

## WATER STREET

### **For Immediate Release**

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### **WATER STREET HEALTHCARE PARTNERS ACQUIRES HEALTHPLAN HOLDINGS, INC.**

#### **Private Equity Firm Partners with Management Team to Build Leading Outsourcing Services Provider in Rapidly Growing Individual and Voluntary Benefits Markets**

CHICAGO – October 1, 2008 – Water Street Healthcare Partners, a leading private equity firm focused exclusively on the health care industry, announced today that it has acquired HealthPlan Holdings, Inc. (“HealthPlan”). Headquartered in Tampa, Florida, HealthPlan is a leading provider of end-to-end outsourcing services to insurers in the individual, small business, union trust and voluntary benefits markets. The transaction marks Water Street’s third investment in the payer services sector and 12<sup>th</sup> investment in the past three years.

Founded in 1970, HealthPlan provides U.S. insurance carriers with outsourcing services and technology solutions that encompass every part of the benefits process from sales and distribution to insurance quotes, enrollment, customer service, administration and billing. The company has built a blue-chip customer base that includes several of the largest U.S. managed care organizations, including CIGNA Corporation and Humana Inc. Water Street has committed \$75 million in equity financing to expand HealthPlan’s core capabilities, as the company continues to capitalize on the momentum created by the changing health care landscape and shift toward consumer-driven health care. HealthPlan’s management team will retain a significant ownership position in the company.

“We are very excited to partner with Water Street to strategically grow our company,” said Jeff Bak, CEO of HealthPlan. “We first met the Water Street team two years ago and as our

relationship has developed, they have consistently impressed us with their deep knowledge of payer services and ideas for business development. Water Street's payer network and operating expertise will benefit us as we build on our unique leadership position in the fast-growing individual and voluntary benefit markets."

HealthPlan currently supports nearly 2 million people and 100,000 small businesses, as well as the nation's largest Taft-Hartley funds for unionized workers. With rising health care costs continuing to force more companies to eliminate or reduce their benefits, consumer demand for individual and voluntary benefits, such as dental, vision and disability, is significantly increasing. In fact, premiums in the individual and voluntary benefit markets are projected to grow at rates between 8 to 12 percent from now through 2015.

"HealthPlan is a highly regarded leader with the only end-to-end outsourcing solution in the individual and voluntary benefits markets," said Ned Villers, a partner with Water Street. "As increasing numbers of consumers transition to individual insurance coverage, more national and regional payers will look for partners who can effectively target, qualify, enroll and support their members. HealthPlan is uniquely positioned to capitalize on this trend through a value proposition that clearly positions its customers as the key players in these markets."

HealthPlan is Water Street's third investment in the payer services sector. The firm recently partnered with Gentiva Health Services, Inc. to acquire CareCentrix, the nation's largest manager of home health care services for managed care organizations. It also owns Access MediQuip, the first and largest provider of outsourced solutions to the health care industry for implantable medical devices.

"Since identifying payer services as an attractive growth sector, we have recruited a strong team of operating partners who have managed some of the industry's premier specialty payer businesses. Their knowledge and relationships have been instrumental in helping us to attract and build market-leadership companies in this sector," said Tim Dugan, managing partner of Water Street. "HealthPlan is another great addition to our growing portfolio. We look forward to partnering with Jeff and his team to strategically enhance HealthPlan's products and services to help payers grow their programs and effectively serve their members."

**About HealthPlan Holdings, Inc.**

Founded in 1970, HealthPlan Holdings, Inc. provides end-to-end outsourcing services, including distribution, enrollment and customer service, to insurers in the individual, small business, union trust and voluntary benefits markets. The company currently supports nearly 2 million people and 100,000 small businesses, as well as some of the nation's largest Taft-Hartley funds for unionized workers. Headquartered in Tampa, Florida, HealthPlan employs approximately 1,100 associates. For more information, visit [www.healthplanholdings.com](http://www.healthplanholdings.com).

**About Water Street Healthcare Partners**

Water Street Healthcare Partners is a leading private equity firm focused exclusively on health care. With more than \$1 billion of capital under management, Water Street is one of the most active investors in the health care industry. The firm has a strong track record of building market-leadership companies across key growth sectors in health care. It has partnered with some of the world's leading health care companies on its investments, including: Gentiva Health Services, Inc., Johnson & Johnson, Medtronic and Smith & Nephew. Water Street's team is comprised of industry executives and private equity professionals with decades of experience investing in and operating global health care businesses. The firm is headquartered in Chicago. For more information about Water Street, visit [www.wshp.com](http://www.wshp.com).

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