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FOR IMMEDIATE RELEASE

WESTERN HEALTH ADVANTAGE JOINS IHA PAY FOR PERFORMANCE INITIATIVE AS SEVENTH PARTICIPATING HEALTH PLAN

WALNUT CREEK and SACRAMENTO, Calif.—The Integrated Healthcare Association (IHA), an invitational California health care leadership group active in health care policy and managed care issues, announced today that Western Health Advantage (WHA) has become the seventh health plan in California to pledge active support for IHA’s Pay for Performance (P4P) initiative. P4P is the nation’s largest performance-based rewards initiative, involving more than 300 physician groups serving 7 million commercial HMO enrollees. Western Health Advantage is a full service, provider-sponsored, not-for-profit health plan serving the greater Sacramento region.

“We are delighted to add a strong and growing regional plan to our Pay for Performance team,” said Beau Carter, IHA Executive Director. “Western Health Advantage brings to the table a deep commitment to the kind of partnership relationships that need to exist between health plans and their provider networks.”

Formed in 1997, WHA is sponsored by the following major healthcare systems: Catholic Healthcare West, the UC Davis Health System, and NorthBay Healthcare. WHA’s contracted medical groups include MedClinic Medical Group, Woodland Clinic, UC Davis Medical Group, NorthBay Center for Primary Care, Solano Regional Medical Group, Golden State Physicians Medical Group, and most recently Hill Physicians Medical Group. WHA offers commercial HMO, Medicare+ Choice, and MediCal programs and currently serves over

65,000 members with enrollment expected to grow to over 100,000 members by January 1, 2004. WHA's commercial HMO recently received a "commendable" accreditation from the National Committee for Quality Assurance (NCQA).

"This is clearly the right thing for us to do," said Garry Maisel, President and CEO of WHA. "We fully support rewarding physician group quality and we expect that this initiative will strengthen the bond we share with our provider networks."

Western Health Advantage joins the P4P effort in Year 2, which means a 2004 measurement year and performance-based payments to its providers by mid-June 2005. The plan will have representatives on both the P4P Steering Committee and Technical Committee. The original, founding six plans for P4P are Aetna, Blue Cross of California, Blue Shield of California, CIGNA Healthcare of California, Health Net, and PacifiCare. Each plan is responsible for developing its own physician group reward program.

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IHA (www.iha.org) is a California leadership group of health plans, physician groups, and health care systems, plus academic, purchaser, consumer, pharmaceutical, and emerging technology representatives, committed to policy development, public dialogue, and special projects associated with the continuing evolution of managed health care.

WHA (www.westernhealth.com) is a full-service, not-for-profit health plan operating in Sacramento, Yolo, Solano, El Dorado, Placer and Colusa counties.