

United American Healthcare Corporation Announces Fiscal 2009 First Quarter Results

DETROIT, Nov 04, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- United American Healthcare Corporation (Nasdaq: UAHC), which owns and provides comprehensive management services to a full-service managed care organization in Tennessee, today announced financial results for its fiscal first quarter ended Sept. 30, 2008.

Revenues increased five percent to \$6.5 million for the first fiscal quarter ended Sept. 30, 2008, compared with revenues of \$6.2 million for the first quarter of fiscal 2008. Total expenses increased two percent to \$6.2 million in the fiscal 2009 first quarter, compared to \$6.1 million in the prior fiscal year's first quarter. For the first quarter of fiscal 2009, the Company reported net income of \$190,000, or \$0.02 per basic share, compared with net income of \$73,000, or \$0.01 per basic share, in the comparable quarter a year ago. The increase was primarily due to an increase in Medicare Advantage "Special Needs Plan" (MA-SNP) revenue of the Company's subsidiary, UAHC Health Plan of Tennessee (UAHC-TN), and a decrease in marketing, general and administrative expenses due to the pending expiration of UAHC-TN's TennCare contract to serve Medicaid beneficiaries in the West Grand Region of Tennessee.

The increase in fiscal 2009 first quarter revenue helped to offset an eight percent decrease in TennCare-related fixed administrative fee revenue from the prior fiscal year's first quarter, principally due to a decrease in the number of UAHC-TN's TennCare enrollees. As of Sept. 30, 2008, UAHC-TN's total TennCare enrollment was 97,000 members, down from 107,000 members a year earlier.

"As we continued the transition of our TennCare business to new providers, we maintained firm control over our expenses and utilization of our assets, which resulted in our profitability for the quarter," said William C. Brooks, president, chairman and CEO of United American Healthcare. "As we move closer to the final expiration of UAHC-TN's TennCare contract on June 30, 2009, we will continue to maintain a disciplined approach to our expenses and continue conserving our resources in anticipation of pursuing a new business strategy."

UAHC-TN's MA-SNP business comprised 44.1 percent of the Company's total revenue in the fiscal 2009 first quarter. MA-SNP medical premiums revenues were \$2.9 million, while medical expenses for MA-SNP increased to \$2.5 million in that quarter. The percentage of such medical expenses to medical premiums revenues -- the "medical loss ratio" -- was 88.1% for the quarter.

On April 22, 2008, UAHC-TN learned that it will no longer have a TennCare contract to serve Medicaid beneficiaries in the West Grand Region of Tennessee when its current TennCare contract expires. UAHC-TN's TennCare contract represented 53 percent of the Company's total revenues for the fiscal 2009 first quarter. UAHC-TN's TennCare members transferred to other managed care organizations on Nov. 1, 2008, after which UAHC-TN will perform its remaining contractual obligations through its TennCare contract expiration date of June 30, 2009.

Management expects to incur a number of substantial expenses related to the TennCare contract discontinuance. Such total costs are estimated in the range of \$4.6 million to \$6.6 million, including claims processing costs, employee severance, lease termination costs and other general administrative expenses from November 2008 through June 2009.

As of September 30, 2008, United American Healthcare reported cash, cash equivalents and short-term marketable securities of \$26.8 million, compared to \$27 million as of June 30, 2008. The Company remains debt free.

"While we are fortunate to have significant cash, cash equivalents, short-term marketable securities, and statutory reserves given the current state of the financial markets, it is important to note that a substantial portion of those assets must be retained for regulatory purposes and to fund our remaining obligations under the TennCare contract," concluded Brooks. "The Company's management team and board have been actively engaged in a review of a variety of long-term strategic alternatives for the Company. In considering these options, we are currently guided by three objectives: a significant revenue contribution, positive EBITDA and long-term growth opportunities. As we evaluate these alternatives and when the board comes to a decision regarding our strategic options, we will have more clarity regarding our need for and the ultimate utilization of our cash balances."

Fiscal 2009 First Quarter Conference Call

United American Healthcare Corporation will host a conference call at 4:30 p.m. Eastern Time today to discuss these results and current business trends. To access the live conference call, please dial 1-877-795-3610 and provide the conference passcode 4526496. A replay of the call will be available through Monday, Jan. 28, 2009. To access the replay, please call 1-888-203-1112 and provide conference passcode 4526496. Participation in the call's question-and-answer session will be

limited to institutional investors and analysts. Individual investors and retail brokers are invited to listen via a live webcast. To listen, please go to the investor section of the Company's website at www.uahc.com. The webcast will be archived on the United American Healthcare website for 90 days from the date of the call.

About United American Healthcare Corporation

United American Healthcare Corporation ("UAHC") is a full-service healthcare management company, pioneering the delivery of healthcare services to Medicaid recipients since 1985. UAHC owns and manages UAHC Health Plan, which is based in western Tennessee and includes the Memphis market. For more information, please visit the Company's web site at www.uahc.com.

United American Healthcare Corporation Safe Harbor Statement

Forward-looking statements by United American Healthcare Corporation, including those in this announcement, involve known and unknown risks, which may cause actual results and corporate developments to differ materially from those expected. Factors that could cause results and developments to differ materially from expectations include, without limitation, the effects of state and federal regulations, the effects of acquisitions and divestitures, and other risks described from time to time in each of United American Healthcare's SEC reports, including quarterly reports on Form 10-Q, annual reports on Form 10-K, and reports on Form 8-K.

United American Healthcare Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except per share data)

	Three months ended September	
	2008	2007
Revenues		
Fixed administrative fees	\$3,423	\$3,706
Medical premiums	2,862	2,082
Interest and other income	208	400
Total revenues	6,493	6,188
Expenses		
Medical expenses	2,523	1,864
Marketing, general and administrative	3,639	4,191
Depreciation and amortization	61	40
Total expenses	6,223	6,095
Earnings from operations before income taxes	270	93
Income tax expense	80	20
Net earnings	\$190	\$73
Net earnings per common share - basic		
Net earnings per common share	\$0.02	\$0.01
Weighted average shares outstanding	8,734	8,589
Net earnings per common share - diluted		
Net earnings per common share	\$ 0.02	\$0.01
Weighted average shares outstanding	8,753	8,800

United American Healthcare Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands, except share data)

September 30, June 30,
2008 2008
(Unaudited)

Assets		
Current assets		
Cash and cash equivalents	\$10,081	\$10,713
Marketable securities	9,161	8,774
Accounts receivable - State of Tennessee, net	1,088	1,093
Interest receivable	218	551
Other receivables	419	374
Prepaid expenses and other	212	299
Total current assets	21,179	21,804
Property and equipment, net	411	472
Marketable securities	7,562	7,514
Restricted assets	421	421
Other assets	586	586
Total assets	\$30,159	\$30,797
Liabilities and Shareholders' Equity		
Current liabilities		
Medical claims payable	\$2,362	\$2,563
Accounts payable and accrued expenses	1,351	1,726
Accrued compensation and related benefits	488	896
Accrued rent	78	90
Other current liabilities	1,220	1,183
Total current liabilities	5,499	6,458
Total liabilities	5,499	6,458
Commitments and contingencies		
Shareholders' equity		
Preferred stock, 5,000,000 shares authorized; none issued		
Common stock, no par, 15,000,000 shares authorized; 8,734,214 issued and outstanding both at September 30, 2008 and June 30, 2008	18,558	18,558
Paid in capital - stock options	1,252	1,153
Warrants	444	444
Retained earnings	4,451	4,261
Accumulated other comprehensive loss, net of deferred federal income taxes	(45)	(77)
Total shareholders' equity	24,660	24,339
Total liabilities and shareholders' equity	\$30,159	\$30,797

SOURCE United American Healthcare Corporation

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