

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public
Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning 01-01-2016, and ending 12-31-2016

- B** Check if applicable:
 Address change
 Name change
 Initial return
 Final
 Return/terminated
 Amended return
 Application pending

C Name of organization
PHYSICIANS HEALTH PLAN

Doing business as

Number and street (or P O box if mail is not delivered to street address) Room/suite
PO BOX 30377

City or town, state or province, country, and ZIP or foreign postal code
LANSING, MI 48909

D Employer identification number
38-2356288

E Telephone number
(517) 364-8400

G Gross receipts \$ 189,506,954

F Name and address of principal officer
DENNIS SWAN
1215 E MICHIGAN AVENUE
LANSING, MI 48912

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) (4) ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ WWW.PHPMICHIGAN.COM

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1980

M State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PHYSICIANS HEALTH PLAN'S MISSION IS TO IMPROVE THE HEALTH STATUS OF ITS MEMBERS BY FACILITATING QUALITY, COMPASSIONATE, ACCESSIBLE, COST EFFECTIVE HEALTHCARE

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	3	13
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	122
6 Total number of volunteers (estimate if necessary)	6	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b	

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)		0
9 Program service revenue (Part VIII, line 2g)	165,732,809	181,532,866
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,360,512	5,395,064
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	168,093,321	186,927,930
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0
14 Benefits paid to or for members (Part IX, column (A), line 4)	151,171,648	165,855,312
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	6,805,779	7,288,308
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	10,246,010	11,295,202
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	168,223,437	184,438,822
19 Revenue less expenses Subtract line 18 from line 12	-130,116	2,489,108
	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	87,576,070	97,291,075
21 Total liabilities (Part X, line 26)	23,140,552	29,749,795
22 Net assets or fund balances Subtract line 21 from line 20	64,435,518	67,541,280

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature of officer: *****
Date: 2017-11-07
DENNIS REESE PRESIDENT & CEO
Type or print name and title

Paid Preparer Use Only
Print/Type preparer's name: MARK E HOOPER
Preparer's signature: MARK E HOOPER
Date: 2017-11-07
Check if self-employed
PTIN: P00039887
Firm's name: ANDREWS HOOPER PAVLIK PLC
Firm's EIN: 38-3133790
Firm's address: 4295 OKEMOS RD STE 200
Phone no: (517) 706-0800
OKEMOS, MI 488646201

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

PHYSICIANS HEALTH PLAN'S MISSION IS TO IMPROVE THE HEALTH STATUS OF ITS MEMBERS BY FACILITATING QUALITY, COMPASSIONATE, ACCESSIBLE, COST EFFECTIVE HEALTHCARE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 177,840,008 including grants of \$) (Revenue \$ 181,532,866)
See Additional Data

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 177,840,008

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	1	No
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	4	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> 🗑️	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> 🗑️	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> 🗑️	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> 🗑️	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> 🗑️	10	Yes
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> 🗑️	11a	Yes
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> 🗑️	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> 🗑️	11c	Yes
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> 🗑️	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> 🗑️	11e	Yes
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> 🗑️	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> 🗑️	12a	Yes
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> 🗑️	12b	Yes
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	19	No

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		No
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	Yes	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		No
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		No
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		No
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		No
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		No
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		No
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		No
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		No
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		No
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		No
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		No
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		No
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		No
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	Yes	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	Yes	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	Yes	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		No
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with columns for question ID, question text, and Yes/No response boxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited tax shelter transactions, deductible contributions, and 501(c)(7), (12), and (29) organizations.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (13); 1b Enter the number of voting members included in line 1a, above, who are independent (9); 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? (No); 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? (No); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (No); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (No); 6 Did the organization have members or stockholders? (Yes); 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? (Yes); 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? (Yes); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: 8a The governing body? (Yes); 8b Each committee with authority to act on behalf of the governing body? (Yes); 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O (No).

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? (No); 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? (Yes); 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 (Yes); 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (Yes); 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done (Yes); 13 Did the organization have a written whistleblower policy? (Yes); 14 Did the organization have a written document retention and destruction policy? (Yes); 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? 15a The organization's CEO, Executive Director, or top management official (Yes); 15b Other officers or key employees of the organization (Yes); If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions); 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? (No); 16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

Table with 3 columns: Question, Yes, No. Rows include: 17 List the States with which a copy of this Form 990 is required to be filed (MI); 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply: [] Own website, [] Another's website, [X] Upon request, [] Other (explain in Schedule O); 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year; 20 State the name, address, and telephone number of the person who possesses the organization's books and records: DENNIS REESE 1400 E MICHIGAN AVENUE LANSING, MI 48909 (517) 364-8400

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

1b Sub-Total	▶			
1c Total from continuation sheets to Part VII, Section A	▶			
1d Total (add lines 1b and 1c)	▶	406,638	4,595,583	854,389

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 15

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4 Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
TRIZETTO 1085 MORRIS AVENUE UNION, NJ 07083	HEALTHCARE IT	1,707,561
ZELIS HEALTHCARE 6875 SHILOH RD E ALPHARETTA, GA 300058403	COST CONT & CIR	862,058
MILLIMAN 15800 BLUEMOUND RD SUITE 100 BROOKFIELD, WI 53005	CONSULTING	697,725
CHANGE HEALTHCARE INC 3055 LEBANON PIKE NASHVILLE, TN 37214	COST CONT & CIR	348,143
HIGHPOINT SOLUTIONS 301 E GERMANTOWN PIKE EAST NORRITON, PA 19401	HEALTHCARE IT	311,871

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶ 14

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns . . .	1a					
	b Membership dues . . .	1b					
	c Fundraising events . . .	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f \$ _____						
	h Total. Add lines 1a-1f						
Program Service Revenue			Business Code				
	2a PREPAID HEALTHCARE			181,532,866	181,532,866		
	b _____						
	c _____						
	d _____						
	e _____						
	f All other program service revenue						
g Total. Add lines 2a-2f			181,532,866				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		5,138,812	3,706,452		1,432,360	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(i) Real	(ii) Personal				
		b Less rental expenses					
		c Rental income or (loss)					
		d Net rental income or (loss)					
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		b Less cost or other basis and sales expenses		2,835,276			
		c Gain or (loss)		2,579,024			
		d Net gain or (loss)		256,252			256,252
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
		b Less direct expenses	b				
		c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities See Part IV, line 19	a					
b Less direct expenses		b					
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances	a						
	b Less cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11a							
b _____							
c _____							
d All other revenue							
e Total. Add lines 11a-11d							
12 Total revenue. See Instructions			186,927,930	185,239,318		1,688,612	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.				
2 Grants and other assistance to domestic individuals. See Part IV, line 22.				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, line 15 and 16.				
4 Benefits paid to or for members	165,855,312	165,855,312		
5 Compensation of current officers, directors, trustees, and key employees	1,183,639	896,015	287,624	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	4,627,136	3,502,742	1,124,394	
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions)	318,451	241,067	77,384	
9 Other employee benefits	788,951	597,236	191,715	
10 Payroll taxes	370,131	280,189	89,942	
11 Fees for services (non-employees)				
a Management	3,223,447		3,223,447	
b Legal	8,048	6,092	1,956	
c Accounting	220,663	220,663		
d Lobbying				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees	100,840		100,840	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	1,481,975	1,481,975		
12 Advertising and promotion	194,742	147,420	47,322	
13 Office expenses	478,688	362,367	116,321	
14 Information technology	585,012	442,854	142,158	
15 Royalties				
16 Occupancy	159,124		159,124	
17 Travel	108,773		108,773	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	2,353		2,353	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,895,479	1,895,479		
23 Insurance	69,011	69,011		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a BROKER COMMISSIONS	1,370,675	1,370,675		
b ADMINISTRATIVE EXPENSES	774,297		774,297	
c MISCELLANEOUS	622,075	470,911	151,164	
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	184,438,822	177,840,008	6,598,814	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part IX

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing		1	
	2 Savings and temporary cash investments	30,792,625	2	37,087,370
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	3,701,297	4	4,637,672
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	981,041	9	1,130,592
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	30,906,476		
	b Less accumulated depreciation	24,390,576		
	11 Investments—publicly traded securities	22,833,135	11	23,073,138
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11	20,056,199	13	23,762,652
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	2,249,787	15	1,083,751
16 Total assets. Add lines 1 through 15 (must equal line 34)	87,576,070	16	97,291,075	
Liabilities	17 Accounts payable and accrued expenses	19,677,550	17	23,941,913
	18 Grants payable		18	
	19 Deferred revenue	1,686,283	19	2,351,430
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	1,776,719	25	3,456,452
	26 Total liabilities. Add lines 17 through 25	23,140,552	26	29,749,795
Net Assets or Fund Balances	27 Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. Unrestricted net assets	64,435,518	27	67,541,280
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	30 Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	64,435,518	33	67,541,280
	34 Total liabilities and net assets/fund balances	87,576,070	34	97,291,075

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	186,927,930
2	Total expenses (must equal Part IX, column (A), line 25)	2	184,438,822
3	Revenue less expenses Subtract line 2 from line 1	3	2,489,108
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	64,435,518
5	Net unrealized gains (losses) on investments	5	616,654
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	67,541,280

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a		No
b Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	2b	Yes	
c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Additional Data

Software ID:

Software Version:

EIN: 38-2356288

Name: PHYSICIANS HEALTH PLAN

Form 990 (2016)

Form 990, Part III, Line 4a:

PHYSICIANS HEALTH PLAN (PHP) IS OWNED BY SPARROW HEALTH SYSTEM (SPARROW) AND HOLDS A CERTIFICATE OF AUTHORITY AS AN HMO IN THE STATE OF MICHIGAN. PHP IS PRIMARILY A COMMERCIAL HMO AND ALSO OPERATES THREE SUBSIDIARIES, PHP INSURANCE COMPANY (PHPIC) A COMMERCIAL INSURANCE COMPANY, SPARROW PHP (SPHP) A MICHIGAN MEDICAID MANAGED CARE PLAN, AND PHP SERVICE COMPANY (TPA) A THIRD PARTY ADMINISTRATOR. ALL STAFFING FUNCTIONS AND REPORTING ARE ACCOMPLISHED THROUGH THE USE OF THE SAME STAFF AS PHP. UNLESS SPECIFICALLY NOTED, ALL REFERENCES TO PHP APPLY TO PHP, PHPIC, SPHP, AND TPA. EFFECTIVE APRIL 30, 2017 SPARROW PHP WAS MERGED INTO PHYSICIANS HEALTH PLAN AFTER APPROVAL BY THE BOARD OF DIRECTORS AND THE COMMISSIONER OF THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES (DIFS). PHPS SERVICE AREA INCLUDES THE MICHIGAN COUNTIES OF INGHAM, EATON, CLINTON, SHIAWASSEE, MONTCALM, GRATIOT, IONIA, JACKSON, HILLSDALE, PORTIONS OF ISABELLA, SAGINAW, WASHTENAW, AND LENAWEE. PHPIC OFFERS PRODUCTS ACROSS MICHIGAN. THE SPHP PRODUCT WAS AVAILABLE TO MEDICAID ENROLLEES IN EATON, CLINTON, INGHAM, IONIA, MONTCALM, ISABELLA, AND SHIAWASSEE COUNTIES. AS OF DECEMBER 31, 2016, THERE WERE APPROXIMATELY 36,000 ENROLLEES IN PHPS COMMERCIAL HMO, 15,700 IN TPA, 5,500 IN PHPIC, AND 0 ENROLLEES IN SPHP. ONE HUNDRED PERCENT OF SPHP'S MEMBERSHIP WAS SOLD TO AN UNRELATED HEALTH PLAN EFFECTIVE DECEMBER 31, 2015. PHP AND SPHP CONTRACT DIRECTLY WITH PHYSICIANS HEALTH NETWORK (PHN), A WHOLLY OWNED SUBSIDIARY OF SPARROW. THE PHP NETWORK IS APPROXIMATELY 684 PRIMARY CARE PHYSICIANS, 1,085 SPECIALTY CARE PHYSICIANS, 532 ALLIED HEALTH PROFESSIONALS, AND 574 ORGANIZATIONAL PROVIDERS THAT INCLUDE 31 HOSPITALS. PHP CONTRACTS WITH VARIOUS HDNS WHO PROVIDE HEALTHCARE SERVICES TO MEMBERS. PHPS COMMITMENT IS TO DEVELOP AND DELIVER QUALITY MANAGED CARE PRODUCTS AT REASONABLE COSTS FOR ITS MEMBERS. PHPS SUCCESS IN MANAGING HEALTH CARE IS DUE IN PART TO THE EXTENSIVE NETWORK OF PARTICIPATING PROVIDERS IN THE HDN NETWORK. THE HMO/HDN CONTRACTUAL ARRANGEMENTS ALLOW PHP TO ARRANGE FOR HEALTHCARE TO PATIENTS COVERED BY THE STATE OF MICHIGAN'S MEDICAID BENEFIT PLAN. THIS ARRANGEMENT ALLOWS THE MEMBERS TO ACCESS A WIDE VARIETY OF INDEPENDENT PROVIDERS WITHIN EACH HDN, INCLUDING PHYSICIANS, HOSPITALS, PHARMACIES, SKILLED NURSING FACILITIES, AND ALLIED HEALTH PROFESSIONALS. PHP MEMBERS MAY ALSO RECEIVE CARE FOR SERVICES FROM A NONPARTICIPATING PROVIDER IF SUCH REFERRAL IS RECOMMENDED BY A HDN PARTICIPATING PHYSICIAN AND THE SERVICE REQUIRED FOR TREATMENT, AS DETERMINED BY HDN, IS NOT AVAILABLE WITHIN THE HDNS NETWORK. PHP OFFERS A VARIETY OF HEALTHCARE PROGRAMS, OR PRODUCTS, TO GROUPS AND INDIVIDUALS. PHP OFFERS CHOICES THAT PROVIDE COVERAGE WITHIN THE NETWORK OF CONTRACTED HDN PROVIDERS, LIMITED COVERAGE OUTSIDE OF THE PHP NETWORK, VARIOUS LEVELS OF DEDUCTIBLES, CO-PAYMENTS, AND COVERAGE LIMITS, ALL OF WHICH ARE DESIGNED TO BE RESPONSIVE TO CUSTOMER NEEDS. PHP MEASURES THE QUALITY OF CARE PROVIDED TO ITS ENROLLEES THROUGH ANNUAL REVIEW OF INDICATORS SUCH AS: - DISEASE MANAGEMENT PROGRAM PARTICIPATION AND OUTCOMES, - QUALITY OF CARE CONCERNS, AND - HEDIS MEASURES. THE HEALTH PLAN EFFECTIVENESS DATA AND INFORMATION SET (HEDIS) IS A GROUP OF NATIONALLY RECOGNIZED MEASURES OF HEALTH PLAN PERFORMANCE IN A VARIETY OF CLINICAL AND NON-CLINICAL AREAS. PHP USES THE EFFECTIVENESS OF CARE MEASURES TO DETERMINE PROGRESS AND IMPROVEMENT IN AREAS SUCH AS: DIABETES, ASTHMA, DEPRESSION AND FOLLOW-UP AFTER MENTAL HEALTH ADMISSIONS, BREAST AND CERVICAL CANCER SCREENINGS, USE OF BETA-BLOCKERS AFTER HEART ATTACKS, CHILD AND ADOLESCENT IMMUNIZATIONS, CHOLESTEROL MANAGEMENT, CONTROLLING HIGH BLOOD PRESSURE, SMOKING CESSATION, PRENATAL AND POSTPARTUM CARE, AND TREATMENT OF CHILDHOOD RESPIRATORY INFECTIONS. PHP MEASURES THE QUALITY OF SERVICE PROVIDED TO ITS ENROLLEES BY THE REVIEW OF PERFORMANCE MEASURES RELATED TO: - ACCESS AND AVAILABILITY OF PROVIDERS, - ENROLLEE COMPLAINTS AND APPEALS, - CUSTOMER SERVICE TELEPHONE ACCESS PERFORMANCE, AND - MEMBER ASSESSMENT. THE CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (CAHPS) SURVEY GIVES A GENERAL INDICATION OF HOW WELL THE ORGANIZATION MEETS MEMBERS EXPECTATIONS. THE PHP QI PROGRAM IS ULTIMATELY ACCOUNTABLE TO THE BOARD OF DIRECTORS. IN 2015 PHP RECEIVED "FULL ACCREDITATION" STATUS FROM URAC FOR BOTH HEALTH PLAN ACCREDITATION AND HEALTH PLAN ACCREDITATION WITH HEALTH INSURANCE MARKETPLACE. URAC ACCREDITATION SIGNIFIES AN ISSUER HAS UNDERGONE AND PASSED A RIGOROUS AND INDEPENDENT REVIEW OF ITS OPERATION, INCLUDING THE QUALITY OF CARE AND LEVEL OF SERVICE PROVIDED TO ENROLLEES. ACCREDITATION HEALTH PLAN STANDARDS INCORPORATE MARKET TRENDS AND ADDRESS MAJOR POLICY ISSUES WHILE ALIGNING WITH CORE REQUIREMENTS FOUND IN THE AFFORDABLE CARE ACT. PHP HAS BEEN ACCREDITED BY URAC UNDER THE HEALTH PLAN STANDARDS SINCE 2012. THE NEXT ACCREDITATION WILL OCCUR FOR THE YEAR ENDED DECEMBER 31, 2018.

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DENNIS SWAN PRES/CEO - S	1 00 40 00	X						0	1,327,029	217,230
PAULA REICHLÉ DIRECTOR	1 00 40 00	X						0	607,364	120,546
MARK BRETT DIRECTOR	1 00 40 00	X						0	601,711	101,973
DAVID KAUFMAN DO DIRECTOR	1 00 40 00	X						0	1,350	0
JAMES BUTLER III BOARD CHAIR	1 00 1 00	X		X				0	1,350	0
TIMOTHY HODGE DO DIRECTOR	1 00 1 00	X						0	0	0
DEBORAH MUCHMORE DIRECTOR	1 00 1 00	X						0	0	0
MERRITTA PROCTOR DIRECTOR	1 00 1 00	X						0	0	0
SHALIMAR MAYNARD DIRECTOR	1 00 1 00	X						0	0	0
JAMES TISCHLER DIRECTOR	1 00 1 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
BRITTANY BOGAN DIRECTOR	1 00 1 00	X						0	0	0
APRIL CLOBES DIRECTOR	1 00 1 00	X						0	0	0
KELLIE DEAN DIRECTOR	1 00 1 00	X						0	0	0
DIANA RODRIGUEZ ALGRA BOARD VICE C	1 00 1 00	X		X				0	0	0
THOMAS HOFMAN PHD BOARD TREASU	1 00 1 00	X		X				0	0	0
DENNIS REESE PRESIDENT &	40 00 5 00			X				0	388,425	57,659
PETER GRAHAM MD MEDICAL DIRE	5 00 40 00			X				0	341,363	42,893
GEORGE SCHNEIDER CFO/COO	40 00 5 00			X				0	301,746	51,553
KEVIN KAPLAN VP SALES	40 00 5 00					X		0	187,926	48,227
ANN HUNT-FUGATE RPH MGR CLINICAL	40 00 5 00					X		152,445	0	26,914

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
LINDA DICKINSON DIR OF MED R	40 00 5 00					X		0	147,179	38,533
PAULA HOWARD SENIOR SALES	40 00 5 00					X		130,085	0	34,337
JOY WAHAWISAN CLINICAL PHA	40 00 5 00					X		124,108	0	30,651
THOMAS OSTRANDER FORMER DIREC	0 00 40 00						X	0	398,722	47,665
DAWN SPRINGER MD FORMER DIREC	0 00 40 00						X	0	255,418	36,208
LARRY RAWSTHORNE MD FORMER DIREC						X	0	36,000	0

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2016

Open to Public Inspection

Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

Name of the organization PHYSICIANS HEALTH PLAN

Employer identification number 38-2356288

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? (Yes/No), 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? (Yes/No)

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 2 columns: Description, Held at the End of the Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply) [Preservation of land for public use, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure], 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year [2a Total number of conservation easements, 2b Total acreage restricted by conservation easements, 2c Number of conservation easements on a certified historic structure included in (a), 2d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register], 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? (Yes/No), 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? (Yes/No), 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items, 1b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items [(i) Revenue included on Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X], 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items [a Revenue included on Form 990, Part VIII, line 1, b Assets included in Form 990, Part X]

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5** During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table
- | | Amount |
|--|--------|
| c Beginning balance | |
| d Additions during the year | |
| e Distributions during the year | |
| f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b** If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	3,707,924	3,411,165	3,184,706	2,926,676	2,641,860
b Contributions	191,313	361,583	200,567	82,387	147,795
c Net investment earnings, gains, and losses	102,555	-49,824	40,893	187,643	149,021
d Grants or scholarships	15,000	15,000	15,000	12,000	12,000
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	3,986,792	3,707,924	3,411,165	3,184,706	2,926,676

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶ 100 000 %
 - c** Temporarily restricted endowment ▶
- The percentages on lines 2a, 2b, and 2c should equal 100%
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- | | | |
|--|------------|-----------|
| (i) unrelated organizations | Yes | No |
| 3a(i) | | No |
| (ii) related organizations | Yes | |
| 3a(ii) | Yes | |
- b** If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R? Yes No
- 3b** Yes No
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		455,895		455,895
b Buildings		4,904,316	3,471,702	1,432,614
c Leasehold improvements				
d Equipment		25,546,265	20,918,874	4,627,391
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) . . . ▶				6,515,900

Part VII Investments—Other Securities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)		

Part VIII Investments—Program Related. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN SPARROW PHP	11,685,995	C
(2) INVESTMENT IN PHP INSURANCE COMPANY	11,560,093	C
(3) INVESTMENT IN PHP SERVICE COMPANY	516,564	C
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)	23,762,652	

Part IX Other Assets. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15)	

Part X Other Liabilities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	
RELATED PARTY PAYABLE	3,456,452
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	3,456,452

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	182,744,396
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	616,654
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	616,654
3	Subtract line 2e from line 1	3	182,127,742
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	4,800,188
c	Add lines 4a and 4b	4c	4,800,188
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	186,927,930

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	179,638,634
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	179,638,634
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	4,800,188
c	Add lines 4a and 4b	4c	4,800,188
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	184,438,822

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Explanation
See Additional Data Table	

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:

Software Version:

EIN: 38-2356288

Name: PHYSICIANS HEALTH PLAN

Supplemental Information

Return Reference	Explanation
SCHEDULE D, PAGE 2, PART V, LINE 4	PHP DOES NOT HOLD ENDOWMENTS THE ENDOWMENTS ARE HELD BY SPARROW CLINTON HOSPITAL AND SPARROW FOUNDATION SPARROW HEALTH SYSTEM IS THE SOLE MEMBER OF PHP, SPARROW CLINTON HOSPITAL, AND SPARROW FOUNDATION THE ENDOWMENTS ARE MAINTAINED TO PROVIDE A PERMANENT SOURCE OF INCOME, WITH THE STIPULATION THE PRINCIPAL IS KEPT INTACT IN PERPETUITY AND THE INCOME GENERATED FROM INVESTMENTS OF THE ENDOWMENT FUNDS CAN BE USED FOR THE PURPOSE ESTABLISHED BY THE ENDOWMENT

Supplemental Information

Return Reference	Explanation
SCHEDULE D, PAGE 4, PART XI, LINE 4B	INVESTMENT EXPENSES 100,840 REINSURANCE 1,585,053 RECLASS REVENUE/EXPENSES 3,114,295

Supplemental Information

Return Reference	Explanation
SCHEDULE D, PAGE 4, PART XII, LINE 4B	INVESTMENT EXPENSES 100,840 REINSURANCE 1,585,053 RECLASS REVENUE/EXPENSES 3,114,295

Supplemental Information

Return Reference	Explanation
SCHEDULE D, PAGE 4, PART XIII	SEPARATE AUDITED FINANCIAL STATEMENTS WERE PREPARED FOR PHYSICIANS HEALTH PLAN UNDER STATUTORY ACCOUNTING PRINCIPLES AS PERMITTED BY THE MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES (DIFS) THE DIFS REQUIRES THAT INSURANCE COMPANIES DOMICILED IN THE STATE OF MICHIGAN PREPARE THEIR STATUTORY-BASIS FINANCIAL STATEMENTS IN ACCORDANCE WITH PRACTICES ESTABLISHED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS THESE PRACTICES DIFFER IN SOME RESPECTS FROM U S GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PHYSICIANS HEALTH PLAN WAS INCLUDED AS PART OF THE CONSOLIDATED FINANCIAL STATEMENTS OF SPARROW HEALTH SYSTEM SPARROW HEALTH SYSTEM IS THE SOLE MEMBER OF PHYSICIANS HEALTH PLAN THE SPARROW HEALTH SYSTEM FINANCIAL STATEMENTS WERE PREPARED USING THE U S GENERALLY ACCEPTED ACCOUNTING PRINCIPLES THE FORM 990 FOR PHYSICIANS HEALTH PLAN HAS BEEN PREPARED USING U S GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

OMB No 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
 ▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**
 ▶ **Attach to Form 990.**

2015
Open to Public Inspection

▶ **Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.**

Name of the organization PHYSICIANS HEALTH PLAN	Employer identification number 38-2356288
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Part I Questions Regarding Compensation

	Yes	No								
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use									
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence									
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees									
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)									
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.	1b									
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2									
<p>3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <table border="0"> <tr> <td><input type="checkbox"/> Compensation committee</td> <td><input type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input type="checkbox"/> Independent compensation consultant</td> <td><input type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input type="checkbox"/> Form 990 of other organizations</td> <td><input type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract	<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee				
<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract									
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study									
<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee									
4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:										
a Receive a severance payment or change-of-control payment?	4a	No								
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes								
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No								
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.										
Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.										
5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:										
a The organization?	5a	Yes								
b Any related organization? If "Yes," on line 5a or 5b, describe in Part III.	5b	Yes								
6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:										
a The organization?	6a	Yes								
b Any related organization? If "Yes," on line 6a or 6b, describe in Part III.	6b	Yes								
7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7	Yes								
8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	8	No								
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9									

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column(B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Return Reference	Explanation
See Additional Data	

Additional Data

Software ID:
Software Version:
EIN: 38-2356288
Name: PHYSICIANS HEALTH PLAN

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 3	SPARROW HEALTH SYSTEM IS THE SOLE MEMBER OF PHYSICIANS HEALTH PLAN SPARROW HEALTH SYSTEM IS AN INTEGRATED NON-PROFIT ORGANIZATION THAT INCLUDES A NUMBER OF NON-PROFIT ENTITIES THE METHODS SELECTED FOR DETERMINING THE COMPENSATION OF THE CEO/EXECUTIVE DIRECTOR ARE METHODS WHICH ARE BEING USED BY ALL SPARROW HEALTH SYSTEM RELATED ENTITIES

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 4	PAULA REICHLE 0 50,555 0 MARK BRETT 0 47,056 0 LARRY RAWSTHORNE, MD 0 36,000 0

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 5A	THE 2016 INCENTIVE COMPENSATION PLAN PAYMENTS WERE ACCRUED IN 2016 AND WILL BE PAID IN 2017 THE INCENTIVE COMPENSATION PLAN IS BASED, IN PART, ON THE OPERATING MARGIN OF SPARROW HEALTH SYSTEM, WHICH INCLUDES PHF AS WELL AS AFFILIATED COMPANIES

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 5B	THE 2016 INCENTIVE COMPENSATION PLAN PAYMENTS WERE ACCRUED IN 2016 AND WILL BE PAID IN 2017 THE INCENTIVE COMPENSATION PLAN IS BASED, IN PART, ON THE OPERATING MARGIN OF SPARROW HEALTH SYSTEM, WHICH INCLUDES PHF AS WELL AS AFFILIATED COMPANIES

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 6A	THE 2016 INCENTIVE COMPENSATION PLAN PAYMENTS WERE ACCRUED IN 2016 AND WILL BE PAID IN 2017 THE INCENTIVE COMPENSATION PLAN IS BASED, IN PART, ON THE OPERATING MARGIN OF SPARROW HEALTH SYSTEM, WHICH INCLUDES PHF AS WELL AS AFFILIATED COMPANIES

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 6B	THE 2016 INCENTIVE COMPENSATION PLAN PAYMENTS WERE ACCRUED IN 2016 AND WILL BE PAID IN 2017 THE INCENTIVE COMPENSATION PLAN IS BASED, IN PART, ON THE OPERATING MARGIN OF SPARROW HEALTH SYSTEM, WHICH INCLUDES PHF AS WELL AS AFFILIATED COMPANIES

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 7	COMPENSATION INCLUDES BOTH BASE AND VARIABLE COMPENSATION (NON-FIXED PAYMENTS) IN ACCORDANCE WITH ITS POLICIES, ALL ELEMENTS (BASE, VARIABLE, BENEFITS, AND PREREQUISITES) ARE COMPARED TO MARKET

Part III, Supplemental Information

Return Reference	Explanation
SCHEDULE J, PART III	THOMAS OSTRANDER, DAWN SPRINGER, AND LARRY RAWSTHORNE ARE FORMER BOARD MEMBERS OF PHYSICIANS HEALTH PLAN THE BOARD MEMBERS ARE BEING COMPENSATED BY SPARROW HEALTH SYSTEM AND AFFILIATES FOR SERVICES PROVIDED TO SPARROW HEALTH SYSTEM AND AFFILIATES IN POSITIONS OTHER THAN AS BOARD MEMBERS OF PHYSICIANS HEALTH PLAN THE BOARD MEMBERS ARE NOT BEING COMPENSATED FOR ANY PAST SERVICES PROVIDED TO PHYSICIANS HEALTH PLAN

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees								
(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & Incentive compensation	(iii) Other reportable compensation				
1 DENNIS SWAN PRES/CEO - SHS	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	909,306	376,849	40,874	164,658	- 52,572	- 1,544,259	-
1 PAULA REICHL DIRECTOR	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	466,036	117,161	24,167	66,455	- 54,091	- 727,910	-
2 MARK BRETT DIRECTOR	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	481,950	115,867	3,894	62,956	- 39,017	- 703,684	-
3 DENNIS REESE PRESIDENT & CEO	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	317,940	68,301	2,184	23,850	- 33,809	- 446,084	-
4 PETER GRAHAM MD MEDICAL DIRECTOR	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	300,159	38,310	2,894	20,405	- 22,488	- 384,256	-
5 GEORGE SCHNEIDER CFO/COO	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	278,411	21,509	1,826	15,900	- 35,653	- 353,299	-
6 KEVIN KAPLAN VP SALES	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	153,414	34,384	128	17,964	- 30,263	- 236,153	-
7 ANN HUNT-FUGATE RPH MGR CLINICAL PHARM	(i)	123,358	10,094	18,993	11,875	15,039	179,359	-
	(ii)	-----	-----	-----	-----	-	-	-
8 LINDA DICKINSON DIR OF MED RES MGMT	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	132,636	14,108	435	13,602	- 24,931	- 185,712	-
9 PAULA HOWARD SENIOR SALES REP	(i)	83,878	46,018	189	12,252	22,085	164,422	-
	(ii)	-----	-----	-----	-----	-	-	-
10 JOY WAHAWISAN CLINICAL PHARMACIST	(i)	124,020	15	73	7,534	23,117	154,759	-
	(ii)	-----	-----	-----	-----	-	-	-
11 THOMAS OSTRANDER FORMER DIRECTOR	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	301,865	74,542	22,315	23,850	- 23,815	- 446,387	-
12 DAWN SPRINGER MD FORMER DIRECTOR	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	193,983	57,395	4,040	19,388	- 16,820	- 291,626	-
13 LARRY RAWSTHORNE MD FORMER DIRECTOR	(i)	-----	-----	-----	-----	-----	-----	-----
	(ii)	-----	-----	36,000	-----	-	-	36,000
							36,000	

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service
Name of the organization
PHYSICIANS HEALTH PLAN**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2016**Open to Public Inspection**

Employer identification number

38-2356288

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990	ALL LINES LEFT BLANK ARE NOT APPLICABLE TO THE ORGANIZATION

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 2, PART III, LINE 4A	<p>PHPS SERVICE AREA INCLUDES THE MICHIGAN COUNTIES OF INGHAM, EATON, CLINTON, SHIAWASSEE, MONTCALM, GRATIOT, IONIA, JACKSON, HILLSDALE, PORTIONS OF ISABELLA, SAGINAW, WASHTENAW, AND LENAWEE PHPC OFFERS PRODUCTS ACROSS MICHIGAN THE SPHP PRODUCT WAS AVAILABLE TO MEDICAID ENROLLEES IN EATON, CLINTON, INGHAM, IONIA, MONTCALM, ISABELLA, AND SHIAWASSEE COUNTIES AS OF DECEMBER 31, 2016, THERE WERE APPROXIMATELY 36,000 ENROLLEES IN PHPS COMMERCIAL HMO, 15,700 IN TPA, 5,500 IN PHPC, AND 0 ENROLLEES IN SPHP ONE HUNDRED PERCENT OF SPHP'S MEMBERSHIP WAS SOLD TO AN UNRELATED HEALTH PLAN EFFECTIVE DECEMBER 31, 2015 PHP AND SPHP CONTRACT DIRECTLY WITH PHYSICIANS HEALTH NETWORK (PHN), A WHOLLY OWNED SUBSIDIARY OF SPARROW THE PHP NETWORK IS APPROXIMATELY 684 PRIMARY CARE PHYSICIANS, 1,085 SPECIALTY CARE PHYSICIANS, 532 ALLIED HEALTH PROFESSIONALS, AND 574 ORGANIZATIONAL PROVIDERS THAT INCLUDE 31 HOSPITALS PHP CONTRACTS WITH VARIOUS HDNs WHO PROVIDE HEALTHCARE SERVICES TO MEMBERS PHPS COMMITMENT IS TO DEVELOP AND DELIVER QUALITY MANAGED CARE PRODUCTS AT REASONABLE COSTS FOR ITS MEMBERS PHPS SUCCESS IN MANAGING HEALTH CARE IS DUE IN PART TO THE EXTENSIVE NETWORK OF PARTICIPATING PROVIDERS IN THE HDN NETWORK THE HMO/HDN CONTRACTUAL ARRANGEMENTS ALLOW PHP TO ARRANGE FOR HEALTHCARE TO PATIENTS COVERED BY THE STATE OF MICHIGAN'S MEDICAID BENEFIT PLAN THIS ARRANGEMENT ALLOWS THE MEMBERS TO ACCESS A WIDE VARIETY OF INDEPENDENT PROVIDERS WITHIN EACH HDN INCLUDING PHYSICIANS, HOSPITALS, PHARMACIES, SKILLED NURSING FACILITIES, AND ALLIED HEALTH PROFESSIONALS PHP MEMBERS MAY ALSO RECEIVE CARE FOR SERVICES FROM A NONPARTICIPATING PROVIDER IF SUCH REFERRAL IS RECOMMENDED BY A HDN PARTICIPATING PHYSICIAN AND THE SERVICE REQUIRED FOR TREATMENT, AS DETERMINED BY HDN, IS NOT AVAILABLE WITHIN THE HDNs NETWORK PHP OFFERS A VARIETY OF HEALTHCARE PROGRAMS, OR PRODUCTS, TO GROUPS AND INDIVIDUALS PHP OFFERS CHOICES THAT PROVIDE COVERAGE WITHIN THE NETWORK OF CONTRACTED HDN PROVIDERS, LIMITED COVERAGE OUTSIDE OF THE PHP NETWORK, VARIOUS LEVELS OF DEDUCTIBLES, CO-PAYMENTS, AND COVERAGE LIMITS, ALL OF WHICH ARE DESIGNED TO BE RESPONSIVE TO CUSTOMER NEEDS PHP MEASURES THE QUALITY OF CARE PROVIDED TO ITS ENROLLEES THROUGH ANNUAL REVIEW OF INDICATORS SUCH AS - DISEASE MANAGEMENT PROGRAM PARTICIPATION AND OUTCOMES, - QUALITY OF CARE CONCERNS, AND - HEDIS MEASURES THE HEALTH PLAN EFFECTIVENESS DATA AND INFORMATION SET (HEDIS) IS A GROUP OF NATIONALLY RECOGNIZED MEASURES OF HEALTH PLAN PERFORMANCE IN A VARIETY OF CLINICAL AND NON-CLINICAL AREAS PHP USES THE EFFECTIVENESS OF CARE MEASURES TO DETERMINE PROGRESS AND IMPROVEMENT IN AREAS SUCH AS DIABETES, ASTHMA, DEPRESSION AND FOLLOW-UP AFTER MENTAL HEALTH ADMISSIONS, BREAST AND CERVICAL CANCER SCREENINGS, USE OF BETA-BLOCKERS AFTER HEART ATTACKS, CHILD AND ADOLESCENT IMMUNIZATIONS, CHOLESTEROL MANAGEMENT, CONTROLLING HIGH BLOOD PRESSURE, SMOKING CESSATION, PRENATAL AND POSTPARTUM CARE, AND TREATMENT OF CHILDHOOD RESPIRATORY INFECTION</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 2, PART III, LINE 4A	<p>TIONS PHP MEASURES THE QUALITY OF SERVICE PROVIDED TO ITS ENROLLEES BY THE REVIEW OF PERFORMANCE MEASURES RELATED TO - ACCESS AND AVAILABILITY OF PROVIDERS, - ENROLLEE COMPLAINTS AND APPEALS, - CUSTOMER SERVICE TELEPHONE ACCESS PERFORMANCE, AND - MEMBER ASSESSMENT THE CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (CAHPS) SURVEY GIVES A GENERAL INDICATION OF HOW WELL THE ORGANIZATION MEETS MEMBERS EXPECTATIONS THE PHP QI PROGRAM IS ULTIMATELY ACCOUNTABLE TO THE BOARD OF DIRECTORS IN 2015 PHP RECEIVED "FULL ACCREDITATION" STATUS FROM URAC FOR BOTH HEALTH PLAN ACCREDITATION AND HEALTH PLAN ACCREDITATION WITH HEALTH INSURANCE MARKETPLACE URAC ACCREDITATION SIGNIFIES AN ISSUER HAS UNDERGONE AND PASSE D A RIGOROUS AND INDEPENDENT REVIEW OF ITS OPERATION, INCLUDING THE QUALITY OF CARE AND LEVEL OF SERVICE PROVIDED TO ENROLLEES ACCREDITATION HEALTH PLAN STANDARDS INCORPORATE MARKET TRENDS AND ADDRESS MAJOR POLICY ISSUES WHILE ALIGNING WITH CORE REQUIREMENTS FOUND IN THE AFFORDABLE CARE ACT PHP HAS BEEN ACCREDITED BY URAC UNDER THE HEALTH PLAN STANDARDS SINCE 2012 THE NEXT ACCREDITATION WILL OCCUR FOR THE YEAR ENDED DECEMBER 31, 2018</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 6	SPARROW HEALTH SYSTEM IS THE PARENT AND SOLE MEMBER OF PHYSICIANS HEALTH PLAN AND HAS 100% OWNERSHIP

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7A	THE NON-ENROLLEE MEMBERS OF THE BOARD OF DIRECTORS OF PHYSICIANS HEALTH PLAN ARE RATIFIED BY THE BOARD OF DIRECTORS OF SPARROW HEALTH SYSTEM

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7B	THE NON-ENROLLEE MEMBERS OF THE BOARD OF DIRECTORS OF PHYSICIANS HEALTH PLAN ARE RATIFIED BY THE BOARD OF DIRECTORS OF SPARROW HEALTH SYSTEM THE DECISIONS OF THE PHYSICIANS HEALTH PLAN BOARD OF DIRECTORS MAY BE SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS OF SPARROW HEALTH SYSTEM

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 11B	COPIES OF THE 2016 FORM 990 ARE REVIEWED BY MANAGEMENT ONCE MANAGEMENT COMPLETED ITS REVIEW OF THE FORM 990 COPIES WERE PROVIDED AT THE OCTOBER 2017 BOARD MEETING FOR ALL BOARD MEMBERS TO REVIEW AND COMMENT ON

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 12C	1) CORPORATE COMPLIANCE SENDS OUT THE CONFLICT OF INTEREST POLICY AND QUESTIONNAIRES TO ALL VOTING BOARD MEMBERS AND THE EXECUTIVE TEAM ANNUALLY 2) ALL DISCLOSURES ARE RECEIVED AND REVIEWED BY CORPORATE COMPLIANCE 3) ALL DISCLOSURES ARE GIVEN A RESOLUTION CODE AND PRESENTED TO THE CEO AND GOVERNANCE COMMITTEE OF THE BOARD 4) ALL BOARD/COMMITTEE LEVEL DISCLOSURES ARE PROVIDED TO THE RESPECTIVE BOARD CHAIR AND EXECUTIVE LIAISON TO ENSURE ISSUES CAN BE ADDRESSED ON A TRANSACTIONAL LEVEL (I E IF A VOTE IS REQUIRED ON A TRANSACTION INVOLVING AN INTERESTED PERSON)

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15A	THE PROCESS FOR DETERMINING COMPENSATION FOR THE CEO INVOLVED THE FOLLOWING UTILIZING THE COMPENSATION COMMITTEE, USING INDEPENDENT CONSULTANTS, REVIEWING OTHER SIMILAR ORGANIZATIONS' 990S, USING COMPENSATION SURVEYS, AND FINAL APPROVAL BY THE SPARROW BOARD OF DIRECTORS, AS WELL AS FINALIZING THE SALARY PACKAGE WITH A WRITTEN EMPLOYMENT CONTRACT

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15B	THE PROCESS FOR DETERMINING COMPENSATION FOR OFFICERS OR KEY EMPLOYEES OF THE ORGANIZATION INVOLVED THE FOLLOWING UTILIZING THE COMPENSATION COMMITTEE, USING INDEPENDENT CONSULTANTS, REVIEWING OTHER SIMILAR ORGANIZATIONS' 990S, USING COMPENSATION SURVEYS, AND FINAL APPROVAL BY THE SPARROW BOARD OF DIRECTORS, AS WELL AS FINALIZING THE SALARY PACKAGE WITH A WRITTEN EMPLOYMENT CONTRACT

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC AS FOLLOWS THE GOVERNING DOCUMENTS OF PHP ARE SUBMITTED TO THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES (DIFS) THOSE ARE PUBLICLY AVAILABLE TO INTERESTED PARTIES THE CONFLICT OF INTEREST IS AVAILABLE THROUGH SPARROW BY REQUESTING THE POLICY FROM THE SPARROW COMPLIANCE OFFICER

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INVESTMENT EXPENSES -100,840 REINSURANCE -1,585,053 RECLASS REVENUE/EXPENSES -3,114,295 INVESTMENT EXPENSES 100,840 REINSURANCE 1,585,053 RECLASS REVENUE/EXPENSES 3,114,295

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2016

Open to Public Inspection

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization
PHYSICIANS HEALTH PLAN

Employer identification number

38-2356288

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

See Additional Data Table

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

See Additional Data Table

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512(b) (13) controlled entity?	
								Yes	No

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a	No
b Gift, grant, or capital contribution to related organization(s)	1b	No
c Gift, grant, or capital contribution from related organization(s)	1c	No
d Loans or loan guarantees to or for related organization(s)	1d	No
e Loans or loan guarantees by related organization(s)	1e	No
f Dividends from related organization(s)	1f	No
g Sale of assets to related organization(s)	1g	No
h Purchase of assets from related organization(s)	1h	No
i Exchange of assets with related organization(s)	1i	No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	No
k Lease of facilities, equipment, or other assets from related organization(s)	1k	No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes
o Sharing of paid employees with related organization(s)	1o	Yes
p Reimbursement paid to related organization(s) for expenses	1p	Yes
q Reimbursement paid by related organization(s) for expenses	1q	Yes
r Other transfer of cash or property to related organization(s)	1r	Yes
s Other transfer of cash or property from related organization(s)	1s	No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)PHYSICIANS HEALTH NETWORK	M	157,706,208	COST
(2)EDWARD W SPARROW HOSPITAL	M	1,835,449	COST
(3)SPARROW PHP	Q	373,656	COST
(4)PHP INSURANCE COMPANY	Q	3,568,307	COST
(5)PHP SERVICE COMPANY	Q	4,022,398	COST

Part VI Unrelated Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference**Explanation**

Additional Data

Software ID:
Software Version:
EIN: 38-2356288
Name: PHYSICIANS HEALTH PLAN

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) 1215 E MICHIGAN AVENUE LANSING, MI 48912 38-2542859	PARENT	MI	501C3	12A	N/A		No
(1) 1400 E MICHIGAN AVENUE LANSING, MI 48912 36-4497604	HMO	MI	501C4		PHP	Yes	
(2) 1400 E MICHIGAN AVENUE LANSING, MI 48912 38-2594856	HMO	MI	501C4		SHS	Yes	
(3) 1215 E MICHIGAN AVENUE LANSING, MI 48912 38-6100687	FUNDRAISE	MI	501C3	12B	SHS	Yes	
(4) 3315 E MICHIGAN AVENUE STE 4 LANSING, MI 48912 38-2543305	HOME HLTH	MI	501C3	10	SHS	Yes	
(5) 805 S OAKLAND STREET ST JOHNS, MI 48879 38-1358172	HLTH CARE	MI	501C3	3	SHS	Yes	
(6) 1215 E MICHIGAN AVENUE LANSING, MI 48912 38-1360584	HLTH CARE	MI	501C3	3	SHS	Yes	
(7) 3565 S STATE RD IONIA, MI 48846 38-3218134	HLTH CARE	MI	501C3	3	SHS	Yes	
(8) 1215 E MICH AVE 8W SPARROW TOWER LANSING, MI 48912 14-1885340	LT ACUTE	MI	501C3	3	SHS	Yes	
(9) 1200 E MICHIGAN AVENUE LANSING, MI 48912 38-3075242	RESEARCH	MI	501C3	4	SHS	Yes	
(10) 406 E ELM STREET PO BOX 879 CARSON CITY, MI 48811 38-1490180	HLTH CARE	MI	501C3	3	SHS	Yes	
(11) 406 E ELM STREET PO BOX 879 CARSON CITY, MI 48811 46-0877509	FUNDRAISE	MI	501C3	12A	CCH	Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) PHP INSURANCE COMPANY 1400 E MICHIGAN AVENUE LANSING, MI 48912 20-5565219	INSURANCE	MI	PHP	C CORP	2,986,784	16,215,810	100 000 %	Yes	
(1) PHP SERVICE COMPANY 1400 E MICHIGAN AVENUE LANSING, MI 48912 38-3344741	MED SVS	MI	PHP	C CORP	243,872	4,337,858	100 000 %	Yes	
(2) SPARROW DEVELOPMENT INC 1215 E MICHIGAN AVENUE LANSING, MI 48912 38-2595963	RENTAL PRO	MI	N/A					Yes	
(3) EAST LANSING ATHLETIC CLUB 2900 HANNAH BLVD EAST LANSING, MI 48823 38-2886420	HLTH CLUB	MI	N/A					Yes	
(4) MAC RESTAURANT LLC 2900 HANNAH BLVD EAST LANSING, MI 48823 20-5120690	RESTAURANT	MI	N/A					Yes	
(5) MEDICAL CENTER WEST CONDO ASSOC 1322 E MICHIGAN AVENUE LANSING, MI 48912 38-2635630	CONDO ASSO	MI	N/A					Yes	
(6) CLINTON SERVICES CORPORATION 805 S OAKLAND ST JOHNS, MI 48879 38-2494110	SERVICES	MI	N/A					Yes	
(7) EAST LANSING ATHLETIC CLUB & HSP 1200 E MICHIGAN AVENUE STE 600 LANSING, MI 48912 81-3131851	CONDO ASSO	MI	N/A					Yes	