

## **HIP® To Acquire PerfectHealth Insurance Company**

**New York, N.Y., Aug. 22, 2005** - HIP Health Plan of New York has entered into an acquisition agreement with PerfectHealth Insurance Company, a provider of high deductible health insurance policies in the New York market. Completion of the transaction is subject to regulatory approval.

HIP, a leading regional health plan serving the needs of over 1.4 million members, recently launched its first consumer-directed health plan (CDHP), *myFund*. The purchase of PerfectHealth recognizes the growing interest in consumer-directed health care options. In addition, the acquisition will expand the scope of HIP's CDHP product line through the provision of Health Reimbursement Account (HRA) and Health Savings Account (HSA) offerings.

Daniel T. McGowan, President and Chief Operating Officer of HIP, noted: "Increasingly, consumers wish to be involved in the decisions that affect their health care. This fact, coupled with the access consumers now have to health care information through the Internet and from other sources, is driving their awareness about their health care options. With the acquisition of PerfectHealth, which has extensive knowledge of HSAs in our market, HIP expects to be able to meet the needs of employers and employees wishing to purchase higher-deductible, lower-premium products coupled with HSAs."

Carmine A. Morano, President & CEO of PerfectHealth, said: "PerfectHealth is pleased to join the HIP organization in designing products and services to meet the evolving needs of consumers. We were the first insurance company to offer HSA plans in the New York market and have long recognized the value of HSAs in affording the consumer the option to be judicious when choosing care. HSAs transform users of health care into consumers of health care. With the strength and resources of HIP, we look forward to driving the future of this product."

### **About Consumer-Directed Health Care Products**

A CDHP is a high-deductible plan coupled with an HRA or HSA. The premium for a CDHP is generally lower than for a conventional managed care plan. The HSA allows members to roll over unused dollars to the next plan year, which provides a financial incentive for them to be thoughtful when seeking care. The HSA is funded with pre-tax dollars or tax-deductible contributions. Funds can come from employers, employees or both and can be rolled over yearly and earn interest. All funds, including any employer contributions, are portable and controlled by the employees. CDHPs also attempt to reduce the unnecessary use of health care resources and to encourage people to seek routine well-care benefits and wellness and preventive services that require only a co-payment and are not subject to the plan's deductible.

### **About Perfect Health**

The PerfectHealth Insurance Company, based in Staten Island, NY, provides HSA-compatible high-deductible health insurance policies in the New York market. Its mission is to provide superior customer service combined with the most cost-effective health insurance products. For more information, visit PerfectHealth at [www.perfectny.com](http://www.perfectny.com).

### **About HIP**

HIP Health Plan of New York is the largest HMO in New York City based on membership. HIP provides access to physician services and hospital care in a variety of ways. We contract with more than 160 hospitals, including major acute care institutions, in New York, Connecticut and Massachusetts to provide member services. Our members have access to HIP contracted doctors practicing in large multi-specialty outpatient medical centers and outpatient medical centers associated with some of New York's leading hospitals, including Beth Israel Medical Center, St. Luke's-Roosevelt Hospital Center, St. Barnabas Hospital, Lenox Hill Hospital and Montefiore Medical Center, as well as private physicians practicing in their own offices. HIP's total network of physicians and other providers, including the networks of our subsidiaries, comprises

more than 41,000 physicians and other providers in over 61,000 locations in New York, Connecticut and Massachusetts. HIP acquired ConnectiCare, one of the largest health plans in Connecticut, in 2005 and Vytra Health Plans in 2001. Our total membership is approximately 1.4 million. For more information about HIP, please visit our Web site, [www.hipusa.com](http://www.hipusa.com). It is available in English, Spanish, Chinese and Korean.