

PLAINTIFFS' PROPOSED PLAN OF ALLOCATION

The Net Settlement Fund¹ will be divided into three amounts corresponding to three categories of purchases by Claimants. Within each category, the allocated Settlement money will be distributed pro rata based on the amount of each Claimant's purchases, relative to the total amount of the other Claimants' purchases, within that category. This pro rata distribution is subject to certain minimum distribution amounts, per-Claimant caps, roll-over of any undistributed funds, and a possible cy pres distribution. Claimants may receive funds from any or all of the three categories for which they qualify.

Any portion of a pro rata share that is not distributed to a Claimant because of the per-Claimant cap in Category 1 will roll over to Category 2, and vice versa. After the roll-over, any amount still not distributed to Claimants because of the cap will roll over to Category 3.

For purposes of this Plan of Allocation, "Relevant Purchases" are the Claimant's total purchases of hospital healthcare services from all Michigan General Acute Care Hospitals during the period January 1, 2006 through June 23, 2014.

Following are the specific parameters, category by category, of the allocation of the Net Settlement Fund.

Category 1

Purchases within Category 1 are those by Settlement Class Members at the Affected Combinations (as defined in the expert report of Plaintiffs' economist) during the relevant time periods. The list of Category 1 combinations is attached as Exhibit A to this Plan of Allocation.

Seventy-eight percent (78%) of the Net Settlement Fund will be allocated for pro rata distribution based on Category 1 purchases. Specifically, the funds allocated to Category 1 will be allocated among Claimants under the following formula: total dollars spent on Category 1 purchases for each Claimant divided by total dollars spent by all Claimants on Category 1 purchases combined.

However, this pro rata distribution is subject to a per-claimant cap. No Claimant will receive a distribution of money allocated for Category 1 purchases of greater than 3.5% of the dollar amount of the Claimant's total Relevant Purchases.

The pro rata distribution of the money allocated to Category 1 is also subject to a minimum distribution amount of \$25 per Claimant for the Claimant's purchases in Category 1. Any amount of Category 1 purchases entitles the Claimant to the \$25 minimum amount. However, if the payments of the \$25 per-Claimant minimum would total more than 25% of the money allocated to Category 1, then this minimum will be reduced to an amount such that the total payments of the (lowered) minimum amount equal 25% of the Category 1 money.

¹ Capitalized terms herein have the same meaning they have in the Settlement Agreement.

Category 2

Purchases within Category 2 are those by Settlement Class Members at Michigan General Acute Care Hospitals when a Most Favored Nation Clause between BCBSM and the hospital was in effect, excluding Category 1 purchases. Category 2 comprises purchases from all hospital-date combinations listed in Exhibit B to this Plan of Allocation, excluding Category 1 purchases.

Twenty percent (20%) of the Net Settlement Fund will be allocated for pro rata distribution based on Category 2 purchases. Specifically, the funds allocated to Category 2 will be allocated among Claimants under the following formula: total dollars spent on Category 2 purchases for each Claimant divided by total dollars spent by all Claimants on Category 2 purchases combined.

However, this pro rata distribution is subject to a per-Claimant cap. No Claimant will receive a distribution of money allocated for Category 2 purchases of greater than 1% of the dollar amount of the Claimant's total Relevant Purchases.

The pro rata distribution of the money allocated to Category 2 is also subject to a minimum distribution amount of \$15 per Claimant for the Claimant's purchases in Category 2. Any amount of Category 2 purchases entitles the Claimant to the \$15 minimum amount. However, if the payments of the \$15 per-Claimant minimum would total more than 25% of the money allocated to Category 2, then this minimum will be reduced to an amount such that the total payments of the (lowered) minimum amount equal 25% of the Category 2 money.

Category 3

Purchases within Category 3 are those by Settlement Class Members at Michigan General Acute Care Hospitals during the period January 1, 2006 through June 23, 2014, excluding Category 1 and 2 purchases.

Two percent (2%) of the Net Settlement Fund will be allocated for pro rata distribution based on Category 3 purchases. Specifically, the funds allocated to Category 3 will be allocated among Claimants under the following formula: total dollars spent on Category 3 purchases for each Claimant divided by total dollars spent by all Claimants on Category 3 purchases combined.

However, no distribution will be made to a Claimant for Category 3 purchases unless at least one of the following conditions applies: (1) the Claimant also has Category 1 or 2 purchases; (2) the Claimant's pro rata share of Category 3 funds is \$10 or more; or (3) the Claimant does not satisfy condition (1) or (2) but the total number of Category 3 Claimants that do not satisfy condition (1) or (2) is fewer than 100.

Cy Pres

Any Category 3 funds not distributed to Claimants because of these restrictions will be distributed cy pres to Free Clinics of Michigan, as determined by the Court.

Plan of Allocation Exhibit A

| Affected Combinations | | |
|---|---|---|
| Provider Agreement | Hospital | Dates of Affected Purchases |
| Aetna PPO Agreement | Bronson LakeView Hospital Three Rivers Health | 01/01/08 – 05/18/12 01/01/10 – 05/24/12 |
| BCBSM Non-HMO Agreement (inpatient claims only) | Beaumont Hospital - Gross Pointe Beaumont Hospital - Royal Oak Beaumont Hospital - Troy Providence Park Hospital St. John Hospital and Medical Center | 01/01/09 – 01/01/12 02/07/06 – 01/01/12 02/07/06 – 01/01/12 07/01/07 – 07/01/10 07/01/07 – 07/01/10 |
| HAP HMO Agreement (inpatient claims only) | Beaumont Hospital - Royal Oak | 07/15/06 – 01/18/13 |
| HAP PPO Agreement | Beaumont Hospital - Gross Pointe Beaumont Hospital - Royal Oak Beaumont Hospital – Troy | 01/01/10 – 01/09/13 05/01/08 – 02/01/13 05/01/08 – 01/15/13 |
| Priority PPO Agreement | Allegan General Hospital Charlevoix Area Hospital Kalkaska Memorial Health Center Mercy Health Partners - Lakeshore Paul Oliver Memorial Hospital | 01/01/09 – 10/04/12 01/01/09 – 10/07/12 07/01/09 – 10/05/12 01/01/09 – 10/02/12 07/01/09 – 10/04/12 |
| Priority HMO Agreement | Allegan General Hospital Mercy Health Partners - Lakeshore Paul Oliver Memorial Hospital Sparrow Ionia Hospital | 01/01/09 – 10/05/12 01/01/09 – 10/04/12 07/01/09 – 10/04/12 12/01/08 – 10/02/12 |

Plan of Allocation Exhibit B

| Michigan Acute Care Hospitals with MFNs | | |
|--|--------------------|---------------------|
| Hospital Name | MFN Effective Date | MFN Expiration Date |
| Allegan General Hospital | 2010.01.01 | 2013.02.01 |
| Allegiance Health | 2009.07.01 | 2012.06.30 |
| Alpena Regional Medical Center | 2010.01.01 | 2013.02.01 |
| Ascension Borgess Lee Memorial Hospital | 2009.07.01 | 2013.02.01 |
| Ascension Borgess Medical Center | 2008.07.01 | 2013.02.01 |
| Ascension Borgess Pipp Hospital | 2008.07.01 | 2013.02.01 |
| Ascension Genesys Regional Medical Center | 2008.07.01 | 2013.02.01 |
| Ascension Providence Hospital and Medical Centers | 2008.07.01 | 2013.02.01 |
| Ascension Providence Park Hospital Novi | 2008.07.01 | 2013.02.01 |
| Ascension St. John Hospital and Medical Center | 2008.07.01 | 2013.02.01 |
| Ascension St. John Macomb Oakland Hospital - Macomb Center | 2008.07.01 | 2013.02.01 |
| Ascension St. John North Shores Hospital | 2008.07.01 | 2013.02.01 |
| Ascension St. John River District Hospital | 2008.07.01 | 2013.02.01 |
| Ascension St. Mary's of Michigan Medical Center (Saginaw) | 2008.07.01 | 2013.02.01 |
| Ascension St. Mary's of Michigan Medical Center (Standish) | 2009.07.01 | 2013.02.01 |
| Ascension Tawas St. Joseph Hospital | 2008.07.01 | 2013.02.01 |
| Aspirus Grand View Hospital | 2010.01.01 | 2013.02.01 |
| Aspirus Keweenaw Hospital | 2009.07.01 | 2013.02.01 |
| Aspirus Ontonagon Hospital | 2009.07.01 | 2013.02.01 |
| Baraga County Memorial Hospital | 2009.10.01 | 2013.02.01 |
| Bell Memorial Hospital | 2009.07.01 | 2013.02.01 |
| Botsford Hospital | 2008.01.01 | 2012.12.31 |
| Bronson Lakeview Hospital | 2010.01.01 | 2013.02.01 |
| Bronson Vicksburg Hospital | 2010.01.01 | 2013.02.01 |
| Caro Community Hospital | 2010.01.01 | 2013.02.01 |
| Charlevoix Area Hospital | 2009.07.01 | 2013.02.01 |
| Cheboygan Memorial Hospital | 2008.04.01 | 2011.03.31 |
| Community Health Center of Branch County | 2006.01.01 | 2006.12.31 |
| Community Hospital - Watervliet | 2009.10.01 | 2013.02.01 |
| Covenant Medical Center | 2009.07.01 | 2012.06.30 |
| Deckerville Community Hospital | 2009.07.01 | 2013.02.01 |
| Dickinson County Memorial Hospital | 2008.01.01 | 2010.12.31 |
| Eaton Rapids Medical Center | 2009.07.01 | 2013.02.01 |
| Harbor Beach Community Hospital | 2010.01.01 | 2013.02.01 |
| Hayes Green Beach Memorial Hospital | 2010.04.01 | 2013.02.01 |
| Helen Newberry Joy Hospital | 2010.01.01 | 2013.02.01 |
| Hills & Dales General Hospital | 2009.10.01 | 2013.02.01 |
| Huron Medical Center | 2009.10.01 | 2013.02.01 |
| Kalkaska Memorial Health Center (Munson) | 2009.07.01 | 2013.02.01 |
| Mackinac Straits Hospital and Health Center | 2010.04.01 | 2013.02.01 |
| Marlette Regional Hospital | 2009.07.01 | 2013.02.01 |
| Marquette General Health System | 2008.07.01 | 2012.06.30 |
| McKenzie Memorial Hospital | 2009.10.01 | 2013.02.01 |
| Memorial Medical Center of West Michigan | 2006.01.01 | 2006.09.30 |
| Metro Health Hospital | 2008.07.01 | 2012.06.30 |
| MidMichigan Medical Center - Clare | 2009.07.01 | 2011.06.30 |
| MidMichigan Medical Center - Gladwin | 2009.07.01 | 2011.06.30 |

| Michigan Acute Care Hospitals with MFNs | | |
|--|---------------------------|----------------------------|
| Hospital Name | MFN Effective Date | MFN Expiration Date |
| MidMichigan Medical Center - Gratiot | 2006.01.01 | 2006.06.30 |
| MidMichigan Medical Center - Gratiot | 2008.07.01 | 2011.06.30 |
| MidMichigan Medical Center - Midland | 2008.07.01 | 2011.06.30 |
| Munising Memorial Hospital | 2010.04.01 | 2013.02.01 |
| Munson Medical Center | 2009.07.01 | 2012.06.30 |
| Northstar Health System | 2010.01.01 | 2013.02.01 |
| Otsego Memorial Hospital | 2009.08.01 | 2013.02.01 |
| Paul Oliver Memorial Hospital (Munson) | 2009.07.01 | 2013.02.01 |
| Pennock Hospital | 2006.01.01 | 2006.09.30 |
| Portage Health Hospital | 2009.07.01 | 2013.02.01 |
| ProMedica -- Herrick Medical Center | 2010.01.01 | 2013.02.01 |
| Scheurer Hospital | 2009.07.01 | 2013.02.01 |
| Schoolcraft Memorial Hospital | 2009.01.01 | 2013.02.01 |
| Sheridan Community Hospital | 2010.04.01 | 2013.02.01 |
| South Haven Community Hospital | 2009.07.01 | 2013.02.01 |
| Sparrow Clinton Hospital | 2010.01.01 | 2013.02.01 |
| Sparrow Hospital | 2008.01.01 | 2013.02.01 |
| Sparrow Ionia Hospital | 2009.07.01 | 2013.02.01 |
| Spectrum Health Kelsey Hospital | 2009.07.01 | 2010.07.01 |
| Spectrum Health Reed City Hospital | 2009.07.01 | 2010.07.01 |
| Three Rivers Health | 2010.01.01 | 2013.02.01 |
| Trinity MHP Mercy Lakeshore Campus | 2010.07.01 | 2013.02.01 |
| West Shore Medical Center | 2009.07.01 | 2013.02.01 |
| William Beaumont Hospital Grosse Pointe | 2009.01.01 | 2011.12.31 |
| William Beaumont Hospital Royal Oak | 2006.02.07 | 2011.12.31 |
| William Beaumont Hospital Troy | 2006.02.07 | 2011.12.31 |