

ST. LOUIS, Aug 5, 2002 (BUSINESS WIRE) -- Centene Corporation (Nasdaq: CNTE) and the University of Medicine and Dentistry of New Jersey (UMDNJ) today announced that Centene has agreed to acquire UMDNJ's University Health Plan (UHP), a managed health plan serving approximately 50,000 Medicaid members in 15 counties throughout New Jersey. Under the terms of the definitive agreement for the acquisition, Centene will purchase 80% of the outstanding capital stock of UHP for cash, with UMDNJ continuing to own 20% of UHP's equity.

Michael F. Neidorff, President and Chief Executive Officer of Centene, said, "We are pleased to be entering the State of New Jersey with our new partner, the University of Medicine and Dentistry of New Jersey. The partnership will benefit the State's large Medicaid population, and is consistent with our strategy to enter new markets where we see a strong opportunity for significant and successful organic growth in Medicaid managed care. This agreement marks our entry into a fourth Medicaid state, and we firmly believe that our strong local approach will enable us to provide improved health outcomes for our members."

Centene and UMDNJ will operate UHP as a joint venture and Centene will manage UHP's operations in a manner consistent with its other Medicaid-only health plans. Consistent with Centene's philosophy of localized services, support and branding, UHP will continue to operate under the name of University Health Plan, and James Archibald, UMDNJ's Senior Vice President of Finance and Administration, will serve as Chairman of the UHP Board. Alexander H. McLean, President and Chief Executive Officer of UHP, will continue in his role following the acquisition.

Mr. McLean said, "I am pleased to become an active participant in the Centene family of managed Medicaid health plans." McLean further commented, "Centene's expertise in managing Medicaid managed care and providing the highest level of service to Medicaid populations, physicians and other providers will enable UHP to strengthen our already effective local service model. The combination of Centene's multi-state expertise and our strong local management will bring greater efficiencies, services and quality to both our Medicaid members and the State."

James Archibald said, "We are excited about this partnership and look forward to a committed long-term relationship with Centene. This joint venture will ensure our ability to continue to provide service to New Jersey's Medicaid population and put us in a position to support these endeavors statewide."

The acquisition price falls within Centene's targeted range of \$100-\$400 per Medicaid member. Centene currently estimates that UHP will generate total revenues of between \$115 million and \$125 million and will provide \$0.20 to \$0.24 per share of accretion in calendar year 2003.

The acquisition is subject to regulatory approvals and other closing conditions. Subject to these approvals and conditions, the acquisition is expected to close in the fourth quarter of 2002. The definitive agreement also provides for Centene's future purchase of the remaining 20% of UHP's equity from UMDNJ.

Centene Corporation provides managed care programs and related services to individuals receiving benefits under Medicaid, including Supplemental Security Income (SSI), and the State Children's Health Insurance Program (CHIP). Centene currently operates health plans in Wisconsin, Indiana and Texas. Information regarding Centene is available via the Internet at www.centene.com.

The second, fourth, fifth, sixth and seventh paragraphs of this press release contain forward-looking statements that relate to future events and future financial performance of Centene. Subsequent events and developments may cause the company's estimates to change. The company disclaims any obligation to update this forward-looking financial information in the future. Readers are cautioned that matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, regulatory, competitive and other factors that may cause Centene's, UHP's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Actual results may differ from projections or estimates due to a variety of important factors, including Centene's ability to successfully integrate and manage the proposed acquisition of UHP, its ability to accurately predict and effectively manage health benefits and other operating expenses, competition, changes in health care practices, changes in federal or state laws or regulations, inflation, provider contract changes, new technologies, reduction in provider payments by governmental payors, major epidemics, disasters and numerous other factors affecting the delivery and cost of health care. The expiration, cancellation or suspension of Centene's Medicaid managed care contracts by state governments would also negatively affect Centene.

Investor Relations:
In-Site Communications
Lisa Carlton Wilson, 212/759-3929

URL: <http://www.businesswire.com>
Today's News On The Net - Business Wire's full file on the Internet
with Hyperlinks to your home page.

Copyright (C) 2002 Business Wire. All rights reserved.

<https://investors.centene.com/2002-08-05-Centene-Corporation-to-Acquire-University-Health-Plan-of-New-Jersey-Joint-Venture-Adds-50,000-Medicaid-Lives>