CONTROLLER STEVE WESTLY
STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

PR 005:36
FOR IMMEDIATE RELEASE:
OCT 17, 2005

CONTACT: RUSS LOPEZ
916-445-2636

Westly Raises Concerns About Health Care Mega-Merger

SAN DIEGO - Controller Steve Westly challenged the PacifiCare and UnitedHealthcare merger deal today, calling its $300 million executive compensation package excessive and asking for assurances that the merger will not increase already skyrocketing health care costs.

"Much of that $300 million should go to the shareholders who truly own the companies and to consumers who are burdened with skyrocketing health care costs," Westly said. "CalPERS is the country's third largest purchaser of health care. We must have guarantees that health care mega mergers will help patients."

Westly also said the California Public Employees Retirement System (CalPERS) must develop a process through which merger deals are analyzed from several approaches, going beyond stock price and weighing other effects a merger could have on CalPERS.

Westly made his comments after the PacifiCare-UnitedHealthcare merger was discussed at today's CalPERS board meeting in San Diego.

The PacifiCare-UnitedHealthcare merger is one of three major health care consolidations in the last year. WellPoint, Inc. and WellChoice, Inc. announced their intention to merge last month. Last November, WellPoint and Anthem merged, producing the nation's largest health plan. Westly raised concerns about the Well Point-WellChoice merger last month, citing the potential for higher health care costs due to reduced competition in the health care market.

The WellPoint-WellChoice and PacifiCare-UnitedHealthcare mergers involve more than 10 million California patients, including the nearly 300,000 that belong to CalPERS plans managed by Blue Cross of California, a subsidiary of WellPoint.

###