



September 15, 2009

Dear PHP Mid-Michigan Member:

We are writing to share some important and positive news. Sparrow Health System and Blue Care Network of Michigan have signed an agreement that will enable BCN to acquire the membership of Physicians Health Plan of Mid-Michigan. The agreement includes acquiring the PHP Mid-Michigan FamilyCare Medicaid operation as well as the provider contracts of Physician's Health Network. The transaction is subject to state regulatory approval.

We anticipate no immediate changes in your current health care coverage as a result of this transaction. You can continue to receive your PHP coverage, use your ID card and visit your PHP network physician. PHP providers will be able to continue to send health care claims for PHP members in their normal manner.

Sparrow and BCN are trusted Michigan not-for-profit corporations, who share a similar mission and a long heritage of commitment to improving the health of and serving the residents of Mid-Michigan. We expect that this transaction will be a positive change for you, as BCN offers a larger physician network throughout the State of Michigan, extended out-of-state coverage through its arrangements with 38 other Blue Cross plans, disease management and preventive services, and the most recognizable health care card in the nation.

Once the transaction is finalized, PHP Mid-Michigan and BCN are committed to a smooth transition for you to a BCN product that meets your needs. BCN is committed to offering an excellent array of benefits, network of providers and services to residents of the Mid-Michigan region.

Please feel free to call us with any questions. Commercial PHP members should call 800-832-9186, while FamilyCare members should call 800-661-8299. Our hours are 8 a.m. to 5 p.m. Monday through Friday. You can also visit the PHP Mid-Michigan Web site at: phpmm.org.

Thank you,

A handwritten signature in black ink that reads "Scott Wilkerson".

Scott Wilkerson
President and CEO
PHP Mid-Michigan