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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2002

of the Condition and Affairs of the

Physicians Health Plan of Southwest Michigan

NAIC Group Code..... 1334, (Current Period) (Prior Period) NAIC Company Code..... 52569 Employer's ID Number..... 38-3376063

Organized under the Laws of Michigan State of Domicile or Port of Entry Michigan Country of Domicile US

Licensed as Business Type Health Maintenance Organization

Is HMO Federally Qualified? Yes [ ] No [x]

Date Incorporated or Organized..... March 31, 2000 Date Commenced Business..... June 1, 2000

Statutory Home Office	106 Farmers Alley Suite 300 ….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	
Address of Main Administrative Office	106 Farmers Alley Suite 300 ….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	269-341-7200 *(Area Code) (Telephone Number)*
Mail Address	106 Farmers Alley Suite 300 ….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	106 Farmers Alley Suite 300 ….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	269-341-7200 *(Area Code) (Telephone Number)*
Internet Website Address	www.phpiba.com	
Statement Contact	David Lee Vis *(Name)*	269-341-7311 *(Area Code) (Telephone Number) (Extension)*
	dvis@ibahealth.com *(E-Mail Address)*	*269-341-6928* *(Fax Number)*
Policyowner Relations Contact	….. .... *(Street and Number) (City or Town, State and Zip Code)*	*(Area Code) (Telephone Number) (Extension)*

OFFICERS

Chief Executive Officer ..... Kenneth Lee Taft Chief Financial Officer ..... David Lee Vis Secretary ..... Kenneth Lee Taft
President ..... Ike David Kibbe

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Frank Joseph Sardone	Kenneth Lee Taft	Owen Mark Berow M.D.	Richard Martin Gerstner M.D.
Abbe Jane Siver #	David Vincent Copeland	Dawn Joann Kline #	Rosalie Novara #
Konrads Valentins Lubvas M.D.			

State of..... MIchigan
County of..... Kalamazoo

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the *NAIC Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Kenneth Lee Taft	Kenneth Lee Taft	David Lee Vis
(Printed Name)	(Printed Name)	(Printed Name)
Chief Executive Officer	Secretary	Chief Financial Officer

Subscribed and sworn to before me this

.....day of ....., 2003

.....

a. Is this an original filing? Yes[ ] No [X]

b. If no: 1. State the amendment number 1
2. Date filed.....
3. Number of pages attached.....

EXHIBIT 4 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
Health Care Receivables						
Medicaid Pyschotropic rebates	260,000	255,000	255,000	255,000		1,025,000
Medicaid Maternity Case Rates	111,960	111,960	111,960	55,980		391,860
Magellan Contract Medical Differential	344,769					344,769
Pharmacy Rebates	276,633					276,633
0499999. Receivables not individually listed	391,080					391,080
0599999. Gross health care receivables	1,384,442	366,960	366,960	310,980	0	2,429,342

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	3,455,033	6.2		0.0	574,511	2,880,522
2. Intermediaries	1,003,697	1.8		0.0		1,003,697
3. All other providers		0.0		0.0		
4. Total capitation payments	4,458,730	8.0	0	0.0	574,511	3,884,219
Other Payments:						
5. Fee-for-service		0.0	XXX	XXX		
6. Contractual fee payments	51,377,934	92.0	XXX	XXX	12,328,787	39,049,147
7. Bonus/withhold arrangements - fee-for-service		0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments		0.0	XXX	XXX		
9. Non-contingent salaries		0.0	XXX	XXX		
10. Aggregate cost arrangements		0.0	XXX	XXX		
11. All other payments		0.0	XXX	XXX		
12. Total other payments	51,377,934	92.0	XXX	XXX	12,328,787	39,049,147
13. Total (Line 4 plus Line 12)	55,836,664	100.0	XXX	XXX	12,903,298	42,933,366

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
Transactions with Intermediaries					
	Magellan Behavioral Health Network	904,451	75,371		
	Healthcare Call Center	69,913	5,826		
	United Resource Network	29,333	2,444		
9999999. Totals		1,003,697	XXX	XXX	XXX

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION.....Physicians Health Plan of Southwest Michigan 2. DIVISION....Kalamazoo, MI

BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAF (Location)

NAIC Group Code.....1334

NAIC Company Code.....52569

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior year	36,838	82	12,719						24,037	
2. First quarter	33,160	75	8,167						24,918	
3. Second quarter	32,661	69	7,648						24,944	
4. Third quarter	32,695	65	7,013						25,617	
5. Current year	31,856	67	5,564						26,225	
6. Current year member months	391,538	839	86,824						303,875	
Total Member Ambulatory Encounters for Year:										
7. Physician	346,260	1,823	133,918						210,519	
8. Non-physician	875,917	1,983	209,913						664,021	
9. Totals	1,222,177	3,806	343,831	0	0	0	0	0	874,540	0
10. Hospital patient days incurred	6,977	31	1,414						5,532	
11. Number of inpatient admissions	2,392	14	480						1,898	
12. Premiums collected	62,614,390	257,257	19,825,091						42,532,042	
13. Premiums earned	62,814,489	285,629	19,578,967						42,949,893	
14. Amount paid for provision of health care services	55,836,664		20,229,364						35,607,300	
15. Amount incurred for provision of health care services	53,723,695	242,006	16,563,974						36,917,715	

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION.....Physicians Health Plan of Southwest Michigan 2. DIVISION....Kalamazoo, MI

BUSINESS IN THE STATE OF MICHIGAN DURING THE YEAR (Location)

NAIC Group Code.....1334

NAIC Company Code.....52569

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
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