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5 *Attorneys for Receiver*

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8 SUPERIOR COURT OF ARIZONA

9 COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.*
11 LESLIE R. HESS, Interim Director
of Insurance,

12 Plaintiff,

13 vs.

14 COMPASS COOPERATIVE MUTUAL
HEALTH NETWORK, INC., dba
15 MERITUS MUTUAL HEALTH
PARTNERS, an Arizona corporation; and
16 COMPASS COOPERATIVE HEALTH
PLAN, INC., dba MERITUS HEALTH
17 PARTNERS, an Arizona corporation,

18 Defendants.

No. CV2016-011872

PETITION NO. 2

**PETITION FOR ORDER
GOVERNING THE
ADMINISTRATION OF THE
RECEIVERSHIP**

(Assigned to The Honorable
Daniel Martin)

19
20 Leslie R. Hess, as Receiver (hereinafter "Receiver") of Compass Cooperative
21 Mutual Health Network, Inc. doing business as Meritus Mutual Health Partners and of
22 Compass Cooperative Health Plan, Inc. doing business as Meritus Health Partners
23 (collectively, the "Meritus Companies"), appointed pursuant to A.R.S. § 20-611, *et seq.*,
24 hereby petitions the Court for entry of an Order Governing the Administration of the
25 Receivership, as there are important procedural and administrative aspects of receivership
26 proceedings that the relevant statutes and Court rules do not specifically address. The

1 form of Order proposed by the Receiver is consistent with similar orders entered by
2 Arizona courts in other Arizona insurance receivership matters, and is intended to
3 provide consistent management procedures for all insurance receiverships in Arizona.
4 Accordingly, the Receiver requests that the Court enter the Order Governing the
5 Administration of the Receivership, in the form lodged concurrently herewith, pursuant
6 to A.R.S. §§ 20-612 and 20-624. The Order provides generally as follows:

7 1. Further Proceedings in this Receivership.

8 a. Case Caption. Provides that all pleadings filed after the entry of this
9 Order in this matter shall be captioned as provided above.

10 b. Petitions and Orders. Provides that all matters filed with the Court
11 by the Receiver or any other person or entity shall be filed by petition and shall use a
12 petition numbering system, which assigns petition numbers consecutively, the numbering
13 for which shall be tracked and provided by the undersigned law firm. Parties may file
14 matters without a petition number if the matter is appropriately filed on an emergency or
15 *ex parte* basis, and the petition number will be assigned thereafter. This process is very
16 important in order to delineate and track what will likely be a very high volume of filings,
17 which otherwise will be difficult to sort and track. In other insurance receiverships, the
18 petitions filed have often reached into the hundreds and without the numbering system,
19 confusion as to filings would certainly arise.

20 c. Relief Requested Against Third Parties. Provides that if any person
21 seeks relief in its petition against any person other than the Meritus Companies, the
22 caption shall include a subcaption identifying the petitioner and all parties against whom
23 the relief is sought, each of whom shall be denominated as a Respondent, in a form
24 similar to that used in asserting a third party claim.

25 . . .

26 . . .

1 d. Objections. Provides that any person objecting to a petition must do
2 so timely, in writing, and must comply with the notice provisions in paragraph 3 of the
3 Order regarding Service Lists and Proofs of Service.

4 2. Active Calendar. Directs the Clerk of the Court to retain this case on the
5 active calendar until further order of the Court, and specifically determines that Rule
6 38.1(d) and Rule 38.1(e) of the Arizona Rules of Civil Procedures are not applicable to
7 this matter.

8 3. Service Lists and Proofs of Service. Provides that service of all further
9 pleadings and other papers filed in this Receivership Proceeding shall be governed by the
10 Arizona Rules of Civil Procedure and these specific provisions:

11 a. Counsel for the Receiver shall maintain a Master Service List
12 containing the name, mailing address and email address of each person, or the person's
13 legal counsel, who has made an appearance in this matter, has requested to be included
14 on the Master Service List, or has been placed on the Master Service List by order of the
15 Court. All pleadings, including forms of orders and orders entered by the court, and any
16 other papers (collectively, "Filings") filed in this matter shall be served on each person on
17 the Master Service List, except as provided in this order or by other order of this Court.
18 Pursuant to Rule 5(c)(2)(D), Ariz. R. Civ. P., service shall be made on all persons on the
19 Master Service List by electronic means. A person may submit to Counsel for the
20 Receiver a request that Filings be served by mail on such person. If the Receiver declines
21 such a request, the person may petition the Court for relief. The presence of a person or
22 his, her, or its representative on the Master Service List does not indicate the appearance
23 of such person or entity in this case, constitute standing with respect to the Receivership,
24 or constitute consent to the jurisdiction of this Court.

25 ...

26 ...

1 b. Where the Court has provided for a Separate Service List for a
2 matter raised by petition, Filings submitted in connection with that matter shall be served
3 only on person on that Separate Service List.

4 c. Unless the proof of service is indicated on the Filings, the person
5 submitting the Filings shall, no later than five (5) business days from the date of the
6 Filing, file with the Clerk of the Court a proof of service. The proof of service shall state
7 that a copy of the Filings have been transmitted to all persons on the applicable Service
8 List and a copy of that Service List shall be attached to or included in the proof of
9 service. The person submitting the Filings shall follow the foregoing proof of service
10 process as to any signed order resulting from that person's Filings.

11 d. The above procedures shall be followed for all Filings filed in this
12 matter and these procedures are intended to replace and supersede the procedures set
13 forth in Rule 3.2(i), Maricopa County Local Rules of Practice.

14 e. Counsel for the Receiver shall provide a copy of the most recent
15 Master Service List and any Special Service List to any person requesting same.

16 f. Counsel for the Receiver shall remove the name of a person from
17 any Service List upon receipt of a written request to do so from the person or his counsel,
18 or when so directed by the Court.

19 4. Ex Parte Petitions. Authorizes *ex parte* petitions by the Receiver, to the
20 extent allowed under Rule 2.9 of the Code of Judicial Conduct, where the Court so
21 authorizes or where the petition concerns administrative matters affecting the
22 receivership case, including, but not limited to, petitions seeking authority to engage
23 outside professionals to perform services for the Receiver, including outside counsel to
24 represent the Receiver in pending or contemplated litigation, and for petitions seeking
25 authority to institute new litigation, file an appeal, or otherwise perfect a claim or defense
26 of the Receiver (if not otherwise authorized by prior orders of this Court or by statute).

1 5. Notice Procedures. Provides procedures for giving notice on Petitions filed
2 in the Receivership. In general, the applicable Rules of Procedure shall govern all
3 notices, objections, responses, and replies. However, notices of hearings regarding a
4 petition for the confirmation of a bulk sale of all assets of Defendants shall be given to
5 each person on the Master Service List and to each known shareholder, and notices shall
6 be published once in a newspaper of general circulation, all no later than fourteen (14)
7 calendar days before the hearing dates.

8 6. Identification of Assets. Authorizes the Receiver's use of discovery
9 methods provided for under the Arizona Rules of Civil Procedure, including, without
10 limitation, Rules 26 through 37, and Rule 45, in order to obtain information concerning
11 receivership assets or causes of action.

12 WHEREFORE, the Receiver requests that the Court enter, in the form lodged
13 concurrently with this Petition, the Order Governing the Administration of the
14 Receivership.

15 Dated this 16th day of August, 2016.

16 LEWIS ROCA ROTHGERBER CHRISTIE LLP

17 By:  Justin J. Henderson (#026930)

18 Joel A. Glover

19 Justin J. Henderson

20 Attorneys for Receiver

21 COPY of the foregoing mailed this
22 16th day of August, 2016 to the
23 attached Master Service List

24 
25 /s/ C.J. Scruggs

26 C.J. Scruggs

1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

3 No. CV2016-011872 (Assigned to The Honorable Daniel Martin)

4
5 **MASTER SERVICE LIST**

6
7 Leslie R. Hess, Receiver
8 Interim Director, Arizona Department of Insurance
9 2910 North 44th Street, Suite 210
10 Phoenix, Arizona 85018-7269

11 Lynette Evans, Assistant Attorney General
12 Liane Kido, Assistant Attorney General
13 Office of the Attorney General
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23 *Attorneys for Defendants*

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26 Pinetop, Arizona 85935

Larry Aldrich, Executive Chairman
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4 Justin J. Henderson (State Bar No. 026930)
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E-mail: jhenderson@lrrc.com

6 *Attorneys for Receiver*

8 SUPERIOR COURT OF ARIZONA

9 COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.*
11 LESLIE R. HESS, Interim Director
of Insurance,

12 Plaintiff,

13 vs.

14 COMPASS COOPERATIVE MUTUAL
HEALTH NETWORK, INC., dba
15 MERITUS MUTUAL HEALTH
PARTNERS, an Arizona corporation; and
16 COMPASS COOPERATIVE HEALTH
PLAN, INC., dba MERITUS HEALTH
17 PARTNERS, an Arizona corporation,

18 Defendants.

No. CV2016-011872

**ORDER RE PETITION NO. 2 -
PETITION FOR ORDER
GOVERNING THE
ADMINISTRATION OF THE
RECEIVERSHIP**

(Assigned to The Honorable
Daniel Martin)

20 Leslie R. Hess, as Receiver (hereinafter "Receiver") of Compass Cooperative
21 Mutual Health Network, Inc. doing business as Meritus Mutual Health Partners and of
22 Compass Cooperative Health Plan, Inc. doing business as Meritus Health Partners
23 (collectively, the "Meritus Companies"), having filed Petition No. 2 for Order Governing
24 the Administration of the Receivership setting forth the Receiver's recommendations
25 regarding the administration of the receivership of the Meritus Companies and it
26 appearing that those recommendations are reasonable, just, and calculated to afford the

1 fair and equitable treatment of all persons interested in this proceeding (“Receivership
2 Proceeding”);

3 **IT IS ORDERED:**

4 1. Further Proceedings in this Receivership.

5 a. Case Caption. All pleadings filed after the entry of this Order in this
6 matter shall be captioned as provided above.

7 b. Petitions and Orders. The Receiver or any person seeking relief
8 from this Court in connection with this Receivership Proceeding shall file with the Court
9 a pleading entitled, “Petition No. ____.” Each petition shall be consecutively numbered,
10 and all subsequent pleadings filed and orders entered in connection with that petition
11 shall contain a reference to the petition number in the title, as set forth above. Any
12 person intending to file a petition shall obtain a number for the petition from the counsel
13 for the Receiver, Lewis Roca Rothgerber Christie LLP (“Counsel for the Receiver”). If a
14 matter may appropriately be filed on an emergency or *ex parte* basis, the filing party may
15 file the petition without obtaining a petition number, but shall obtain such petition
16 number from Counsel for the Receiver at the earliest possible time, shall serve notice of
17 the petition number assignment on all persons on the Master Service List, as provided in
18 paragraph 3 of this Order, and shall thereafter use such number in subsequent filings. All
19 petitions filed in this Receivership shall be accompanied by a proposed form of order.

20 c. Relief Requested Against Third Parties. If any person seeks relief in
21 its petition against any person other than the Meritus Companies, the caption shall
22 include a subcaption identifying the petitioner and all parties against whom the relief is
23 sought, each of whom shall be denominated as a Respondent, in a form similar to that
24 used in asserting a third party claim.

25 d. Objections. Any person objecting to a petition must do so timely, in
26 writing, and must comply with the notice provisions in paragraph 3 of this Order.

1 2. Active Calendar. Rule 38.1(d) and Rule 38.1(e) of the Rules of Civil
2 Procedure do not apply to this matter and the Clerk of the Court is directed to retain this
3 matter on the Court's active calendar until further order of this Court.

4 3. Service Lists and Proofs of Service. Service of all further pleadings and
5 other papers filed in this Receivership Proceeding shall be governed by the Arizona Rules
6 of Civil Procedure and this paragraph:

7 a. Counsel for the Receiver shall maintain a Master Service List
8 containing the name, mailing address and email address of each person, or the person's
9 legal counsel, who has made an appearance in this matter, has requested to be included
10 on the Master Service List, or has been placed on the Master Service List by order of the
11 Court. All pleadings, including forms of orders and orders entered by the court, and any
12 other papers (collectively, "Filings") filed in this matter shall be served on each person on
13 the Master Service List, except as provided in this order or by other order of this Court.
14 Pursuant to Rule 5(c)(2)(D), Ariz. R. Civ. P., service shall be made on all persons on the
15 Master Service List by electronic means. A person may submit to Counsel for the
16 Receiver a request that Filings be served by mail on such person. If the Receiver declines
17 such a request, the person may petition the Court for relief. The presence of a person or
18 his, her, or its representative on the Master Service List does not indicate the appearance
19 of such person or entity in this case, constitute standing with respect to the Receivership,
20 or constitute consent to the jurisdiction of this Court.

21 b. Where the Court has provided for a Separate Service List for a
22 matter raised by petition, Filings submitted in connection with that matter shall be served
23 only on persons on that Separate Service List.

24 c. Unless the proof of service is indicated on the Filings, the person
25 submitting the Filings shall, no later than five (5) business days from the date of the
26 Filing, file with the Clerk of the Court a proof of service. The proof of service shall state

1 that a copy of the Filings have been transmitted to all persons on the applicable Service
2 List and a copy of that Service List shall be attached to or included in the proof of
3 service. The person submitting the Filings shall follow the foregoing proof of service
4 process as to any signed order resulting from that person's Filings.

5 d. The above procedures shall be followed for all Filings filed in this
6 matter and these procedures are intended to replace and supersede the procedures set
7 forth in Rule 3.2(i), Maricopa County Local Rules of Practice.

8 e. Counsel for the Receiver shall provide a copy of the most recent
9 Master Service List and any Special Service List to any person requesting same.

10 f. Counsel for the Receiver shall remove the name of a person from
11 any Service List upon receipt of a written request to do so from the person or his counsel,
12 or when so directed by the Court.

13 4. Ex Parte Petitions. To the extent allowed under Rule 2.9 of the Code of
14 Judicial Conduct, counsel for the Receiver may file an *ex parte* petition, without
15 providing notice or service as provided in this order or by the Rules of Civil Procedure,
16 where the Court so authorizes such a filing or where the petition concerns administrative
17 matters affecting the receivership case, including, but not limited to:

18 a. The petition seeks authority to engage outside professionals to
19 perform services for the Receiver, including outside counsel to represent the Receiver in
20 pending or contemplated litigation.

21 b. The petition seeks authority to institute or defend litigation, file an
22 appeal, or assert or otherwise perfect a claim or defense of the Receiver.

23 All *ex parte* Filings submitted in accordance with this Order, unless sealed by the
24 Court, shall be served on persons on the Master Service List by the Receiver within five
25 (5) business days after the *ex parte* order has been entered. The Receiver shall within the
26 same time period file a proof of service as set forth in paragraph 3(c) hereof.

1 5. Notice Procedures. Notice of all proceedings in this Receivership shall be
2 governed by the following provisions, unless otherwise ordered by the Court:

3 a. Except as set forth herein, the timeframes for notices, as well as
4 objections, responses, and replies thereto, shall be governed by the applicable Arizona
5 Rules of Civil Procedure.

6 b. Notices of hearings regarding a petition for the confirmation of a
7 bulk sale of all assets of Defendant shall be given by transmitting the Filings to each
8 person on the Master Service List and to each known shareholder, and notices shall be
9 published once in a newspaper of general circulation, all no later than fourteen (14)
10 calendar days before the hearing dates.

11 6. Identification of Assets. In complying with this Court's order to identify,
12 collect and manage all property, causes of action, and other assets of Defendant, the
13 Receiver may, without further order of the Court, serve notices of depositions for, and
14 obtain from the Clerk of this Court subpoenas, or obtain commissions or letters rogatory
15 directing another Court to issue subpoenas, compelling any person who the Receiver
16 reasonably believes possesses information or documents that may assist the Receiver in
17 identifying such assets of Defendant, to disclose and produce such information or
18 documents to the Receiver.

19 ENTERED this ___ day of _____, 2016

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The Honorable Daniel Martin
Maricopa County Superior Court Judge