

FOR IMMEDIATE RELEASE

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Joint Release with UCSF Medical Center, Pacific Partners Management Services, Inc. and Individual Practice Association Medical Group of Santa Clara County, Inc.

UCSF, Pacific Partners Management Services and Santa Clara County IPA to Form Partnership

UCSF Medical Center, Pacific Partners Management Services, Inc. (PPMSI) and Individual Practice Association Medical Group of Santa Clara County, Inc. (SCCIPA) have signed a letter of intent, with the goal of creating a fully integrated health care system in the Bay Area. The transaction is subject to the execution of definitive agreements.

As part of the new venture, PPMSI's subsidiary, Pacific Partners Health Plan, Inc. (PPHP), will finalize its Knox-Keene License, and PPMSI will further develop Pacific Partners Medical Group (PPMG), a California professional medical corporation, as an employed physician model.

"By joining the expertise of an academic medical center with a highly regarded management services organization and an established community of physicians, we are laying the foundation to answer society's call for more integrated models of care," said Jay Harris, chief strategy and business development officer for UCSF Medical Center.

The Knox-Keene License, granted by the California Department of Managed Health Care, will allow PPMSI to expand its current services, and allow PPHP to take full-risk for professional and Institutional services.

"The ability to take full risk for an insured population is an important step in moving to population management and true accountable care. Utilizing PPMG and SCCIPA's high quality physician network and PPMSI's healthcare industry experience and standards of excellence, Pacific Partners Health Plan is well-positioned to provide high quality, affordable health care services with timely access, choice and cultural diversity to the people living and working in the Santa Clara County and the greater Bay Area," said Lori Vatcher, executive vice president & chief operating officer of PPMSI and PPHP.

"We're excited to offer an integrated group practice model for physicians who prefer to be employed by PPMG, as well as continue to help independent practices maintain autonomy and financial stability," said J. Kersten Kraft, President of SCCIPA.

“The PPMSI technology platform, which already services over 2.5 million patients in California medical groups, provides us the ability to implement a coordinated care delivery system designed to connect patients to all members of their care delivery team,” added Randall Frakes, chief executive officer of PPMSI.

UCSF Medical Center is recognized throughout the world for innovative patient care, advanced technology and pioneering research. The hospital consistently is ranked one of the nation's top hospitals, according to an annual survey by U.S. News & World Report<<http://health.usnews.com/best-hospitals>>.

SCCIPA is the largest individual practice association in Santa Clara County with 803 physicians in more than 60 specialties. SCCIPA, physician-owned and governed, is dedicated to supporting and maintaining independent practices.

PPMSI, a subsidiary of SCCIPA, is a full-service management services organization that administers services relating to all aspects of a healthcare delivery system. PPMSI is also known for technical innovation and advanced state of the art information technology systems that were designed to meet the complex challenges of California medical groups.

A letter of intent, which outlines the terms of a transaction between parties before the agreement is finalized, clarifies key points of the proposed transaction. The letter of intent among UCSF, PPMSI and SCCIPA was signed on March 22, 2013. The organizations will continue to conduct due diligence with the expectation of finalizing the agreements and the transaction within the next two months.

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