



Health Net to Acquire Universal Care's Health Plan Assets; Move Further Cements Relationship With Key L.A. County Medi-Cal Provider

LOS ANGELES--(BUSINESS WIRE)--Jan. 5, 2006--Health Net, Inc. (NYSE:HNT) today announced that it has entered into a definitive agreement to acquire the health plan assets of Universal Care, Inc., a Long Beach, Calif.-based health care company. Terms of the acquisition were not disclosed. This transaction is expected to close in the first half of 2006.

"This agreement deepens our commitment to Medi-Cal and opens doors to opportunities to further expand our services to Universal Care commercial and Medicare Advantage members," said Jay Gellert, president and chief executive officer of Health Net, Inc. "We are very pleased the agreement will ensure that our Medi-Cal members in Los Angeles County will continue to have access to Universal Care's physicians and clinics."

Health Net of California already serves approximately 700,000 Medi-Cal and Healthy Families beneficiaries in nine California counties: Los Angeles, Fresno, Kern, Stanislaus, Riverside, Sacramento, San Bernardino, San Diego and Tulare. As a result of this acquisition, Health Net will add approximately 20,000 Medi-Cal and Healthy Families beneficiaries. Further, Health Net will have the opportunity to enroll an additional 20,000 Medi-Cal and Healthy Families beneficiaries in Orange County.

In addition, upon closing, Health Net will add approximately 5,000 Medicare Advantage beneficiaries and approximately 75,000 commercial members that have received coverage through contracts with Universal Care's health plans.

"We are active in both Medicare and commercial markets throughout California and are very excited to be welcoming these Universal Care members to the Health Net family," noted Stephen Lynch, president of Health Net of California. "We are especially pleased that these members will continue to have access to their current Universal Care providers both during a transition period and after the transaction closes."

Following the transaction, Universal Care will remain a prominent provider in Southern California, operating and actively working to grow its 10 medical clinics, 12 dental clinics and two vision clinics. It will continue as a key provider of care to the members that Health Net covers under the Medi-Cal, Healthy Families, Medicare Advantage and commercial programs.

"We look forward to returning to our roots as a provider group and using our extensive experience in managed care to continue to serve the medical needs of our members," said Jay Davis, executive vice president of Universal Care. "As we will no longer compete directly with managed care plans, we will be able to focus on ways to enhance and expand our relationships as a provider to managed care plans."

"We believe that the two companies share an important commitment to meet the health care needs of California's diverse population," said Davis. "Our members will continue to receive the same quality of care and service, and we expect a smooth transition."

Universal Care will continue to administer the innovative and effective programs it has developed for the Seriously and Persistently Mentally Ill ("SPMI") Medicare patient population. Universal Care is committed to expanding this component of its business and providing industry-leading programs to its enrollees.

The closing of the transaction is contingent on numerous customary closing conditions including regulatory approval by a number of California authorities, such as the Department of Managed Health Care and the Department of Health Services. The companies expect the transaction to close in the first half of 2006.

About Health Net

Health Net, Inc. is among the nation's largest publicly traded managed health care companies. Its mission is to help people be healthy, secure and comfortable. The company's HMO, POS, insured PPO and government contracts subsidiaries provide health benefits to approximately 6.4 million individuals in 27 states and the District of Columbia through group, individual, Medicare, Medicaid and TRICARE programs. Health Net's behavioral health services subsidiary, MHN, provides behavioral health, substance abuse and employee assistance programs (EAPs) to approximately 7.3 million individuals in various states. The company's subsidiaries also offer managed health care products related to prescription drugs, and offer managed health care product coordination for multi-region employers and administrative services for medical groups and self-funded benefits programs.

For more information on Health Net, Inc., please visit the company's Web site at www.healthnet.com.

About Universal Care

Universal Care, Inc. was founded in 1983 as a privately held, family-owned health insurer primarily serving Southern California. Universal Care is a mixed model (staff/network) health care organization providing services for individuals, small and large commercial employer groups, and government-sponsored programs such as Medi-Cal and Healthy Families. For information about any Universal Care programs, visit www.universalcare.com. Giuliani Capital Advisors LLC served as exclusive financial advisor to Universal Care, Inc.

Cautionary Statements

Certain matters discussed in this release contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, that involve a number of risks and uncertainties. All statements, other than statements of historical information provided herein, may be deemed to be forward-looking statements. These statements are based on management's analysis, judgment, belief and expectation only as of the date hereof, and are subject to uncertainty and changes in circumstances. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "may," "should," "could," "estimate," "intend" and other similar expressions are intended to identify forward-looking statements. Actual results could differ materially due to, among other things, rising health care costs, negative prior period claims reserve developments, trends in medical care ratios, issues relating to provider contracts, litigation costs, operational issues, health care reform and general business conditions. Additional factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, the risks discussed in the "Risk Factors" section included within the company's most recent Annual Report on Form 10-K filed with the SEC and the risks discussed in the company's other periodic filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements. The company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this release.

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SOURCE: Health Net, Inc.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding Health Net, Inc.'s business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report or Form 10-K for the most recently ended fiscal year.