

## PLAINTIFFS' PROPOSED PLAN OF ALLOCATION

The Net Settlement Fund<sup>1</sup> 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. This minimum applies even if it results in a Claimant receiving more than 3.5% of the Claimant's total Relevant Purchases. 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.

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<sup>1</sup> Capitalized terms herein have the same meaning they have in the Amended 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. This minimum applies even if it results in the Claimant receiving more than 1% the Claimant's total Relevant Purchases. 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

<b>Michigan Acute Care Hospitals with MFNs</b>		
<b>Hospital Name</b>	<b>MFN Effective Date</b>	<b>MFN Expiration Date</b>
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