

FOR IMMEDIATE RELEASE

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**STATEMENT OF PRIME HEALTHCARE SERVICES
CONCERNING THE LAWSUIT FILED BY THE CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE**

ANAHEIM, CA – PHS is disappointed that DMHC, which is charged with regulating HMOs and ensuring their compliance with the Knox-Keene Act, including prompt and proper payment of providers, has resorted to punitive actions against the very providers, physicians and hospitals alike, that are essential to maintaining the health care safety net relied on by thousands of patients every day.

Mike Sarrao, Prime Healthcare Services' General Counsel, noted that "the DMHC's theory for its lawsuit is based on a distorted interpretation of a statute which has already been rejected by both a Superior Court and a State Appellate Court. We do not believe the DMHC has the requisite legal or equitable standing to bring this suit forward."

Rather than hold HMO's accountable for their behavior of withholding proper reimbursement and denying access to care, the DMHC is choosing to partner up with the HMOs to the detriment of providers, physicians and hospitals alike, and the patients who are treated daily in emergency rooms in communities throughout southern California.

This frivolous suit is not about the actions of one provider but the failure of the DMHC to do its job to regulate HMOs and provide assistance to providers who have the right to be reimbursed properly for emergency services rendered to HMO enrollees. HMOs earn billions of dollars in profits annually because of increased premiums, but fail to properly reimburse the doctors and hospitals that treat their enrollees. To make matters worse, the HMOs refuse to participate in the independent resolution process developed by DMHC to address provider reimbursement issues.

Prime Healthcare Services will continue to focus on its core mission of delivering quality health care services, turning around hospitals on the brink of collapse so that they may remain open and accessible to all members of the community, and ensuring access to emergency services for patients who reside in communities throughout southern California. Without Prime Healthcare Services, the hospitals would have been closed and the communities would have been deprived of access to the emergency room safety net.

For the sake of consumers across California, Prime urges the DMHC to focus its attention on the core problem of HMOs who care more about their pocketbooks than their patients. Rather than enable the HMOs in their efforts to hurt providers, DMHC must focus on ensuring HMOs pay providers appropriately. Otherwise, hospitals will continue to close, emergency room services will become even more constricted and the healthcare safety net will continue to crumble.”

About Prime Healthcare Services

Prime Healthcare Services, Victorville, Calif., is a minority-owned, progressive, innovative and rapidly expanding hospital management company in Southern California. The PHS mission is to provide comprehensive quality healthcare in a compassionate, convenient and cost-effective manner. With more than 6,000 employees, PHS currently owns and operates twelve acute care hospitals: Centinela Hospital Medical in Inglewood (370- beds), Chino Valley Medical Center in Chino (126- beds), Desert Valley Hospital in Victorville (83- beds), Encino Hospital Medical Center in Encino(151-beds), Garden Grove Hospital Medical Center in Garden Grove (167-beds), Huntington Beach Hospital in Huntington Beach (141-beds), La Palma Intercommunity Hospital in La Palma 131-beds), Montclair Hospital Medical Center in Montclair (102-beds), Paradise Valley Hospital in National City (301-beds), San Dimas Community Hospital in Covina (93-beds), Sherman Oaks Hospital and the Grossman Burn Center in Sherman Oaks (153-beds), and West Anaheim Medical Center in Anaheim (219-beds) in California. For more information please visit www.primehealthcare.com

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