

HIP & GHI Agree to Merge to Create Largest Health Insurer in New York State

New York, New York, September 29, 2005 – The boards of directors of Group Health, Incorporated (“GHI”) and HIP Health Plan of New York (“HIP”) have agreed to unite the two companies under the leadership of a governing Foundation, which will include an equal number of directors from both companies. The companies will continue in separate operations while an integration plan is developed.

With a combined membership of more than four million members in the metropolitan area and combined revenues of over \$7 billion, the merger will create the largest health insurer based in New York State. GHI and HIP have indicated that a key part of the combined company’s focus will be to continue the two companies’ historic missions of improved access to high-quality health care, developing innovative products, addressing the uninsured and supporting community service and health care charitable organizations.

GHI and HIP, established in 1937 and 1947 respectively, are two of the longest operating health care companies in New York. The joining of these companies will provide members with access to a powerful set of health care solutions and a wide range of provider networks in New York City and State, New Jersey, Connecticut and Massachusetts. This new organization, with its roots in the community, will compete with the large, well-financed national plans.

The transaction is subject to regulatory approval and execution of definitive agreements.

Anthony L. Watson, Chairman and CEO of HIP, said: “The joining of GHI and HIP represents a milestone in the history of health care in New York. We are signature New York companies with more than half a century of experience. Our operations are highly complementary and our combined advantages will provide current and new members with an innovative level of access to the best health care possible.”

Frank J. Branchini, President and CEO of GHI, said: “GHI and HIP have been pioneers in the provision of health care coverage to New Yorkers. The combination of GHI and HIP will provide the tri-state area with a strong local company providing a full range of products tailored to the diverse needs of the community. The new organization, built on the stable foundation of each organization, will continue in the proud tradition of GHI and HIP, with a commitment to improving quality, access and affordability of health care coverage.”

About GHI

GHI is a statewide not-for-profit health insurer serving New Yorkers since 1937. GHI and its wholly-owned subsidiary, GHI HMO, provide health insurance and administrative services to more than 2.6 million people. GHI offers customers a variety of PPO, EPO, HMO, and prescription drug plans. Throughout its history GHI has pioneered many of the programs that are now standard in the health insurance field. For additional information about GHI, please visit www.ghi.com.

About HIP

HIP Health Plan of New York, which was established in 1947, provides its members access to quality, affordable health care from convenient, leading hospitals, medical groups and doctors in private practice. With its subsidiaries, Vytra Health Plans and ConnectiCare, approximately 1.4 million members receive care from about 41,000 providers in over 61,000 locations in New York, Connecticut and Massachusetts. HIP also recently entered into an acquisition agreement, which is subject to regulatory approval, with PerfectHealth Insurance Company, a provider of high deductible health insurance policies in the New York market. For additional information about HIP, please visit www.hipusa.com.