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Health © Care Launches Nation's First Consumer Driven e-health Plan

Company completes strategic alliances and initial financing of \$23 million.

*Investors Include
Psilos Group, Bain Capital, Kohlberg Kravis Roberts & Co., Alta Partners,
Aon Corporation, and Merrill Lynch KECALP*

MINNEAPOLIS, MINN. -- April 17, 2000 -- HealtheCare, Inc., (<http://www.healthecare.com>) today announced a groundbreaking new health care plan that will give consumers more say about how their health care dollars are spent. HealtheCare expects to offer the plan to employers of all sizes beginning this fall.

“Allowing consumers to select their own health care services and doctors will open the door to a better health care experience,” said Tony Miller, HealtheCare's chief executive officer and co-founder. “HealtheCare directly involves consumers in health care decision-making, while providing them with information and incentives to invest in their health care.”

HealtheCare has secured \$23 million in private financing and has established alliances with several leading consulting and investment firms.

The company has formed strategic alliances with Aon Corporation (<http://www.aon.com>) and PricewaterhouseCoopers (<http://www.pwcglobal.com>).

Primary investors include Psilos Group Managers, L.L.C. (<http://www.psilos.com>), Bain Capital, Inc., Kohlberg Kravis Roberts & Co. (<http://www.kkr.com>), Alta Partners (<http://www.altapartners.com>), Aon Corporation and Merrill Lynch KECALP. Terms of these agreements were not disclosed.

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Consumer-focused benefit includes three key components

Central to the HealthCare plan is the Personal Care Account, funded by employers for employees as a pre-tax health benefit. Each year employers deposit funds into the accounts, which employees can tap for health care services or products of their choice. Funds remaining in the Personal Care Account at year end can be rolled over to accumulate for future health care needs.

“Recent studies have shown consumers want to take more control over their health care. The ability to spend dollars on health care services of their choosing or, alternatively, to invest money in their Personal Care Account over the years will give employees increased control over when and where to receive health care and provide financial incentives to take charge of their personal health,” said Miller.

Specific contribution amounts to Personal Care Accounts will be determined by employers. For unexpected or high-cost expenses, HealthCare enrollees will be covered by a health insurance policy.

To help plan members improve their health care experience, HealthCare’s customer service call center, provided and operated by PricewaterhouseCoopers LLP through a strategic alliance, and HealthCare’s Internet portal will provide personalized tools and in-depth information on health issues. HealthCare also will provide information on providers, their credentials and market costs for services.

HealthCare forms strategic alliances

HealthCare will address frustrations felt by employees and employers with current practices and the array of options available in health benefits today. “Employees seek control of their own health, including access to medical information, freedom to choose providers and health investment alternatives,” said Jean Wodarczyk, principal, Healthcare Solutions, PricewaterhouseCoopers. “At the same time, employers increasingly recognize the value in providing autonomy to their employees when making these choices, both from a financial standpoint as well as enhancing individual

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satisfaction with the health care the employee ultimately receives.”

“The level of dissatisfaction among employees, employers and providers proves that the existing approaches don’t work,” said Corbette Doyle, chief executive officer, Aon Healthcare Alliance. “All three of these constituencies are ready for the type of pro-consumer alternative that HealthCare brings to the table.”

HealthCare has formed strategic alliances with PricewaterhouseCoopers, a global professional services firm offering health care solutions to employers and the health care industry, and Aon, a leader in helping companies identify and address the full range of business risks. It has formed partnerships with Merrill Lynch KECALP, a series of partnerships that make private equity investments on behalf of employees of Merrill Lynch & Co.; Psilos Group Managers, L.L.C., a venture capital firm specializing in early-stage to pre-Initial Public Offering e-health and health care services investments; Bain Capital, Inc., a leading private equity investment firm with significant experience in the health care and technology sector; Kohlberg Kravis Roberts & Co., the world’s largest private equity firm; and Alta Partners, a venture capital firm investing in information technologies and life sciences companies.

New Plan Addresses Concerns of Providers, Employers

HealthCare reduces the role of the "middleman" that has come between doctors and patients as health care delivery systems have evolved in recent years. There are no "gatekeepers" to prevent patients from visiting an allergy specialist, for example, or a licensed chiropractor. Patients and providers manage their own relationships.

Doctors and other health care professionals have shown they are willing adopters of new technology if the technology is truly effective for them. The World Wide Web, as a research aid for both patients and providers and as a communication medium, is a fact of everyday life. The Web’s role in medicine will continue to grow and help provide a better experience for both patients and providers. HealthCare's plans call for weaving such new technologies throughout the practice of medicine, which will help control health care costs while improving access.

"Employers who want health benefits to be a recruitment and retention tool and a morale booster instead of a bone of contention will find much to like about our approach,"

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said Craig Swanson, HealthCare chief financial officer and co-founder. HealthCare allows employers to more closely tailor their health benefit offerings to their employees' desires and the company's objectives.

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