

FORM A

**STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC
INSURER**

MIDWEST HEALTH PLAN, Inc. ("MHP")

Name of Domestic Insurer

BY

HEALTH ALLIANCE PLAN OF MICHIGAN ("HAP")

Name of Acquiring Person (Applicant)

Filed with the Commissioner, Office of Financial and Insurance Regulation (OFIR), State of Michigan

Dated: September 14, 2011

Name, Title, address and telephone number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Health Alliance Plan
Attn: Jeanne Dunk, Esq.
General Counsel
2850 West Grand Blvd.
Detroit, MI 48202
(313) 664-8106

With copies to:

Kathrin Kudner
Dykema Gossett PLLC
400 Renaissance Ctr.
Detroit, MI 48243

ITEM 1. METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

**Midwest Health Plan, Inc.
4700 Schaefer, Suite 340
Dearborn Michigan 48126**

Pursuant to a Stock Purchase Agreement dated August 26, 2011, Health Alliance Plan of Michigan will acquire 100% of the voting securities of Midwest Health Plan, Inc. for a purchase of \$70 million.

The Parties wish to close the transaction on November 1, 2011 assuming all conditions are met.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

- (a) State the name and address of the applicant seeking to acquire control over the insurer.

Applicant is a Michigan nonprofit, regional health plan licensed as a health maintenance organization with principle offices located at 2850 West Grand Blvd, Detroit, Michigan 48202. Applicant is a wholly owned subsidiary of Henry Ford Health System ("HFHS") a Michigan not for profit corporation.

- (b) If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Describe the business intended to be done by the applicant and the applicant's subsidiaries.

Applicant was incorporated June 27, 1978, as a Michigan nonprofit corporation and has operated as a Michigan health maintenance organization ("HMO"). The Applicant is not licensed to write business in any other state. Applicant markets and administers health care plans for groups and individuals by offering prepaid hospital and medical coverage in several counties of Michigan. The Applicant and its subsidiaries have more than 400,000 members with more than 9,000 physicians and 46 hospitals. The Applicant offers a full range of preventive services, health and wellness programs, health screenings, educational materials. The Applicant partners with physician, employers and community organizations to improve the health and well-being of the community.

The Applicant intends to continue the same business in the future. The transaction is consistent with the Applicants current business plan, and its mission which is "Enhancing the health and well-being of the lives we touch".

- (c) Furnish a chart or listing clearly presenting the identities of the interrelationships

among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). No

affiliate need be identified if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership), primary business (e.g. holding company, insurance agency, manufacturer) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

See Exhibit A for Applicant's Corporate Organizational Chart and Descriptive Listing of Subsidiaries and Affiliates.

There are no court proceedings involving reorganization or liquidation pending with respect to the Applicant or its affiliated entities.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

State the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who perform or will perform functions appropriate to those positions), or owners of 10% or more of the voting securities of the applicant, and, 3) in all instances where individuals will be the direct or indirect source of funding for the acquisition:

- (a) Name and business address;
- (b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;
- (c) All occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.
- (d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or

other disposition of the case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.

- (e) Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249a for state, multi-state, and federal criminal history record checks.

See Exhibit B with respect to Item 3

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. Describe any transaction where funds were or are to be obtained for such purpose, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or controlling affiliates. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

The consideration to be paid upon closing of the Transaction is \$70,000,000 subject to final purchase price adjustments as set forth in Section 1.5 of the Stock Purchase Agreement (See Exhibit C).

The total purchase consideration will be paid in cash at the closing of the Transaction, subject to post-closing adjustments. Applicant has sufficient capital and surplus to pay the total purchase consideration in cash and still continue to maintain appropriate operational liquidity and risk based capital levels.

It is the intent that Henry Ford Health System (HFHS) will secure a low interest finance option to partially fund the transaction

- (b) Explain the criteria used in determining the nature and amount of such consideration.

Applicant performed a comprehensive due diligence investigation and reviewed, among other things, the financial statements, operations and legal documents of MHP. Applicant utilized widely accepted valuation techniques to obtain an indication of value for determining the amount of consideration and also took into account such additional factors and information as Applicant deemed relevant under the circumstances. As a result, the basis and terms of the Stock Purchase Agreement, including the nature and amount of consideration, were determined by arm's length negotiations between the parties and their respective advisors.

If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.

Not applicable.

ITEM 5. FUTURE PLANS FOR INSURER

- (a) Describe any plans or proposals which the applicant may have for the insurer to declare a dividend, (whether or not extraordinary), to liquidate the insurer, to sell its assets, to merge it with any person or persons, or to make any other material change in its business operations or corporate structure or management.

The Applicant has no current plan or proposal to cause the Domestic Insurer to pay dividends or make other contributions, to liquidate the Domestic Insurer, to sell any of their assets, to merge or consolidate them with any person or persons other than the Applicant, or make any material change in their business operations or corporate structure or management.

- (b) Provide a 5 year business plan which describes the types of business to be written by the insurer, marketing plan, projected direct, assumed, ceded, and net written premiums by line, pro -forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing, and type of capital contributions (if any), proposed changes to the insurer's executive officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.

See Exhibit D for the 5 year business plan

The Applicant plans on continuing the operations of MHP for the terms of the contracts currently in place. The Applicant plans on operating MHP so that it will honor all applicable program requirements. The Applicant does not plan to merge MHP into HAP at this time.

Due to the nature of the Medicaid Managed Care business, there is no marketing plan.

The Applicant intends to retain the reinsurance program currently in force at MHP.

Upon closing of the Transaction, the Applicant will retain one executive officer and the member-represented directors of Domestic Insurer. The Applicant will replace the remaining officers and directors of the Domestic Insurer with several officers and directors of Applicant.

At present, the books and records of both the Applicant and the Domestic Insurer are maintained in Michigan at their principle places of business in

accordance with MCL 500.5256 and 500.3548, and it is the Applicant's intent to continue to maintain such books and records in accordance with MCL 500.5256 and 500.3548, ensuring that so long as MHP remains a certified Michigan HMO, as appropriate, financial records, funds and assets shall not be comingled with affiliates, assets shall be held separate from all other activities of the Applicant.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

MHP has 8,465 shares of voting common stock issued and outstanding. Applicant will acquire direct control of MHP through the acquisition of all of the shares of common stock from the current Shareholders.

Applicant performed a comprehensive due diligence investigation and reviewed, among other things, the financial statements, operations and legal documents of MHP. Applicant utilized widely accepted valuation techniques to obtain an indication of value for determining the amount of consideration and also took into account such additional factors and information as Applicant deemed relevant under the circumstances. As a result, the basis and terms of the Stock Purchase Agreement, including the nature and amount of consideration, were determined by arm's length negotiations between the parties and their respective advisors.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

Except for rights of Applicant to acquire the common stock of the Domestic Insurer, as provided in the Stock Purchase Agreement, neither Applicant nor any of its affiliates nor any person listed in Item 3 beneficially owns or has any right to acquire beneficial ownership of any voting securities of the Domestic Insurer at this time.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or

option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understanding have been entered into.

Except for rights of Applicant to acquire the common stock of the Domestic Insurer, as provided in the Stock Purchase Agreement, neither Applicant nor any of its affiliates nor any person listed in Item 3 has any contracts, arrangements or understandings with respect to any voting security of the Domestic Insurer at this time.

It is the intent that Henry Ford Health System ("HFHS") will secure a low interest finance option to partially fund the transaction

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

There have been no prior purchases of the voting securities of the Domestic Insurer by the Applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Statement.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

There have been no recommendations made by the Applicant, its affiliates or any person listed in Item 3 to purchase any voting security of the Domestic Insurer during the 12 calendar months preceding the filing of this Statement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

There are no agreements, arrangements, or understandings made by the Applicant or any of its affiliates with any broker-dealer as to the solicitation of voting securities of the Domestic Insurer.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

EXHIBIT A – Organizational Chart and Descriptive Listing of Subsidiaries and Affiliates;

EXHIBIT B—A listing of Applicants executive officers and directors;

EXHIBIT C – Stock Purchase Agreement by and between Health Alliance Plan of Michigan, The Stockholders of Midwest Health Plan, Inc., and Dr. Mark Saffer, Solely as Shareholders Representative;

EXHIBIT D—Five year business plan;

The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to be the ultimate controlling persons, for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statement. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.

The annual financial statements of the applicant corporate entity shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial positions of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

Statutory Basis Financial Statements of Applicant for the years ended as of December 31, 2006 through December 31, 2010 have been previously filed with OFIR and are hereby incorporated by reference.

File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory, managing

general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required Form A forms and instructions Section 4 and 6.

The Domestic Insurer is privately held and has not issued any equity securities of any kind or nature.

Other than as set forth in Exhibit C, there are no tender offers for, requests or invitations for, tenders of, exchange offer for, and agreements to acquire or exchange any voting membership interest of the insurer.

The Applicant is a non-profit corporation and, as such, no annual reports or proxy statements have been issued to the voting members of the Applicant.

The Domestic Insurer is a for profit corporation which is privately held and no annual reports or proxy statements have been issued to the Members of the Domestic Insurer.

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, Health Alliance Plan of Michigan ("Applicant") has caused this application to be duly signed on its behalf in the City of Detroit and State of Michigan on the 14th day of September 2011.

(SEAL) Health Alliance Plan of Michigan

Name of Applicant

BY William R. Alvin
William R. Alvin, President/CEO

Attest:

Ronald W. P.
(Signature of Officer)

Chief Financial Officer

Title

CERTIFICATION

The undersigned deposes and says that she or he has duly executed the attached application dated September 14, 2011, for Health Alliance Plan of Michigan; and that she or he is President and Chief Executive Officer of such company and that she or he is authorized to execute and file such instrument. Deponent further says that she or he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his or her knowledge, information and belief.

(Signature) William R. Alvin
William R. Alvin