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ANNUAL STATEMENT

For the Year Ended December 31, 2012

of the Condition and Affairs of the

Priority Health

NAIC Group Code.....3383, 3383 (Current Period) (Prior Period) NAIC Company Code..... 95561 Employer's ID Number..... 38-2715520

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]

Incorporated/Organized..... March 7, 1986 Commenced Business..... October 15, 1986

Statutory Home Office	1231 East Beltline NE….. Grand Rapids ..... MI ..... …. 49525-4501 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	1231 East Beltline NE….. Grand Rapids ..... MI ..... …. 49525-4501 *(Street and Number) (City or Town, State and Zip Code)*	616-942-0954 *(Area Code) (Telephone Number)*
Mail Address	1231 East Beltline NE….. Grand Rapids ..... MI ..... …. 49525-4501 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	1231 East Beltline NE….. Grand Rapids ..... MI ..... …. 49525-4501 *(Street and Number) (City or Town, State and Zip Code)*	616-464-8926 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.priority-health.com	
Statutory Statement Contact	Kristy Lynn Shoemaker *(Name)*	616-464-8926 *(Area Code) (Telephone Number) (Extension)*
	kristy.shoemaker@priorityhealth.com *(E-Mail Address)*	616-942-7916 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Michael P Freed #	President / Chief Executive Officer	2. Mary Anne Jones #	Treasurer / Chief Financial Officer
3. Kimberly L Thomas	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Craig H Bethune	Richard C Breon	Georgia R Fojtasek	Michael P Freed
Rajesh U Kothari	Lynne Liddle	Christina MacInnes	Edward M Millermaier
Edwin Ness	Kathleen S Ponitz	Robert W Roth	Paul Saginaw
Thomas G Schwaderer	Hilary Snell #	James J Stephanak	Gary W Timmer
Bruce Ullery #	Jody D Vanderwel	Michael Vredenburg #	Wendy H Walker

State of..... Michigan
County of..... Kent

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Michael P Freed	Mary Anne Jones	Kimberly L Thomas
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President / Chief Executive Officer	Treasurer / Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of February 2013

a. Is this an original filing? Yes [X] No [ ]
b. If no
1. State the amendment number
2. Date filed
3. Number of pages attached

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
A&H Premiums Due and Unpaid						
0199999. Total individuals	666,715	53,546		318,796	318,796	720,261
MI Public Schoo Employee Retirement	5,674,657	718,314				6,392,971
State of Michigan	4,817,289	19,345				4,836,634
St Joseph Mercy Health System	6,676,622	13,734				6,690,356
0299997. Group subscribers subtotal	17,168,568	751,393	0	0	0	17,919,961
0299998. Premiums due and unpaid not individually listed	5,499,767	505,803	356	224,342	224,342	6,005,926
0299999. Total group	22,668,335	1,257,196	356	224,342	224,342	23,925,887
0399999. Premiums due and unpaid from Medicare entities	296,841					296,841
0599999. Accident and health premiums due and unpaid (Page 2, Line 15)	23,631,891	1,310,742	356	543,138	543,138	24,942,989

EXHIBIT 3 - 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
Pharmaceutical Rebate Receivables						
Express Scripts	1,584,940	1,584,939	1,584,939	578,152	578,152	4,754,819
ICORE	735,667	735,667	735,667	407,207	407,207	2,207,000
0199998. Pharmaceutical Rebate Receivables Not Listed Individually				67,705	67,705	0
0199999. Total Pharmaceutical Rebate Receivables	2,320,607	2,320,606	2,320,606	1,053,064	1,053,064	6,961,819
Claim Overpayment Receivables						
0299998. Claim Overpayment Receivables Not Listed Individually	399,704	169,981	290,225			859,910
0299999. Total Claim Overpayment Receivables	399,704	169,981	290,225	0	0	859,910
Loans and Advances to Providers						
0399998. Loans and Advances to Providers Not Listed Individually				726,000	726,000	0
0399999. Total Loans and Advances to Providers	0	0	0	726,000	726,000	0
Other Receivables						
0699998. Other Receivables Not Listed Individually	121,813			8,469	8,469	121,813
0699999. Total Other Receivables	121,813	0	0	8,469	8,469	121,813
0799999. Total Health Care Receivables	2,842,124	2,490,587	2,610,831	1,787,533	1,787,533	7,943,542

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0299999. Aggregate accounts not individually listed - uncovered	3,614,172					3,614,172
0399999. Aggregate accounts not individually listed - covered	45,127,325					45,127,325
0499999. Subtotals	48,741,497	0	0	0	0	48,741,497
0599999. Unreported claim and other claim reserves						98,030,638
0699999. Total amounts withheld						44,962
0799999. Total claims unpaid						146,817,097
0899999. Accrued medical incentive pool and bonus amounts						25,947,323

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admitted	
						7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current
Amounts Due From Parent, Subsidiaries and Affiliates							
Spectrum Health	14,736,993	734	1,615	39,642	39,642	14,739,342	
Priority Health Insurance Company	2,795,476					2,795,476	
0199999. Individually listed receivables	17,532,469	734	1,615	39,642	39,642	17,534,818	0
0299999. Receivables not individually listed	2,286,385					2,286,385	
0399999. Total gross amounts receivable	19,818,854	734	1,615	39,642	39,642	19,821,203	0

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Amounts Due To Parent, Subsidiaries and Affiliates				
Priority Health Managed Benefits, Inc.	Trade	11,320,587	11,320,587	
Priority Health Insurance Company	Premium	14,218,423	14,218,423	
0199999. Individually listed payables		25,539,010	25,539,010	0
0299999. Payables not individually listed		891,334	891,334	
0399999. Total gross payables		26,430,344	26,430,344	0

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payment	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	7,388,350	0.4			7,388,350	
2. Intermediaries	0	0.0				
3. All other providers	18,143,722	1.1			18,143,722	
4. Total capitation payments	25,532,072	1.5	0		25,532,072	0
Other Payments:						
5. Fee-for-service	109,310,693	6.4	XXX	XXX		109,310,693
6. Contractual fee payments	961,368,352	56.0	XXX	XXX	961,368,352	
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	620,087,585	36.1	XXX	XXX	620,087,585	
9. Non-contingent salaries	0	0.0	XXX	XXX		
10. Aggregate cost arrangements	0	0.0	XXX	XXX		
11. All other payments	0	0.0	XXX	XXX		
12. Total other payments	1,690,766,630	98.5	XXX	XXX	1,581,455,937	109,310,693
13. Total (Line 4 plus Line 12)	1,716,298,702	100.0	XXX	XXX	1,606,988,009	109,310,693

EXHIBIT 7 - 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

NONE

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	3,151,052		2,287,674	863,378	863,378	0
2. Medical furniture, equipment and fixtures						0
3. Pharmaceuticals and surgical supplies						0
4. Durable medical equipment						0
5. Other property and equipment	47,513,340		34,088,311	13,425,029	13,425,029	0
6. Total	50,664,392	0	36,375,985	14,288,407	14,288,407	0

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION.....Priority Health 2. Grand Rapids, MI

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

NAIC Group Code.....3383

NAIC Company Code.....95561

	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	423,989	1,525	360,765	3,119				58,580		
2. First quarter	410,491	1,441	338,205	4,276				66,569		
3. Second quarter	405,581	1,342	331,378	4,784				68,077		
4. Third quarter	401,913	1,274	325,687	5,213				69,739		
5. Current year	398,123	1,214	320,193	5,553				71,163		
6. Current year member months	4,858,476	16,191	3,964,383	57,533				820,369		
Total Member Ambulatory Encounters for Year:										
7. Physician	3,319,716	9,477	2,268,837	62,999				978,403		
8. Non-physician	407,840	1,164	278,735	7,740				120,201		
9. Totals	3,727,556	10,641	2,547,572	70,739	0	0	0	1,098,604	0	0
10. Hospital patient days incurred	181,890	203	48,588	668				132,431		
11. Number of inpatient admissions	29,300	49	11,711	161				17,379		
12. Health premiums written (b)	1,937,936,433	6,553,497	1,308,183,980	8,616,032				614,582,924		
13. Life premiums direct	0									
14. Property/casualty premiums written	0									
15. Health premiums earned	1,936,545,978	6,546,741	1,306,835,397	8,613,731				614,550,109		
16. Property/casualty premiums earned	0									
17. Amount paid for provision of health care services	1,716,298,702	4,420,828	1,167,648,989	6,612,130				537,616,755		
18. Amount incurred for provision of health care services	1,719,420,642	5,175,263	1,160,220,895	7,195,494				546,828,990		

(a) For health business: number of persons insured under PPO managed care products.....0 and number of persons insured under indemnity only products.....0.

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $.....614,582,924

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION.....Priority Health 2. Grand Rapids, MI

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

NAIC Group Code.....3383

NAIC Company Code.....95561

	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	423,989	1,525	360,765	3,119				58,580		
2. First quarter	410,491	1,441	338,205	4,276				66,569		
3. Second quarter	405,581	1,342	331,378	4,784				68,077		
4. Third quarter	401,913	1,274	325,687	5,213				69,739		
5. Current year	398,123	1,214	320,193	5,553				71,163		
6. Current year member months	4,858,476	16,191	3,964,383	57,533				820,369		
Total Member Ambulatory Encounters for Year:										
7. Physician	3,319,716	9,477	2,268,837	62,999				978,403		
8. Non-physician	407,840	1,164	278,735	7,740				120,201		
9. Totals	3,727,556	10,641	2,547,572	70,739	0	0	0	1,098,604	0	0
10. Hospital patient days incurred	181,890	203	48,588	668				132,431		
11. Number of inpatient admissions	29,300	49	11,711	161				17,379		
12. Health premiums written (b)	1,937,936,433	6,553,497	1,308,183,980	8,616,032				614,582,924		
13. Life premiums direct	0									
14. Property/casualty premiums written	0									
15. Health premiums earned	1,936,545,978	6,546,741	1,306,835,397	8,613,731				614,550,109		
16. Property/casualty premiums earned	0									
17. Amount paid for provision of health care services	1,716,298,702	4,420,828	1,167,648,989	6,612,130				537,616,755		
18. Amount incurred for provision of health care services	1,719,420,642	5,175,263	1,160,220,895	7,195,494				546,828,990		

(a) For health business: number of persons insured under PPO managed care products.....0 and number of persons insured under indemnity only products.....0.

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $.....614,582,924

Sch. S-Pt. 1-Sn. 2
NONE

Sch. S-Pt. 2
NONE

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Domiciliary Jurisdiction	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other Than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
General Account - Authorized - Non-Affiliates - U.S. Non-Affiliates												
92711	35-1817054	09/01/2011	HCC Life Insurance Company	IN	SSL/A/I	990,085						
92711	35-1817054	09/01/2011	HCC Life Insurance Company	IN	SSL/A/I	400,370						
0499999.	Total - General Account - Authorized - Non-Affiliates - U.S. Non-Affiliates					1,390,455	0	0	0	0	0	0
0699999.	Total - General Account - Authorized - Non-Affiliates					1,390,455	0	0	0	0	0	0
0799999.	Total - General Account - Authorized					1,390,455	0	0	0	0	0	0
2299999.	Total - General Account - Authorized, Unauthorized and Certified					1,390,455	0	0	0	0	0	0
4599999.	Total - U.S.					1,390,455	0	0	0	0	0	0
4799999.	Total					1,390,455	0	0	0	0	0	0

Sch. S-Pt. 4
NONE

Sch. S-Pt. 5
NONE

Sch. S-Pt. 5
NONE

SCHEDULE S - PART 6

Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2012	2 2011	3 2010	4 2009	5 2008
A. OPERATIONS ITEMS					
1. Premiums	1,358	1,419	1,602	1,350	1,064
2. Title XVIII - Medicare	33	54	43	21	9
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses	224	394	132	356	1,138
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses	8	58			
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances due					
11. Unauthorized reinsurance offset					
12. Offset for reinsurance with certified reinsurers		XXX	XXX	XXX	XXX
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
13. Funds deposited by and withheld from (F)					
14. Letters of credit (L)					
15. Trust agreements (T)					
16. Other (O)					
D. REINSURANCE WITH CERTIFIED REINSURERS (DEPOSITS BY AND FUNDS WITHHELD FROM)					
17. Multiple beneficiary trust		XXX	XXX	XXX	XXX
18. Funds deposited by and withheld from (F)		XXX	XXX	XXX	XXX
19. Letters of credit (L)		XXX	XXX	XXX	XXX
20. Trust agreements (T)		XXX	XXX	XXX	XXX
21. Other (O)		XXX	XXX	XXX	XXX

SCHEDULE S - PART 7

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

		1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 12)	484,674,633	1,390,455	486,065,088
2.	Accident and health premiums due and unpaid (Line 15)	24,942,990		24,942,990
3.	Amounts recoverable from reinsurers (Line 16.1)	7,678		7,678
4.	Net credit for ceded reinsurance	XXX	(1,390,455)	(1,390,455)
5.	All other admitted assets (balance)	32,904,927		32,904,927
6.	Totals assets (Line 28)	542,530,228	0	542,530,228
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	146,817,097		146,817,097
8.	Accrued medical incentive pool and bonus payments (Line 2)	25,947,323		25,947,323
9.	Premiums received in advance (Line 8)	10,315,516		10,315,516
10.	Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19, first inset amount plus second inset amount)			0
11.	Reinsurance in unauthorized companies (Line 20 minus inset amount)			0
12.	Reinsurance with certified reinsurers (Line 20 inset amount)			0
13.	Funds held under reinsurance treaties with certified reinsurers (Line 19 third inset amount)			0
14.	All other liabilities (balance)	52,235,715		52,235,715
15.	Total liabilities (Line 24)	235,315,651	0	235,315,651
16.	Total capital and surplus (Line 33)	307,214,576	XXX	307,214,576
17.	Total liabilities, capital and surplus (Line 34)	542,530,227	0	542,530,227
	NET CREDIT FOR CEDED REINSURANCE			
18.	Claims unpaid	0		
19.	Accrued medical incentive pool	0		
20.	Premiums received in advance	0		
21.	Reinsurance recoverable on paid losses	0		
22.	Other ceded reinsurance recoverables	(1,390,455)		
23.	Total ceded reinsurance recoverables	(1,390,455)		
24.	Premiums receivable	0		
25.	Funds held under reinsurance treaties with authorized and unauthorized reinsurers	0		
26.	Unauthorized reinsurance	0		
27.	Reinsurance with certified reinsurers	0		
28.	Funds held under reinsurance treaties with certified reinsurers	0		
29.	Other ceded reinsurance payables/offsets	0		
30.	Total ceded reinsurance payables/offsets	0		
31.	Total net credit for ceded reinsurance	(1,390,455)		

SCHEDULE T - PART 2
INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		Direct Business Only					
	States, Etc.	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1.	Alabama AL						0
2.	Alaska AK						0
3.	Arizona AZ						0
4.	Arkansas AR						0
5.	California CA						0
6.	Colorado CO						0
7.	Connecticut CT						0
8.	Delaware DE						0
9.	District of Columbia DC						0
10.	Florida FL						0
11.	Georgia GA						0
12.	Hawaii HI						0
13.	Idaho ID						0
14.	Illinois IL						0
15.	Indiana IN						0
16.	Iowa IA						0
17.	Kansas KS						0
18.	Kentucky KY						0
19.	Louisiana LA						0
20.	Maine ME						0
21.	Maryland MD						0
22.	Massachusetts MA						0
23.	Michigan MI						0
24.	Minnesota MN						0
25.	Mississippi MS						0
26.	Missouri MO						0
27.	Montana MT						0
28.	Nebraska NE						0
29.	Nevada NV						0
30.	New Hampshire NH						0
31.	New Jersey NJ						0
32.	New Mexico NM						0
33.	New York NY						0
34.	North Carolina NC						0
35.	North Dakota ND						0
36.	Ohio OH						0
37.	Oklahoma OK						0
38.	Oregon OR						0
39.	Pennsylvania PA						0
40.	Rhode Island RI						0
41.	South Carolina SC						0
42.	South Dakota SD						0
43.	Tennessee TN						0
44.	Texas TX						0
45.	Utah UT						0
46.	Vermont VT						0
47.	Virginia VA						0
48.	Washington WA						0
49.	West Virginia WV						0
50.	Wisconsin WI						0
51.	Wyoming WY						0
52.	American Samoa AS						0
53.	Guam GU						0
54.	Puerto Rico PR						0
55.	US Virgin Islands VI						0
56.	Northern Mariana Islands MP						0
57.	Canada CAN						0
58.	Aggregate Other Alien OT						0
59.	Totals	0	0	0	0	0	0

NONE

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
Members														
3383	Priority Health	95561	38-2715520				Priority Health	MI		Spectrum Health System	Ownership	93.900	Spectrum Health System	
										Munson HealthCare	Ownership	5.500		
										Healthshare DBA The Healthshare Group	Ownership	0.600		
3383	Priority Health	11520	32-0016523				Priority Health Government Programs, Inc.	MI	DS	Priority Health	Ownership	100.000	Spectrum Health System	
3383	Priority Health	12208	20-1529553				Priority Health Insurance Company	MI	DS	Priority Health	Ownership	100.000	Spectrum Health System	
3383	Priority Health		38-2715520				PHMB Properties, LLC	MI	DS	Priority Health	Ownership	100.000	Spectrum Health System	
3383	Priority Health		38-2663747				Trinity Health Plans	MI	DS	Priority Health	Ownership	100.000	Spectrum Health System	
3383	Priority Health		38-3085182				Priority Health Managed Benefits, Inc.	MI	NIA	Spectrum Health System	Ownership	100.000	Spectrum Health System	

Asterisk	Explanation
1	Spectrum Health Systems (EIN 38-3382353), Class A Shareholder - 93.9%; Munson Healthcare (EIN 38-1362830, Class B Shareholder - 5.5%; Heathshare (EIN 38-2146751, Class B Shareholder - 0.6%

SCHEDULE Y

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
Affiliated Transactions												
12208	20-1529553	Priority Health Insurance Company					(17,036,642)				(17,036,642)	
	38-3085182	Priority Health Managed Benefits					136,867,148				136,867,148	
95561	38-2715520	Priority Health					(107,651,303)				(107,651,303)	
11520	32-0016523	Priority Health Government Programs					(12,179,203)				(12,179,203)	
9999999.	Control Totals		0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	MARCH FILING	Responses
1.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
2.	Will an actuarial opinion be filed by March 1?	YES
3.	Will the confidential Risk-Based Capital Report be filed with the NAIC by March 1?	YES
4.	Will the confidential Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?	YES
	APRIL FILING	
5.	Will the Management's Discussion and Analysis be filed by April 1?	YES
6.	Will the Supplemental Investment Risk Interrogatories be filed by April 1?	YES
7.	Will the Accident and Health Policy Experience Exhibit be filed by April 1?	YES
	JUNE FILING	
8.	Will an audited financial report be filed by June 1?	YES
9.	Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	YES
	AUGUST FILING	
10.	Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1?	YES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	MARCH FILING	
11.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	YES
12.	Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	NO
13.	Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	NO
14.	Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
15.	Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO
16.	Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO
17.	Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
18.	Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partners be filed electronically with the NAIC by March 1?	NO
19.	Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?	NO
20.	Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	NO
	APRIL FILING	
21.	Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
22.	Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	NO
23.	Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?	NO
24.	Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?	YES
25.	Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile and the NAIC by April 1?	YES
	AUGUST FILING	
26.	Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	YES

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

EXPLANATIONS:

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BAR CODE:

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95561201237100000
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95561201236500000
95561201222400000
95561201222500000
95561201222600000
95561201230600000
95561201221100000
95561201221300000

Overflow Page
NONE

Overflow Page
NONE

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For the Year Ended December 31, 2012
(To Be Filed by March 1)
FOR THE STATE OF.....Michigan

NAIC Group Code.....3383
Address (City, State and Zip Code).....Grand Rapids, MI 49525
Person Completing This Exhibit.....Kristy Shoemaker

NAIC Company Code.....95561

Title.....Senior Accountant.....Telephone Number.....(616) 464-8926

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2009				Policies Issued in 2010, 2011 & 2012			
										11	Incurred Claims		14	15	Incurred Claims		18
											12	13			16	17	
Compliance with OBRA	Policy Form Number	Standardized Medicare Supplement Benefit Plan	Medicare Select	Plan Characteristics	Date Approved	Date Approval Withdrawn	Date Last Amended	Date Closed	Policy Marketing Trade Name	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives
Individual Policies																	
.....Yes.....	1955.....	A.....	.....NO.....	....234.....	.12/02/2009	.....	.....	.05/31/2010	Priority Health Medigap Plan A.....	.....	.....	.....0.0	.....	.....	.....	.....0.0	.....
.....Yes.....	1956.....	C.....	.....NO.....	....234.....	.12/02/2009	.....	.....	.05/31/2010	Priority Health Medigap Plan C.....	.....	.....	.....0.0	.....	.....	.....	.....0.0	.....
.....Yes.....	1957.....	F.....	.....NO.....	....234.....	.12/02/2009	.....	.....	.05/31/2010	Priority Health Medigap Plan F.....	.....	.....	.....0.0	.....	.....	.....	.....0.0	.....
.....Yes.....	2565.....	A.....	.....NO.....	....234.....	.10/06/2011	.....	.....	.....	Priority Health Medigap Plan A.....	.....	.....	.....0.0	.....	16,997	7,282	.....42.8	15
.....Yes.....	2566.....	D.....	.....NO.....	....234.....	.10/06/2011	.....	.....	.....	Priority Health Medigap Plan D.....	.....	.....	.....0.0	.....	58,829	23,750	.....40.4	36
.....Yes.....	2567.....	F.....	.....NO.....	....234.....	.10/06/2011	.....	.....	.....	Priority Health Medigap Plan F.....	.....	.....	.....0.0	.....	8,206,380	7,008,501	.....85.4	5,293
.....Yes.....	2568.....	N.....	.....NO.....	....234.....	.10/06/2011	.....	.....	.....	Priority Health Medigap Plan N.....	.....	.....	.....0.0	.....	275,241	155,962	.....56.7	209
0199999.	Total Policy Experience on Individual Policies.....									0	0	.....0.0	0	8,557,447	7,195,495	.....84.1	5,553

360

GENERAL INTERROGATORIES

1. If response in Column 1 is no, give full and complete details.....
   N/A
2. Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
   2.1 Address.....
   2.2 Contact person and phone number.....
3. Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B).
   3.1 Address.....
   3.2 Contact person and phone number.....
4. Explain any policies identified as policy type "O".
   N/A

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