



March 9, 2010

Dear PHP Mid-Michigan Member,

Sparrow Health System and Blue Care Network announced on Monday, March 8, that we have mutually ended our proposed agreement that would have enabled Blue Care Network to acquire the membership of Physicians Health Plan of Mid-Michigan.

Originally, both parties anticipated that this transaction would receive regulatory clearance by the end of 2009. However, both organizations concluded late last week that the transaction would not get clearance without considerable additional delays. As a result, Sparrow and Blue Care Network decided that the substantial cost and extended time period it would take to gain clearance are not in the best interests of either organization. In light of the current regulatory climate, it has become obvious that we should focus on continuing the PHP strategy to provide high-quality, cost-effective care to the region.

We want to reassure you that PHP remains financially strong and will continue operations into the foreseeable future. Throughout this period, PHP has focused on meeting the needs of our client employers and health plan members, and remained dedicated to doing all the things that our customers have come to expect from an award-winning health plan. This will not change; we look forward to reintroducing you to the PHP brand in months to come. In the meantime, we appreciate the trust you have placed in PHP and thank you for allowing us to serve you. If you have any questions, please contact our Customer Service Department at 1-800-832-9186.

Thank you,

A handwritten signature in cursive script that reads "Scott Wilkerson".

Scott Wilkerson
President and CEO
PHP Mid-Michigan