate Transfer <ul style="list-style-type: none"> - Field Offices transferred to UHC Corporate Services for disposition (Sue Persby) ▪ Began implementation of the Network rationalization ▪ Assigned Functional Leads for Implementation of the State by State Strategies: AMS Term and Rewrite; AMS Product Discontinuance and Replacement; and the RIMS to OTIS investigation project ▪ Working team convened to identify and resolve the sales support and membership accounting issues in the Pacific and SW Region 	<ul style="list-style-type: none"> ▪ Complete State by State short and long term plan and assign leads and timelines for implementation ▪ Continue analysis of moving functions to Green Bay and Indianapolis for existing and new business in PacifiCare legacy States (Investigation project called RIMS To OTIS) ▪ Continue analysis on association contracts ▪ Continue analysis and confirm staff re-alignment decisions ▪ Continue AMS building optimization and real estate planning ▪ Continue planning and implementing the State by State Network rationalization initiative ▪ Continue drafting the IT migration plan from multiple existing systems to a single GRI system ▪ Continue planning for Financial systems conversions (Pat Carr) 	<ul style="list-style-type: none"> ▪ Need to ensure key functions to support the PacifiCare legacy business are maintained ▪ Requires identification and tracking of regulatory requirements, limitations, and undertakings to ensure brand/product strategies are in compliance ▪ Ensure the IT migration plan meets the requirements of UHC IT ▪ Marketing support in PHS legacy states identified as a risk. Weekly calls with GRI Marketing and PHS Marketing to ensure gaps in support are resolved.

Team Progress Update – Revenue Southwest Strategies

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
<p>Organization</p>	<ul style="list-style-type: none"> ▪ Combined sales force effective March 30. ▪ Sales Desktop Training on ATLAS and Rosetta ▪ Introduction Webcast, Online Learning and Hands on lab for designated people ▪ Inside Sales Update - New Business <ul style="list-style-type: none"> - Inside Sales is in the process of working with all Market VPs to redefine Inside Sales Territories. This has been completed in: AZ, UT, Dallas, CTX, and OK. - All markets have AEs assigned. Renewals <ul style="list-style-type: none"> - Amy Fortney Brown, Director of Inside Sales (Renewals), has led a team reviewing the PHS renewal process and membership. They are preparing a recommendation to be delivered next week. 	<ul style="list-style-type: none"> ▪ Create Small and Key Account Management model for approval and implementation. ▪ Determine Public Sector local market vs. national account management model – 5/1. ▪ Determine internal compensation model. ▪ Training <ul style="list-style-type: none"> - Local Market Training now - May 31st - UHPS- Pharmacy Training - May 2nd and 4th - CDH- ACIS The Definity Experience Mid May - CDH- Prime Mid to End of May - Prime - End of May/June ▪ Definition of Inside Sales territories in CO and Houston. 	
<p>Co-Locate Sales Staff</p>	<ul style="list-style-type: none"> ▪ All SW sites Sales & Account Management are now co-located. 		

Team Progress Update – Access & Healthcare Network

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
Best in Class Network in Overlap States	<ul style="list-style-type: none"> Facilities: Completed comprehensive analysis, 13 of 32 PHS facility contracts submitted for load to UNET Physicians: Identified total universe of PHS fee schedules Ancillary: Audit results received 	<ul style="list-style-type: none"> Finalize Best in Class network strategy grid (incorporating Product strategy) Facilities: Submit final 19 facility contracts for load to UNET Physicians: Complete PHS fee schedule analysis and submit to CCI in May for appropriate effective dates Ancillary: Review Audit to identify Ancillary net-adds to UNET and submit to CCI for loading 	<ul style="list-style-type: none"> Immediate focus of Network and Network operations teams is on California. As the California membership migration plans are finalized, teams will have more ability to focus on Best in Class Awaiting Ovations Product/Network strategy to incorporate into re-contracting efforts for overlap states to insure Ovations needs are met Limited options to eliminate PHS leased networks prior to 2007 Determining future UHN capitation strategy/parameters when re-contracting PHS capitation agreements
United Access in CA to PHS Network	<ul style="list-style-type: none"> Completed contract loads for all PHS physicians, hospitals and ancillaries in CA. Successfully contracted 41.4MM with providers/hospitals in CTN, not PHS Adjusted all operational time lines to support shift of the CTN termination date to 6/22/06. 	<ul style="list-style-type: none"> Directory availability: Myuhc.com – 6/06, Definity – 6/06, paper directories – 8/06 ID Card project will remove CTN logo (6/06), including partner businesses Distribute disrupted member and employer comms – 5/06 and Provider comm – 6/06 Complete Credentialing staff transformation – 8/06 	<ul style="list-style-type: none"> Timelines for communication, card reissue and provider load are extremely aggressive. Will require close monitoring by leadership to ensure tight timeframes are met
PHS Member Access to UHN	<ul style="list-style-type: none"> Implemented manual high dollar repricing process and realized \$395,566 saving to date Final Repricing Business Case submitted/approved (PPO – manual, HMO/POS out of area urgent or emergent only) 	<ul style="list-style-type: none"> Researching proper trigger level for PPO claims manual repricing (>10K?) ID cards to ship 5/06 HMO/POS out of area repricing to start on 5/06 	
Network Operations	<ul style="list-style-type: none"> Submitted initial ARO business case Provider Service business case submitted Credentialing Business Case submitted 	<ul style="list-style-type: none"> Re-present ARO business case with requested additional info (Uniprise staff ready? Accenture implementation plan?) Final approval for Provider Service business case after reviewing PCSU staffing needs to support CTN migration. Finalize credentialing transition plan 	<ul style="list-style-type: none"> Premature notice provided to PHS credentialing staff of transition and potential termination of employment. Working to manage the risk and adjust messaging.

Team Progress Update – A&HC (cont.)

Clinical Advancement & Pharmacy

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
Clinical Advancement organization	<ul style="list-style-type: none"> Organization planning underway Communicated regarding integration and other changes to staff 	<ul style="list-style-type: none"> Q3 '06 is ETA for final staff transformation 	
Quality Improvement	<ul style="list-style-type: none"> Completed Quality Improvement Crosswalk ePocrates Business Case submitted/approved (ePocrates notified in May of contract termination) 	<ul style="list-style-type: none"> Develop and submit comprehensive QI business cases 	
Affordability	<ul style="list-style-type: none"> Reduced scope to Physician Outlier Management effort only Determined that Physician Outlier Management would be handled under National Affordability Initiatives (to be removed from Integration scope) 	<ul style="list-style-type: none"> Project Cancelled 	
Medical Policy	<ul style="list-style-type: none"> Completed Medical Policy Crosswalk Completed Clinical Practice and Preventive Care Guidelines Crosswalks Formalized policy writing to support both UHC and PHS technology research strategies PHS has been given access/training to Knowledge Library 	<ul style="list-style-type: none"> Develop and submit comprehensive Medical Policy business cases Finalize timeline for submission to MTAC of policies requiring review (determined during crosswalk) Merging PHS and UHC Hayes contracts (PHS contract expires 9/06) Emerging Technology Review process to be coordinated between the two organizations under the UHC committee 	<ul style="list-style-type: none"> PHS unable to access MD Consult through Knowledge Library – PHS maintains direct MD Consult access even though contract cancelled effective 6/06 IT support teams are researching
Medical Management (ICA, DM, HRCM)	<ul style="list-style-type: none"> ICA: Reduced scope to exclude inpatient bed day mgmt (addressed via ITI) DM: Initial agreement as follows, Alere for COPD, CHF and Asthma / URN for ESRD, NICU and Cancer / CAD, Diabetes recommendation to Optum under debate – all to be presented at MCOG (5/06) HRCM: Completed crosswalk of HRCM programs, initial business case submitted/approved to merge HRCM programs using PHS approach 	<ul style="list-style-type: none"> ICA: Complete Milliman training (ver 10) DM: Present DM research to MCOG (5/06) for final approved approach HRCM: Develop and submit comprehensive HRCM business cases for 7/06 implementation 	<ul style="list-style-type: none"> In negotiation with Alere for final contract language and pricing
Pharmacy	<ul style="list-style-type: none"> High-level Benefit, Clinical Program, PDL and Retail Network comparison completed Pharmacy Sales training completed (Pacific and SW Sales/AM) 	<ul style="list-style-type: none"> Comprehensive financial analyses (Benefit, Clinical Program, PDL, Rebate, Mail Order, Retail NW, Admin Fee) Establish connectivity from Rx Solutions to UNET by 12/06 	

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Team Progress Update

Operations and Technology

High-Level Progress Update

Area	Accomplished	Planned	Issues/Risks
Establish Connectivity and Systems Access	<ul style="list-style-type: none"> Phase 0 complete (e.g., VPN connectivity, Security audit/remediation) Phase I complete (e.g., access to Frontier, securing the perimeter, implementing security policies, point to point WAN connection) Phase II – Completed Network Nationalization of the following PHS Sites: Tucson, Colorado Springs, Tulsa & Sacramento Completed Email Connector for AMS 	<ul style="list-style-type: none"> Continue Phase II Activities Complete implementation of interim Calendar and Email Connector for PHS Completion of PHS application review and certification for Hercules 	<ul style="list-style-type: none"> Hercules certification of PHS applications has an aggressive target date of May 31, 2006. Continue to work with PHS to identify application ownership, testing resources and scheduling
Establish Application Access	<ul style="list-style-type: none"> PHS able to access 14 apps/systems (Frontier, HR Direct, PAG, PDML, Knowledge Library, Case Package, Lotus Notes via Citrix, Procis Metrix, limited ATLAS/Rosetta, UeS, SharePoint) 	<ul style="list-style-type: none"> Continued roll-out of UHC application access to support business on PHS PCs Continue certification of PHS application on Hercules desktops 	<ul style="list-style-type: none"> Access 97 & Access 2003 compatibility issues will require a database upgrade and potential remediation. Some database are used across departments.
Coordinate Technology Needs for SW Sales Office Collocation	<ul style="list-style-type: none"> Strategy established that upon completion of physical move - each resource (UHC or PHS) will utilize VPN connectivity for application access Completed Collocation activities in Oklahoma City, Denver, Phoenix, Tucson and Houston 	<ul style="list-style-type: none"> Continue collocation of individuals in the South West – San Antonio and Dallas 	<ul style="list-style-type: none"> Performance issues are being resolved. Impacting the performance of Access Databases