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ANNUAL STATEMENT

For the Year Ended December 31, 2011

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. Kimberly K Horn	President / Chief Executive Officer	2. Steven A Flack #	Treasurer / Chief Financial Officer
3. Kimberly L Thomas	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Craig Bethune	Richard C Breon	Georgia Fojitasek	Michael Freed
Rajesh Kothari	Lynne Liddle	Peter Lundeen	Christina MacInnes
Edward Millermaier	Edward Ness #	Kathleen Ponitz	Robert Roth
Paul Saginaw	Thomas Schwaderer	Dale Sowders	James Stephanak
Gary Timmer #	Jody Vanderwel	Wendy Walker #	Samuel Wanner

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)
Kimberly K Horn	Steven A Flack	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 2012

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	564,714	33,610		226,008	226,008	598,324
Michigan Public School Employee Ret	5,176,697	740,175				5,916,872
State of Michigan	3,727,912	53,229		12,516	12,516	3,781,141
Ford Motor Company	3,530,880					3,530,880
St Joseph Mercy Health System	3,156,340	19,582				3,175,922
0299997. Group subscribers subtotal	15,591,829	812,986	0	12,516	12,516	16,404,815
0299998. Premiums due and unpaid not individually listed	10,206,132	764,167		224,750	224,750	10,970,299
0299999. Total group	25,797,961	1,577,153	0	237,266	237,266	27,375,114
0399999. Premiums due and unpaid from Medicare entities	614,327					614,327
0599999. Accident and health premiums due and unpaid (Page 2, Line 15)	26,977,002	1,610,763	0	463,274	463,274	28,587,765

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	1,894,995	1,894,995	1,894,994	2,089,054	2,089,054	5,684,984
ICORE	572,006	572,005	572,005	630,582	630,582	1,716,016
0199998. Pharmaceutical Rebate Receivables Not Listed Individually				605,961	605,961	0
0199999. Total Pharmaceutical Rebate Receivables	2,467,001	2,467,000	2,466,999	3,325,597	3,325,597	7,401,000
Claim Overpayment Receivables						
0299998. Claim Overpayment Receivables Not Listed Individually	904,271	158,698	368,508			1,431,477
0299999. Total Claim Overpayment Receivables	904,271	158,698	368,508	0	0	1,431,477
Loans and Advances to Providers						
0399998. Loans and Advances to Providers Not Listed Individually				722,906	722,906	0
0399999. Total Loans and Advances to Providers	0	0	0	722,906	722,906	0
Other Receivables						
0699998. Other Receivables Not Listed Individually	3,203,796	2,367		31,298	31,298	3,206,163
0699999. Total Other Receivables	3,203,796	2,367	0	31,298	31,298	3,206,163
0799999. Total Health Care Receivables	6,575,068	2,628,065	2,835,507	4,079,801	4,079,801	12,038,640

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	3,240,897					3,240,897
0399999. Aggregate accounts not individually listed - covered	37,959,212					37,959,212
0499999. Subtotals	41,200,109	0	0	0	0	41,200,109
0599999. Unreported claim and other claim reserves						100,149,991
0699999. Total amounts withheld						58,139
0799999. Total claims unpaid						141,408,239
0899999. Accrued medical incentive pool and bonus amounts						30,654,811

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	9,450,299	60,082		130,234	130,234	9,510,381	
Priority Health Managed Benefits, Inc.	1,163,274			8,458	8,458	1,163,274	
0199999. Individually listed receivables	10,613,573	60,082	0	138,692	138,692	10,673,655	0
0299999. Receivables not individually listed	1,112,939					1,112,939	
0399999. Total gross amounts receivable	11,726,512	60,082	0	138,692	138,692	11,786,594	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 Insurance Company	Premium	19,440,495	19,440,495	
Priority Health Managed Benefits, Inc.	Trade	7,516,966	7,516,966	
Spectrum Health System	Risk Share	7,408,127	7,408,127	
0199999. Individually listed payables		34,365,588	34,365,588	0
0299999. Payables not individually listed		694,931	694,931	
0399999. Total gross payables		35,060,519	35,060,519	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	14,606,923	0.9			14,606,923	
2. Intermediaries	0	0.0				
3. All other providers	21,734,541	1.3			21,734,541	
4. Total capitation payments	36,341,464	2.2	0		36,341,464	0
Other Payments:						
5. Fee-for-service	115,907,769	6.9	XXX	XXX		115,907,769
6. Contractual fee payments	915,134,682	54.6	XXX	XXX	915,134,682	
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	607,941,013	36.3	XXX	XXX	607,941,013	
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	1,638,983,464	97.8	XXX	XXX	1,523,075,695	115,907,769
13. Total (Line 4 plus Line 12)	1,675,324,928	100.0	XXX	XXX	1,559,417,159	115,907,769

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	3,105,437		2,055,227	1,050,210	1,050,210	0
2. Medical furniture, equipment and fixtures						0
3. Pharmaceuticals and surgical supplies						0
4. Durable medical equipment						0
5. Other property and equipment	46,138,199		27,823,946	18,314,253	18,314,253	0
6. Total	49,243,636	0	29,879,173	19,364,463	19,364,463	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	432,079	1,549	382,707	547				47,276		
2. First quarter	436,827	1,572	378,501	1,811				54,943		
3. Second quarter	431,586	1,641	371,845	2,157				55,943		
4. Third quarter	428,250	1,627	366,872	2,537				57,214		
5. Current year	423,989	1,525	360,765	3,119				58,580		
6. Current year member months	5,164,558	18,637	4,443,828	27,062				675,031		
Total Member Ambulatory Encounters for Year:										
7. Physician	4,584,831	14,579	3,400,208	39,134				1,130,910		
8. Non-physician	513,883	1,634	381,107	4,386				126,756		
9. Totals	5,098,714	16,213	3,781,315	43,520	0	0	0	1,257,666	0	0
10. Hospital patient days incurred	185,185	309	71,996	438				112,442		
11. Number of inpatient admissions	32,904	76	17,801	108				14,919		
12. Health premiums written (b)	1,859,187,422	7,123,917	1,349,709,273	3,874,736				498,479,496		
13. Life premiums direct	0									
14. Property/casualty premiums written	0									
15. Health premiums earned	1,857,714,692	7,086,728	1,348,329,899	3,872,571				498,425,494		
16. Property/casualty premiums earned	0									
17. Amount paid for provision of health care services	1,675,324,928	5,897,569	1,233,010,106	2,692,725				433,724,528		
18. Amount incurred for provision of health care services	1,689,051,070	6,848,731	1,229,818,903	2,970,592				449,412,844		

(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 $.....498,479,496

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	432,079	1,549	382,707	547				47,276		
2. First quarter	436,827	1,572	378,501	1,811				54,943		
3. Second quarter	431,586	1,641	371,845	2,157				55,943		
4. Third quarter	428,250	1,627	366,872	2,537				57,214		
5. Current year	423,989	1,525	360,765	3,119				58,580		
6. Current year member months	5,164,558	18,637	4,443,828	27,062				675,031		
Total Member Ambulatory Encounters for Year:										
7. Physician	4,584,831	14,579	3,400,208	39,134				1,130,910		
8. Non-physician	513,883	1,634	381,107	4,386				126,756		
9. Totals	5,098,714	16,213	3,781,315	43,520	0	0	0	1,257,666	0	0
10. Hospital patient days incurred	185,185	309	71,996	438				112,442		
11. Number of inpatient admissions	32,904	76	17,801	108				14,919		
12. Health premiums written (b)	1,859,187,422	7,123,917	1,349,709,273	3,874,736				498,479,496		
13. Life premiums direct	0									
14. Property/casualty premiums written	0									
15. Health premiums earned	1,857,714,692	7,086,728	1,348,329,899	3,872,571				498,425,494		
16. Property/casualty premiums earned	0									
17. Amount paid for provision of health care services	1,675,324,928	5,897,569	1,233,010,106	2,692,725				433,724,528		
18. Amount incurred for provision of health care services	1,689,051,070	6,848,731	1,229,818,903	2,970,592				449,412,844		

(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 $.....498,479,496

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	09/01/2010	HCC Life Insurance Company	IN	SSL/I	1,300,791						
92711	35-1817054	09/01/2011	HCC Life Insurance Company	IN	SSL/I	171,939						
0499999.	Total - General Account - Authorized - Non-Affiliates - U.S. Non-Affiliates					1,472,730	0	0	0	0	0	0
0699999.	Total - General Account - Authorized - Non-Affiliates					1,472,730	0	0	0	0	0	0
0799999.	Total - General Account - Authorized					1,472,730	0	0	0	0	0	0
1599999.	Total - General Account - Authorized and Unauthorized					1,472,730	0	0	0	0	0	0
3199999.	Total - U.S.					1,472,730	0	0	0	0	0	0
3399999.	Total					1,472,730	0	0	0	0	0	0

Sch. S-Pt. 4
NONE

SCHEDULE S - PART 5

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

	1 2011	2 2010	3 2009	4 2008	5 2007
A. OPERATIONS ITEMS					
1. Premiums	1,419	1,602	1,350	1,064	888
2. Title XVIII - Medicare	54	43	21	9	7
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses	394	132	356	1,138	1,686
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses	58				
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

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)	416,363,207	1,472,730	417,835,937
2.	Accident and health premiums due and unpaid (Line 15)	30,014,368		30,014,368
3.	Amounts recoverable from reinsurers (Line 16.1)	58,427		58,427
4.	Net credit for ceded reinsurance	XXX	(1,472,730)	(1,472,730)
5.	All other admitted assets (balance)	26,480,575		26,480,575
6.	Totals assets (Line 28)	472,916,577	0	472,916,577
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	141,408,240		141,408,240
8.	Accrued medical incentive pool and bonus payments (Line 2)	30,654,811		30,654,811
9.	Premiums received in advance (Line 8)	14,488,361		14,488,361
10.	Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19)			0
11.	Reinsurance in unauthorized companies (Line 20)			0
12.	All other liabilities (balance)	58,562,293		58,562,293
13.	Total liabilities (Line 24)	245,113,705	0	245,113,705
14.	Total capital and surplus (Line 33)	227,802,872	XXX	227,802,872
15.	Total liabilities, capital and surplus (Line 34)	472,916,577	0	472,916,577
	NET CREDIT FOR CEDED REINSURANCE			
16.	Claims unpaid	0		
17.	Accrued medical incentive pool	0		
18.	Premiums received in advance	0		
19.	Reinsurance recoverable on paid losses	0		
20.	Other ceded reinsurance recoverables	(1,472,730)		
21.	Total ceded reinsurance recoverables	(1,472,730)		
22.	Premiums receivable	0		
23.	Funds held under reinsurance treaties with authorized and unauthorized reinsurers	0		
24.	Unauthorized reinsurance	0		
25.	Other ceded reinsurance payables/offsets	0		
26.	Total ceded reinsurance payables/offsets	0		
27.	Total net credit for ceded reinsurance	(1,472,730)		

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 CN						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	93.90	Spectrum Health System	1
										Munson HealthCare	Ownership	5.50		1
										Healthshare DBA The Healthshare Group.	Ownership	0.60		1
3383	Priority Health	11520	32-0016523				Priority Health Government Programs, Inc.	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health	12208	20-1529553				Priority Health Insurance Company	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health		38-2715520				PHMB Properties, LLC	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health		38-2663747				Trinity Health Plans	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health		38-3085182				Priority Health Managed Benefits, Inc.	MI	NIA	Spectrum Health System	Ownership	100.00	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		10,000,000			(15,358,108)				(5,358,108)	
	38-3085182	Priority Health Managed Benefits					122,288,181				122,288,181	
95561	38-2715520	Priority Health		(10,000,000)			(95,756,326)				(105,756,326)	
11520	32-0016523	Priority Health Government Programs					(11,173,747)				(11,173,747)	
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:

BAR CODE:

1.

2.

3.

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8.

9.

10.

11.

12. *95561201120500000*

13. *95561201120700000*

14. *95561201142000000*

15. *95561201137100000*

16. *95561201137000000*

17. *95561201136500000*

18. *95561201122400000*

19. *95561201122500000*

20. *95561201122600000*

21. *95561201130600000*

22. *95561201121100000*

23. *95561201121300000*

24.

25.

26.

Overflow Page
NONE

Overflow Page
NONE

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For the Year Ended December 31, 2011
(To Be Filed by March 1)
FOR THE STATE OF.....Michigan

NAIC Group Code.....3383
Address (City, State and Zip Code).....Grand Rapids, Michigan 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 2008				Policies Issued in 2009, 2010 & 2011			
										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		234	12/02/2009			05/31/2010	Priority Health Medigap Plan A			0.0				0.0	
Yes	1956	C		234	12/02/2009			05/31/2010	Priority Health Medigap Plan C			0.0			212	0.0	
Yes	1957	F		234	12/02/2009			05/31/2010	Priority Health Medigap Plan F			0.0				0.0	
Yes	2565	A		234	10/06/2011				Priority Health Medigap Plan A			0.0		11,273	7,491	66.5	10
Yes	2566	D		234	10/06/2011				Priority Health Medigap Plan D			0.0		36,218	22,324	61.6	30
Yes	2567	F		234	10/06/2011				Priority Health Medigap Plan F			0.0		3,669,743	2,884,495	78.6	2,935
Yes	2568	N		234	10/06/2011				Priority Health Medigap Plan N			0.0		155,337	56,070	36.1	144
0199999.	Total Policy Experience on Individual Policies									0	0	0.0	0	3,872,571	2,970,592	76.7	3,119

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

2011 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	42
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D	E22
Schedule DB – Verification	SI14
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	30
Schedule S – Part 2	31
Schedule S – Part 3 – Section 2	32
Schedule S – Part 4	33
Schedule S – Part 5	34
Schedule S – Part 6	35
Schedule T – Part 2 – Interstate Compact	37
Schedule T – Premiums and Other Considerations	36
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y – Part 1A – Detail of Insurance Holding Company System	39
Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	40
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	41
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

SCHEDULE S - PART 4

Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	Letter of Credit Issuing or Confirming Bank (a)			13	14	15	16	17
									10	11	12					
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Total (Cols. 5 + 6 + 7)	Letters of Credit	American Bankers Association (ABA) Routing Number	Letter of Credit Code	Bank Name	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9 + 13 + 14 + 15 + 16 But Not in Excess of Col. 8

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	93.90	Spectrum Health System	1
										Munson HealthCare	Ownership	5.50		1
										Healthshare DBA The Healthshare Group.	Ownership	0.60		1
3383	Priority Health	11520	32-0016523				Priority Health Government Programs, Inc.	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health	12208	20-1529553				Priority Health Insurance Company	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health		38-2715520				PHMB Properties, LLC	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health		38-2663747				Trinity Health Plans	MI	DS	Priority Health	Ownership	100.00	Spectrum Health System	
3383	Priority Health		38-3085182				Priority Health Managed Benefits, Inc.	MI	NIA	Spectrum Health System	Ownership	100.00	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%