

CLEAR CHOICE HEALTH PLANS SECOND-QUARTER NET INCOME RISES TO \$2.3 MILLION

Bend, Oregon, August 14, 2007 – Clear Choice Health Plans, Inc. (OTCBB: CCHN) announced higher second-quarter net income that resulted from gains in membership and a significant increase in investment income. For the second quarter ended June 30, 2007, the Company's revenue increased 14% to \$46.1 million compared with \$40.3 million for the second quarter one year ago. In the second quarter Clear Choice's earnings increased 139% to \$2.3 million, or \$1.24 per basic share, compared with \$960,000, or \$0.53 per basic share, in the second quarter 2006. Income from operations declined 91% to \$110,000 in the second quarter ended June 30, 2007 compared to \$1.2 million in the second quarter a year ago. The decrease in income from operations resulted primarily from an increase in administrative expense as the Company builds greater corporate infrastructure to support our future growth.

For the six month period ended June 30, 2007, total revenue rose 16% to \$92.9 million from \$80.1 million reported in the year ago period. Net income for the first six months of 2007 was \$3.6 million, or \$1.95 basic earnings per share, compared with \$4.9 million, or \$2.72 basic earnings per share, for the six months of 2006, a decline of 27%. Income from operations for the first six months of 2007 declined 79%, to \$1.4 million from \$6.8 million for the first six months of 2006. The decrease in income from operations resulted primarily from higher medical expenses.

Second Quarter 2007 Highlights (for the quarter ended June 30, 2007, compared with June 30, 2006):

- Revenue increased 14%.
- Membership rose 13% in the quarter.
- Investment income increased to \$3.3 million from \$522,000 following this quarter's portfolio rebalancing.
- Net income rose more than 100% to \$2.3 million or \$1.24 per basic share.

"We are making good progress with our commercial health insurance plans in our newest region, the mid-Willamette Valley," stated Patricia Gibford, President and CEO. "We are also gearing up to introduce Medicare Advantage plans in four counties of western Montana in the open enrollment period beginning in the fourth quarter of 2007. Our commercial plans will be offered throughout the state of Montana. The investments we are making in our administrative infrastructure and claims processing systems will support our geographic expansion and new-product offerings."

Review of Operations

Total revenue rose 14% to \$46.1 million in the quarter and 16% to \$92.9 million for the first six months of 2007. Membership growth in both the second quarter and the year-to-date period was 13% and reflects, in part, the addition of more than 4,000 members last September when a large municipal customer chose Clear Choice Health Plans. Also, revenue growth benefited from steady, single-digit increases in Medicare Advantage membership and expansion of the Company's commercial plans into new geographic areas.

Medical expenses as a percent of net premium revenue were 88.9% for the second quarter of 2007 compared with 88.5% for the second quarter of 2006. For the first six months of 2007, the medical expense ratio was 88.1% compared with 83.2% for the first six months of 2006. "Our current medical expenses began rising in the fourth quarter of 2006 and are higher than our historical averages due to increases in both the severity of claims and the average medical expense per claim. Medical expenses as a percent of net premium revenue are expected to remain in the mid- to upper 80% range for the remainder of the year," said Gunnar Hansen, Chief Financial Officer.

Administrative expense represented 11.1% of total revenue in the second quarter compared with 8.7% in the second quarter of 2006. Administrative expense in the second quarter increased 46% to \$5.1

million from \$3.5 million in the prior-year second quarter, primarily as a result of continued investment in infrastructure to expand administrative and claims processing capabilities in anticipation of the Company's geographic and product expansion. Year to date, administrative expense is up 41% to \$9.8 million from \$6.9 million.

Earnings before taxes for the second quarter rose to \$3.4 million from \$1.8 million in the prior-year quarter and benefited from a significant increase in investment income to \$3.3 million from \$522,000 in the second quarter of 2006. In the second quarter this year, the Company recorded a capital gain of \$2.6 million in the equity portion of its investment portfolio as a result of a strategic asset rebalancing. Second quarter 2007 net income rose to \$2.3 million from \$960,000 in second quarter 2006. In the second quarter, the Company recorded a \$350,000 tax refund.

"We also benefited in the second quarter from a rebalancing of our investment portfolio that produced substantial one-time gains and contributed to our profitability this year. By recognizing gains in our equity investments this quarter and moving into more income-oriented investments, we are able to increase our investments in infrastructure and expand our platform for growth," said Gibford.

Balance Sheet Review

Total assets for the period ended June 30, 2007 grew to \$90.8 million from \$79.5 million from second-quarter 2006. Receivables of \$12.8 million decreased from \$16.5 million in the year-ago period and from \$18.2 million from the March 31, 2007 period reflecting catch-up payments from Oregon Health Plan and Medicare (CMS). The Company has no long-term debt. Shareholders' equity continues to grow and totaled \$52.6 million compared with \$45.6 million in second-quarter 2006.

Property, plant and equipment increased over \$5 million from the end of the prior year due to the continued construction of the Clear Choice Health Plans office building. The project is approximately 30 percent complete as of the end of the quarter and is on target to be completed by April 2008. When completed, the 78,000 square foot, LEED certified office building will be the main headquarters for the Company. Approximately 30% of the building will be subleased to other tenants.

About Clear Choice Health Plans, Inc.

On March 15, 2007, the merger of Central Oregon Independent Health Services, Inc. with and into its wholly owned subsidiary, Clear Choice Health Plans, Inc. became effective. The Company now operates its business as a domestic insurance company under its tradename, Clear Choice Health Plans.

Clear Choice Health Plans emphasizes access to care with a full panel of physicians and hospitals, customer focused service and comprehensive health insurance. The Company offers a variety of Medicare Advantage and commercial health plans to groups, individuals, and families throughout Central, Eastern and the Columbia Gorge regions of Oregon, as well as group plans and administrative services to employers throughout Oregon.

Cautionary Statement Regarding Forward Looking Statements

Safe Harbor statement under the Private Securities Litigation Reform Act of 1995 – Certain of the above statements contained in this press release are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. The words "believe," "estimate," "expect," "intend," "anticipate," "plan," "appears," "will,"

and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

Clear Choice Health Plans, Inc.
Condensed Consolidated Income Statement

<i>(Dollars in thousands)</i> <i>(unaudited)</i>	Quarter Ended		Percent Change	Six Months Ended		Percent Change
	06/30/07	06/30/06		06/30/07	06/30/06	
Premium Revenue	\$ 45,965	\$ 40,160	14%	\$ 92,677	\$ 79,845	16%
Other Revenues	110	111		224	273	
Total Revenue	46,075	40,271	14%	92,901	80,118	16%
Medical Expenses	(40,854)	(35,527)	15%	(81,670)	(66,402)	23%
<i>Medical Loss Ratio</i>	-88.9%	-88.5%		-88.1%	-83.2%	
Administration Expense	(5,111)	(3,507)	46%	(9,823)	(6,949)	41%
<i>Administrative Expense Ratio</i>	-11.1%	-8.7%		-10.6%	-8.7%	
Income from Operations	110	1,237	-91%	1,408	6,767	-79%
Investment Income	3,332	522	538%	4,172	1,303	220%
Earnings Before Taxes	3,442	1,759	96%	5,580	8,070	-31%
Income Taxes	(1,145)	(799)		(1,992)	(3,187)	
<i>Income Tax Rate</i>	-33.3%	-45.4%		-35.7%	-39.5%	
Net Income	\$ 2,297	\$ 960	139%	\$ 3,588	\$ 4,884	-27%
Basic Earnings per Share	\$1.24	\$0.53	134%	\$1.95	\$2.72	-28%
Weighted Average Shares Outstanding						
Basic	1,853,833	1,798,836		1,842,706	1,796,768	

Clear Choice Health Plans, Inc.
Condensed Consolidated Balance Sheet

(Dollars in thousands)
(unaudited)

	<u>06/30/07</u>	<u>12/31/06</u>	<u>06/30/06</u>
ASSETS			
Current assets:			
Cash & cash equivalents	\$ 17,481	\$ 17,814	\$ 9,995
Investments - current	7,692	4,949	5,512
Accounts and other receivables	12,809	13,057	16,476
Deferred income taxes, net	<u>1,026</u>	<u>294</u>	<u>806</u>
Total current assets	39,008	36,114	32,789
Investments, net of current portion	39,286	43,693	39,346
Property, plant and equipment, net	8,363	3,001	3,577
Restricted security	3,801	6,288	3,666
Other assets	<u>308</u>	<u>132</u>	<u>157</u>
Total assets	<u>\$ 90,766</u>	<u>\$ 89,228</u>	<u>\$ 79,535</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Claims and withhold payable	\$ 23,608	\$ 35,317	\$ 21,762
Accounts payable and accrued liabilities	5,104	3,578	3,625
Premiums received in advance	<u>8,655</u>	<u>412</u>	<u>7,910</u>
Total current liabilities	37,367	39,307	33,297
Deferred tax liability, net	<u>768</u>	<u>1,112</u>	<u>599</u>
Total liabilities	38,135	40,419	33,896
Shareholders' equity:			
Stock	11,642	11,369	10,531
Retained earnings and accumulated other	<u>40,989</u>	<u>37,440</u>	<u>35,108</u>
Total stockholders' equity	<u>52,631</u>	<u>48,809</u>	<u>45,639</u>
Total liabilities and stockholders' equity	<u>\$ 90,766</u>	<u>\$ 89,228</u>	<u>\$ 79,535</u>