

## United American Healthcare Corporation Announces Fiscal 2009 Third Quarter Results

DETROIT, May 7, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- United American Healthcare Corporation (Nasdaq: UAHC) today announced financial results for the Company's fiscal third quarter ended March 31, 2009.

Revenues decreased \$5.6 million, or 67 percent, to \$2.7 million for the third quarter ended March 31, 2009, compared with revenues of \$8.3 million for the third quarter of the prior fiscal year. The decline was primarily the result of the complete transfer of TennCare enrollees served by the Company's subsidiary, UAHC Health Plan of Tennessee (UAHC-TN), to other managed care organizations on Nov. 1, 2008, and the impending discontinuance of UAHC-TN's managed care services as a TennCare contractor.

Total expenses decreased \$4.8 million, or 45 percent, to \$5.7 million in the fiscal 2009 third quarter, compared with \$10.5 million in the prior fiscal year's third quarter. The reduction in expenses for the quarter included a \$1.4 million decrease in marketing, general and administrative expenses, partially offset by a small increase in medical expenses. In addition, the results for the prior year included a goodwill impairment charge of \$3.5 million. Also, included in the prior year results was an increase in the Company's deferred tax valuation allowance, resulting in an income tax expense of \$1.5 million, compared with a tax credit of \$40,000 for the quarter ended March 31, 2009. For the third quarter of fiscal 2009, the Company reported a net loss of \$3.0 million, or (\$0.35) per basic share, compared with a net loss of \$3.8 million, or (\$0.43) per basic share, in the comparable quarter a year ago. The loss in the most recent quarter was primarily a result of the decrease in revenue, partially offset by a decrease in marketing, general and administrative expenses, due to the impending expiration of UAHC-TN's TennCare contract.

"With the transition of our TennCare business to new managed care organizations, we saw a significant and expected contraction of our total revenues in the third quarter," said William C. Brooks, president and CEO of United American Healthcare. "To address the lower revenue levels, we remain disciplined in our efforts to control expenses and conserve resources as we approach the expiration of UAHCTN's TennCare contract on June 30, 2009."

UAHC-TN's Medicare Advantage "Special Needs Plan" (MA-SNP) business comprised 96.3 percent of the Company's total revenue in the fiscal 2009 third quarter. MA-SNP medical premiums revenues decreased \$0.3 million year-over-year to \$2.6 million, while medical expenses for MA-SNP increased \$0.1 million year-over-year to \$2.6 million. The percentage of such medical expenses to medical premiums revenues -- the "medical loss ratio" -- was 95 percent for the quarter. As of May 1, 2009, there were approximately 647 enrollees in UAHC-TN's Medicare Advantage Special Needs Plan, compared to 859 enrollees as of a year ago.

As the Company previously reported, UAHC-TN no longer has a TennCare contract to serve Medicaid beneficiaries in the West Grand Region of Tennessee. As a result, UAHC-TN reported no Medicaid-related revenues, compared to revenues of \$5.1 million in the same quarter of fiscal 2008.

For the first nine months of fiscal 2009, revenues fell \$7.5 million, or 35 percent, to \$14.0 million, compared with \$21.5 million for the first nine months of fiscal 2008. The transfer of UAHC-TN's TennCare enrollees to other providers on Nov. 1, 2008 was the primary cause of the decrease in revenues. Total expenses for the first nine months of fiscal 2009 decreased \$5.2 million, or 22 percent, to \$18.0 million, compared with \$23.3 million for the comparable period in the prior year. The expense reduction was the result of a \$2.3 million decrease in marketing, general and administrative expenses, partially offset by a \$0.6 million increase in medical expenses in the nine months ended March 31, 2009. The nine-month results for fiscal 2008 were also impacted by the goodwill impairment charge and increased deferred tax valuation allowance noted above. As a result, the Company reported a net loss for the first nine months of fiscal 2009 of \$4.2 million, or (\$0.48) per share, compared with a net loss of \$3.4 million, or (\$0.40) per share, in the same period of fiscal 2008.

In addition, as previously announced, the Company expects to incur substantial expenses related to the impending TennCare contract discontinuance. UAHC estimates a net loss 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 through June 2009. As a result of the contract discontinuance, the Company's total number of employees was 25 at March 31, 2009, compared to 122 at March 31, 2008.

As of March 31, 2009, United American Healthcare reported cash, cash equivalents and short-term marketable securities of \$22.5 million, compared to \$27.4 million as of June 30, 2008. The Company remains free of debt.

"With the continued, extraordinary economic challenges confronting nearly all of the nation's industry sectors, including healthcare, the process of evaluating the Company's strategic options has taken longer than we initially anticipated," concluded

Brooks. "In the face of the challenges related to the impending expiration of our TennCare contract, as well as the broader challenges posed by the overall economy, the Company's management team and board continue to take prudent actions to reduce expenses and conserve cash, until a final decision is reached concerning the strategic direction of the Company."

#### Fiscal 2009 Third 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 1-800-860-2442 and provide the conference passcode 430163. A replay of the call will be available through Monday, Aug. 7, 2009. To access the replay, please call 1-877-344-7529 and provide conference passcode 430163.

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](http://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 that has pioneered 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](http://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  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)  
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2009	2008	2009	2008
<b>Revenue</b>				
Fixed administrative fees	\$-	\$3,612	\$4,596	\$10,995
Variable administrative fees	-	1,438	944	1,718
Medical premiums	2,612	2,900	7,869	7,689
Interest and other income	102	325	584	1,109
Total revenue	2,714	8,275	13,993	21,511
<b>Expenses</b>				
Medical expenses	2,651	2,538	7,441	6,953
Marketing, general and administrative	3,094	4,483	10,425	12,763
Goodwill impairment	-	3,452	-	3,452
Depreciation and amortization	32	58	149	149
Loss on disposal of fixed assets	1	-	136	-
Total expenses	5,778	10,531	18,151	23,317
Loss from operations before income taxes	(3,064)	(2,256)	(4,158)	(1,806)
Income tax expense (benefit)	(40)	1,514	40	1,635
Net loss	\$(3,024)	\$(3,770)	\$(4,198)	\$(3,441)

Net loss per common share - basic				
Net loss per common share	\$ (0.35)	\$ (0.43)	\$ (0.48)	\$ (0.40)
Weighted average shares outstanding	8,565	8,706	8,677	8,643
Net loss per common share - diluted				
Net loss per common share	\$ (0.35)	\$ (0.43)	\$ (0.48)	\$ (0.40)
Weighted average shares outstanding	8,565	8,706	8,677	8,643

United American Healthcare Corporation and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	March 31, 2009 (Unaudited)	June 30, 2008
Assets		
Current assets		
Cash and cash equivalents	\$11,018	\$10,713
Marketable securities	3,903	8,774
Accounts receivable - State of Tennessee, net	67	1,093
Interest receivable	116	551
Other receivables	316	374
Prepaid expenses and other	188	299
Total current assets	15,608	21,804
Property and equipment, net	170	472
Marketable securities	7,590	7,514
Restricted assets	-	421
Other assets	586	586
Total assets	\$23,954	\$30,797
Liabilities and Shareholders' Equity		
Current liabilities		
Medical claims payable	\$2,133	\$2,563
Accounts payable and accrued expenses	1,539	1,726
Accrued compensation and related benefits	510	896
Accrued rent	106	90
Other current liabilities	66	1,183
Total current liabilities	4,354	6,458
Total liabilities	4,354	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; 8,137,903 and 8,734,214 issued and outstanding at		

March 31, 2009 and June 30, 2008, respectively	17,685	18,558
Paid in capital - stock options	1,412	1,153
Warrants	444	444
Retained earnings	63	4,261
Accumulated other comprehensive loss, net of tax	(4)	(77)
Total shareholders' equity	19,600	24,339
Total liabilities and shareholders' equity	\$23,954	\$30,797

SOURCE United American Healthcare Corporation

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