

The University of Michigan
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Proposed Winddown of UM Health Plan

Action

Requested: Approval of the UM Health Plan Winddown Plan

Background: UM Health holds a 90% ownership interest in UM Health Plan (formerly, Physicians Health Plan) and its subsidiary entities (collectively, “UM Health Plan”). Covenant Healthcare owns the remaining 10%. Over the past several years, due to a variety of factors, including greater competition and regulatory changes impacting Medicare Advantage plans, it has been increasingly difficult for UM Health Plan to maintain financial stability. In the last 5 years, the plan has experienced consistent and significant losses despite numerous mitigation efforts. In 2024, UM Health Plan leadership made a concerted effort, with the support of an investment banker and consultants, to either sell the business or partner with a third party to stabilize the business; however, these attempts were unsuccessful.

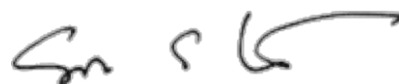
Following these efforts, the UM Health Plan Board concluded that the business should be wound down in 2025 to limit additional losses. The UM Health Plan CEO and the leadership teams are now working to ensure an orderly and compliant winddown of the business, including working with Centers for Medicare and Medicaid Services and the Michigan Department of Insurance and Financial Services. We expect to end significant business operations in 2025, with final dissolution to occur after complying with regulatory requirements and the running out of all claims, likely in 2027.

We recommend that the Board of Regents approve the proposed winddown of UM Health Plan and further that the Executive Vice President for Medical Affairs be empowered and directed to finalize, complete, and approve the material terms and provisions of any documentation necessary to effectuate the foregoing and any other action necessary or appropriate to effectuate the foregoing.

Respectfully submitted,



Marschall S. Runge
Executive Vice President for Medical Affairs and
Dean, Medical School



Geoffrey S. Chatas
Executive Vice President
and Chief Financial Officer

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