HealthMarkets, Inc. Form 4 May 10, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

0.5

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OMB APPROVAL

if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Check this box

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * MCQUAGGE TROY A

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

HealthMarkets, Inc. [N/A]

(Check all applicable)

(Last) (First) (Middle)

(Zip)

3. Date of Earliest Transaction

Director

10% Owner __X__ Other (specify

536 SILICON DRIVE, SUITE 100

(State)

(Month/Day/Year) 05/08/2006

Officer (give title below) below)

Division Manager

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

SOUTHLAKE, TX 76092

(City)

(Instr. 3)

1. Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (I) (Instr. 4) (Instr. 4)

(A)

Reported Transaction(s)

(Instr. 3 and 4) Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Conversion Security or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of TransactionDerivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of **Underlying Securities** (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)				
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Share
Stock Option	\$ 37	05/08/2006		A	48,667	05/08/2007(1)	05/08/2016	Class A-1 Common Stock	48,667
Stock Option	(2)	05/08/2006		A	48,666	05/08/2007(3)	05/08/2016	Class A-1 Common Stock	48,660
Stock Option	\$ 11.5					02/12/2004(4)	03/13/2008	Class A-1 Common Stock	30,000
Stock Option	\$ 30.75					03/16/2006(4)	06/14/2010	Class A-1 Common Stock	60,000
Stock Option	\$ 11.4					12/08/2002(4)	01/07/2007	Class A-1 Common Stock	4,000

Reporting Owners

Reporting Owner Name / Address	Kelationships					
	Director	10% Owner	Officer	Other		
MCQUAGGE TROY A 536 SILICON DRIVE SUITE 100 SOUTHLAKE, TX 76092				Division Manager		
5 0 0 111E: 111E, 111 / 00/2						

Signatures

Troy A. McQuagge By /s/ Peggy G. Simpson, POA

05/09/2006 Date

Explanation of Responses:

**Signature of Reporting Person

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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- (1) The options vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of May 8, 2006
- (2) The initial exercise price of the option is \$37.00. The exercise price of the option will accrete by 10% per year, starting on May 8, 2008. If the optionee exercises the option prior to May 8, 2008, the exercise price will be \$37.00. If the optionee exercises the option on or after May 8, 2008 but prior to May 8, 2009, the exercise price will be \$40.70. If the optionee exercises the option on or after May 8, 2009 but prior to May 8, 2010, the exercise price will be \$44.77. If the optionee exercises the option on or after May 8, 2010 but prior to May 8,

Reporting Owners 2

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2011, the exercise price will be \$49.25. If the optionee exercises the option on or after May 8, 2011, the exercise price will be \$54.17.

- The option vests in different increments on each of the first five anniversaries of May 8, 2006. Twenty-five percent of the option vests on May 8, 2007. Twenty-five percent of the option vests on May 8, 2008. Seventeen percent of the option vests on May 8, 2019. Seventeen percent of the option vests on May 8, 2010. The remaining 16% of the option vests on May 8, 2011.
- (4) Options vest and become exercisable in 20% annual increments on each of the first, second, third, fourth and fifth anniversaries of the grant date

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.