

**BEFORE THE OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF WISCONSIN**

Case No. 04-C29300

In the Matter of the Acquisition of Control
Of Unity Health Insurance Plans Corporation
By University Health Care, Inc.

33

16 DEC. 2004

Date: December 16, 2004
Time: 3:45 p.m. Central Standard Time
Location: Office of the Commissioner of Insurance
125 S. Webster St.
Madison, WI 53703

04-C29300

TESTIMONY OF GARY EILER

Question: Please state your name.

Answer: Gary Eiler.

Question: By whom are you employed and in what capacity?

Answer: I am the Chief Financial Officer of University of Wisconsin Hospital and Clinics Authority (the "Hospital and Clinics Authority"). I am also a director of Unity Health Insurance Plans Corporation ("Unity") and have been nominated to continue as a director following University Health Care, Inc.'s acquisition of Unity.

Question: Please describe some of your background and qualifications to serve as CFO of the Hospital and Clinics Authority.

Answer: I served as the Vice President of Finance of Alexian Brothers Medical Center in Illinois for seven years before becoming the Chief Financial Officer of the Hospital and Clinics Authority. I have held my current position for four years.

Question: Are you familiar with University Health Care, Inc.'s proposed acquisition of Unity?

Answer: Yes, I have been involved in the planning and negotiations with regard to financial matters.

Question: How will University Health Care, Inc.'s purchase of Unity be funded?

Answer: The purchase price of the acquisition will be funded by two of University Health Care, Inc.'s corporate members, the Hospital and Clinics Authority and University of Wisconsin Medical Foundation (the "Medical Foundation"). The Hospital and Clinics Authority is contributing 60% of the funds necessary for University Health Care, Inc. ("UHC") to acquire Unity, as approved in the Hospital and Clinics Authority Board minutes dated April 20, 2004, which are attached as Exhibit 7.10. Thus, the Hospital and Clinics Authority will be deemed to hold a 60% interest in UHC's equity interests in and to Unity. The Medical Foundation will contribute 40% of the purchase price and will thus hold a 40% interest. Therefore, the capital calls and any distribution of proceeds from any sale of Unity shall be in this proportion. The Hospital and Clinics Authority's contribution does not carry obligations beyond the obligation just described and the obligations implied by UHC's articles of incorporation, which are Exhibit 7.4.

Question: Will the University of Wisconsin Medical School (the "Medical School") provide funding to UHC for the Unity acquisition?

Answer: No, the Medical School is not contributing funds to UHC for the Unity acquisition. Furthermore, funds committed to the specific support of the Medical School are not being used to purchase Unity, and no general purpose revenue or other public funding will be used.

Question: Will any of the funds derived from the conversion of Blue Cross be used to purchase Unity?

Answer: No.

Question: What is the origin of the funds that the Hospital and Clinics Authority will provide?

Answer: The Hospital and Clinics Authority will use internal cash funds. The use of such funds for UHC's acquisition of Unity has been approved by the Hospital and Clinics Authority's Board of Directors.

Question: Is the funding that will be provided by the Hospital and Clinics Authority dependent on UHC's receipt of a dividend from Unity in the amount of approximately \$17 million?

Answer: No. The funding is not contingent on receipt of such a dividend.

Question: Does this conclude your testimony?

Answer: Yes. I would be happy to answer any questions.