

HIP's Acquisition of PerfectHealth Approved

New York, N.Y Jan. 25, 2006- HIP Health Plan of New York today announced that the New York State Department of Insurance has approved the acquisition of the PerfectHealth Insurance Company, a leader in providing high deductible health insurance policies in the New York market. This approval permits PerfectHealth to join the HIP family of companies including ConnectiCare and Vytra Health Plans.

HIP, a leading regional health plan serving the needs of over 1.4 million members, launched the **myFund** Health Reimbursement Account (HRA) product in January 2005. The acquisition of PerfectHealth provides the HIP enterprise with an HSA compatible insurance plan and completes its portfolio of Consumer Directed Healthcare Products (CDHP) products.

"Consumer directed healthcare is a rapidly growing part of the health care market," said Anthony L. Watson, Chairman & CEO of HIP. "PerfectHealth has an extensive knowledge of HSAs in our market area and we believe that having them as part of our family, HIP can now service employers and employees wanting to purchase high-deductible products and couple them with Health Savings accounts."

According to Carmine A. Morano, President & CEO of PerfectHealth, "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 consumer-directed health plan is a high-deductible plan coupled with a health reimbursement account (HRA) or Health Savings Account (HSA). The premium for a consumer-directed health plan is generally lower than conventional managed care plans. The HSA allows members to roll over unused dollars to the next plan year, which provides a financial incentive to be thoughtful when seeking care. The HSA is funded with pre-tax dollars or deductible contributions. Monies can come from employers, employees or both. Funds can be rolled over yearly and earn interest. All funds including any employer contributions are portable and controlled by the employees. Consumer-directed health plans also attempt to reduce unnecessary health care resources and encourage people to seek routine well-care benefits, wellness, and preventive services that only require a co-payment and are not subject to the plan 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.

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. 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 61,602 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. It is available in English, Spanish, Chinese and Korean.