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FOR IMMEDIATE RELEASE

PRIMARY HEALTH INC AND PRIMARY HEALTH MEDICAL GROUP
ANNOUNCE THE TRANSFER OF THE MEDICAL GROUP AND CLINICS TO THE
PRIMARY HEALTH MEDICAL GROUP

Boise, May 31, 2005 – Primary Health, Inc. (PHI) announced today that it has sold Primary Health Medical Group (PHMG), the medical practice division of its business, to the physicians and staff of PHMG. The transaction will enable PHI to focus on its core business of providing health insurance throughout Idaho and enable PHMG to continue to provide medical care to patients through its 13 clinics in Ada and Canyon counties. The change becomes effective June 1, 2005.

Primary Health, Inc., the parent company of Primary Health Medical Group, Idaho Physician Network, and Primary Health Plan, enjoyed record growth in 2004 due to the performance of its health plan products and medical provider network. The sale of the medical group fulfills PHI's long-term strategy of focusing on the expansion of group health insurance products and network expansion. Primary Health, Inc. will continue its close working relationship with Primary Health Medical Group.

The physicians and staff of PHMG have formed a strategic partnership with St. Luke's Regional Medical Center to aid in securing the transaction. This partnership will ensure the community will continue to have access to care through PHMG's clinics that offer immediate, primary, specialty, and occupational care. The providers of PHMG will continue to manage the day-to-day operations.

According to Elwood Kleaver, CEO of Primary Health, Inc., "I believe this transaction will allow us to maintain our close working relationship with our medical group colleagues and St. Luke's while we further expand our group health insurance plans and physician network services throughout the state. The physicians of PHMG will continue to be members of Idaho Physician's Network, the state's largest independent

network that provides services for Primary Health Plan's members. Our goal is to build on the success we have experienced in 2004 and 2005."

Dr. David Peterman, president of PHMG, said, "Ownership of our clinics will enable the providers and staff of PHMG to focus on delivering the highest quality care to our patients. Through our association with St Luke's Regional Medical Center, we can continue to provide accessible health care and expand our programs that ensure patient satisfaction and improve the treatment outcomes of our patients."

"We're very happy with the partnership we've been able to develop with the physicians and staff at PHMG," said Ed Dahlberg, President and CEO at St Luke's. "Having access to a quality physician is integral to good health care. We look forward to working with PHMG into the future to increase access to services and expand the scope of care available to our community."

The PHMG clinics accept more than 2,000 different health insurance plans. Over 200,000 patient visits are seen in the clinics each year. Dr. Peterman states, "Through our existing clinics, the same doctors and staff will continue to give the same high quality care our patients expect."

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