



FOR IMMEDIATE RELEASE

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PacificSource Health Plans Completes Acquisition of Primary Health, Inc.

Eugene, Ore. – PacificSource Health Plans announced today that it has completed the acquisition of Primary Health, Inc. of Boise, Idaho. Through this transaction, Primary Health Network, Inc. and Riverside Benefit Administrators, Inc. become wholly owned subsidiaries of PacificSource Health Plans, and PacificSource acquires a majority interest in Idaho Physicians Network, Inc. Primary Health Medical Group operates independently of Primary Health, Inc. and is not part of the acquisition. PacificSource funded the stock purchase with cash; terms are not available.

“We are excited about the level of opportunity this acquisition offers for not just our organization, but all Idahoans,” says PacificSource president and CEO Ken Provencher. “The combination of PacificSource and Primary Health will enhance the competitive landscape in the Idaho insurance market. It will also accelerate our ability to work at the community level to help increase access to affordable, quality healthcare. We look forward to expanding on our existing partnerships in Idaho to benefit all of our stakeholders.”

Dave Self, formerly head of operations for Primary Health, has been named senior vice president of PacificSource Health Plans of Idaho. He will lead the Idaho sales and operations of the health plan and report to PacificSource president and CEO Ken Provencher. Primary Health’s 66 Idaho staff members are now employees of PacificSource Health Plans and will remain at their existing office locations for the immediate future. PacificSource expects to merge its own Boise operations into Primary Health’s location soon.

Founded in 1993 in Boise, Primary Health evolved from a physician practice company into an integrated healthcare delivery system. Primary Health, Inc. is a holding company for three subsidiaries: Primary Health Network, a commercial health plan covering more than 16,500 Idahoans with fully-insured group and individual health plans; Riverside Benefit Administrators, a third-party administrator for self-funded employee benefit plans with 12,600 covered lives; and Idaho Physicians Network, a statewide URAC-accredited provider network of more than 7,300 providers including 3,500 physicians.

For the duration of 2009, employers and members covered by Primary Health should see no difference in their service or coverage. The existing Primary Health office will continue to provide claims, customer service, billing, and renewal support to existing customers until January 1, 2010. At that time, Primary Health business will be transitioned to PacificSource's claims system, and account administration will be integrated with existing PacificSource business. The Riverside Benefit Administrators operation will merge with Select Benefit Administrators, another PacificSource subsidiary company. Idaho Physicians Network will continue to operate as a stand-alone subsidiary of PacificSource based in Boise.

"Oregon-based PacificSource obviously believes Idaho has great opportunity for growth, and I am pleased to welcome their expanding presence," says Idaho Department of Insurance director Bill Deal. "Our Department has worked closely with both organizations, and we expect to see a seamless transition for current Primary Health and PacificSource customers."

An independent, not-for-profit company, PacificSource Health Plans maintains licensure as a health care service contractor in Oregon, Idaho, and Washington. With the Primary Health acquisition, it now provides fully-insured medical and dental benefits to 5,600 employers and covers 183,000 people with medical and dental insurance. Additionally, through its Select Benefit Administrators and Riverside Benefit Administrators subsidiaries, it administers self-funded employee benefits for 33 employers and 28,000 people.

About PacificSource Health Plans

PacificSource Health Plans is an independent, not-for-profit health insurer serving the Pacific Northwest. Founded in 1933, PacificSource is based in Eugene, Oregon, with local offices in Portland, Bend, Medford, and Boise, Idaho. The company provides medical and dental benefits to more than 5,600 employers and covers more than 183,000 people. It also provides self-funded employee benefit plans, flexible spending accounts, HRAs, and COBRA administration services through its subsidiaries, Manley Services and Select Benefit Administrators, Inc. Together, PacificSource and its subsidiaries employ over 400 people. For more information, visit PacificSource.com or call (800) 624-6052.

About Primary Health, Inc.

The Primary Health, Inc. family of companies, dedicated to helping Idahoans get smart about leading healthier and more active lives, includes Primary Health Plan, Riverside Benefit Administrators, and the Idaho Physicians Network. For more information about Primary Health, Inc. or SmartHealth please visit our Web site at www.primaryhealth.com or call (208) 333-1500.