COLLIFLOWER MICHAEL

Form 4

June 28, 2006

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

| 1. Name and Address of Reporting Person *
 COLLIFLOWER MICHAEL

 (Last) (First) (Middle)

 9151 BOULEVARD 26

 (Street)

 NORTH RICHLAND HILLS, TX 76180

 (City) (State) (Zip) | 2. Issuer Name **and** Ticker or Trading Symbol
 HealthMarkets, Inc. [N/A]

 3. Date of Earliest Transaction (Month/Day/Year)
 06/26/2006

 4. If Amendment, Date Original Filed(Month/Day/Year) | 5. Relationship of Reporting Person(s) to Issuer

 (Check all applicable)

 _____ Director _____ 10% Owner
 __X__ Officer (give title _____ Other (specify below) below)
 Senior Vice President

 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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

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

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

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction Derivative	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amoun Underlying Securiti

Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		(Month/Day/Year)		(Instr. 3 and 4)	
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	(1)	06/26/2006	D			8,666	05/08/2007(2)	05/08/2016	Class A-1 Common Stock	8,6
Stock Option	$ 37	06/26/2006	D			8,667	05/08/2007(4)	05/08/2016	Class A-1 Common Stock	8,6
Stock Option	(5)	06/26/2006	A		8,666		06/26/2007(6)	06/26/2016	Class A-1 Common Stock	8,6
Stock Option	$ 37	06/26/2006	A		8,667		06/26/2007(7)	06/26/2016	Class A-1 Common Stock	8,6

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
COLLIFLOWER MICHAEL 9151 BOULEVARD 26 NORTH RICHLAND HILLS, TX 76180			Senior Vice President	

Signatures

Michael A. Colliflower By Peggy G. Simpson, POA	06/28/2006
**Signature of Reporting Person	Date

Explanation of Responses:

*   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).

(1)   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, 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.

(2)   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, 2009. Seventeen percent of the option vests on May 8, 2010. The remaining 16% of the option vests on May 8, 2011.

(3)

The reporting person agreed to the cancellation of an employee option granted to him on May 8, 2006 in exchange for a new employee option.

(4) The options vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of May 8, 2006

(5) The initial exercise price of the option is $37.00. The exercise price of the option will accrete by 10% per year, starting on June 26, 2008. If the optionee exercises the option prior to June 26, 2008, the exercise price will be $37.00. If the optionee exercises the option on or after June 26, 2008 but prior to June 26, 2009, the exercise price will be $40.70. If the optionee exercises the option or or after June 26, 2009 but prior to June 26, 2010, the exercise price will be $44.77. If the optionee exercises the option on or after June 26, 2010 but prior to June 26, 2011, the exercise price will be $49.25. If the optionee exercises the option on or after June 26, 2011, the exercise price will be $54.17.

(6) The options vest in different increments on each of the first five anniversaries of June 26, 2006. Twenty-five percent of the option vests on June 26, 2007. Twenty-five percent of the option vests on June 26, 2008. Seventeen percent of the option vests on June 26, 2009. Seventeen percent of the option vests on June 26, 2010. The remaining 16% of the option vests on June 26, 2011.

(7) The options vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of June 26, 2006

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.

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