

1 **Lewis Roca Rothgerber Christie LLP**

201 East Washington Street, Suite 1200  
Phoenix, Arizona 85004-2595

3 **Joel A. Glover** (CO Bar No. 20821) (admitted *pro hac vice*)  
Direct Dial: 303.628.9553  
Direct Fax: 303.623.9222  
Email: [jglover@lrre.com](mailto:jglover@lrre.com)

4 **Justin J. Henderson** (State Bar No. 026930)  
Direct Dial: 602.262.5738  
Direct Fax: 602.734.3937  
E-mail: [jhenderson@lrre.com](mailto:jhenderson@lrre.com)

6 *Attorneys for Receiver*

7  
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. 3**

**PETITION FOR ORDER FOR  
RELEASE OF DEPOSITS**

(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 ("Meritus  
22 Mutual") and Compass Cooperative Health Plan, Inc. dba Meritus Health Partners  
23 ("MHP"), appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby petitions the Court for  
24 entry of an Order for Release of Deposits in the form lodged concurrently herewith for  
25 the reasons set forth herein.

26 . . .

1           1.       Arizona law requires that each insurer authorized to do business in Arizona  
2 establish deposits through the Director of the Arizona Department of Insurance  
3 (“Director”) which are held by the Treasurer of the State of Arizona (“Treasurer”) to  
4 secure certain obligations of the insurer. A.R.S. § 20-213. Pursuant to those provisions,  
5 Meritus Mutual maintained a statutory deposit in the approximate amount of \$508,239.38  
6 (the “Meritus Statutory Deposit”).

7           2.       Arizona law requires that each health care services organization authorized  
8 to do business in Arizona establish deposits through the Director which are held by the  
9 Treasurer to secure certain obligations of the health care services organization. A.R.S.  
10 § 20-1055. Pursuant to those provisions, MHP maintained a statutory deposit in the  
11 approximate amount of \$508,289.38 (the “MHP Statutory Deposit”).<sup>1</sup>

12           3.       A.R.S. § 20-588 provides that any deposit made in Arizona under Title 20  
13 shall be released and returned, upon entry of an order of receivership, to the Receiver or  
14 other properly designated official.<sup>2</sup> The Receiver requests that pursuant to A.R.S.  
15 § 20-588, the Court enter an order directing the Director and the Treasurer to release any  
16 amount of the Meritus Statutory Deposit and of the MHP Statutory Deposit, up to the full  
17 amount of such deposits to the Receiver through Special Deputy Receiver, Darren  
18 Ellingson, at the written request and in the sole discretion of the Receiver.

19           WHEREFORE, the Receiver requests that the Court enter, in the form lodged  
20 concurrently with this Petition, an Order for Release of Deposits directing the Director

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24           <sup>1</sup> This Petition does not address the special or secured deposit maintained by MHP pursuant to A.R.S. § 20-1069 and  
25 the special or escrow reserve deposit maintained by MHP pursuant to A.R.S. § 20-1056. The Receiver anticipates  
seeking release of those funds via separate petition.

26           <sup>2</sup> A.R.S. § 20-587 provides that during an insurer’s insolvency, any excess deposit shall be released only as provided  
in § 20-588.

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and the Treasurer to release the full amount of the foregoing deposited funds to the Receiver.

DATED this 7th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: /s/ Justin J. Henderson (#026930)  
Joel A. Glover  
Justin J. Henderson  
*Attorneys for Receiver*

COPY of the foregoing mailed this 7th day of October, 2016 to the attached Master Service List

/s/ C.J. Scruggs  
C.J. Scruggs

1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

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

4 **MASTER SERVICE LIST**

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

9 Lynette Evans, Assistant Attorney General  
10 Liane Kido, Assistant Attorney General  
11 Office of the Attorney General  
12 1275 West Washington Street  
13 Phoenix, Arizona 85007  
14 *Attorneys for Arizona Department of Insurance*

15 Richard G. Erickson  
16 Robert F. Kethcart  
17 Snell & Wilmer L.L.P.  
18 One Arizona Center  
19 400 East Van Buren  
20 Phoenix, Arizona 85004  
21 *Attorneys for Defendants*

22 Richard J. Voth, Sr.  
23 Post Office Box 3970  
24 Pinetop, Arizona 85935

25 Larry Aldrich, Executive Chairman  
26 Employers Health Alliance of Arizona  
7520 East McLellan Lane  
Scottsdale, Arizona 85250

Christophe Burusco  
Sidley Austin LLP  
555 West 5th Street, 40th Floor  
Los Angeles, California 90013  
*Attorneys for Care1st Health Plan Administrative Services, Inc.*

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Matthew A. Clemente  
Sidley Austin LLP  
One South Dearborn  
Chicago, Illinois 60603  
*Attorneys for Care 1st Health Plan Administrative Services, Inc.*

Michael Surguine  
Executive Director  
Arizona Life & Disability Insurance Guaranty Fund  
2910 North 44th Street, Suite 201 (2nd Floor)  
Phoenix, Arizona 85018-7269

Darren Ellingson  
Special Deputy Receiver  
Raintree Corporate Center I  
15333 North Pima Road, Suite 305  
Scottsdale, Arizona 85260

Banner Health  
Patient Financial Services  
Attn: Anna Rosalez, Manager  
525 West Brown Road, Third Floor  
Mesa, Arizona 85201

S. David Childers  
Kutak Rock LLP  
8601 North Scottsdale Road, Suite 300  
Scottsdale, Arizona 85253-2738

1 **Lewis Roca Rothgerber Christie LLP**

201 East Washington Street, Suite 1200  
Phoenix, Arizona 85004-2595

3 Joel A. Glover (CO Bar No. 20821) (admitted *pro hac vice*)  
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16 COMPASS COOPERATIVE HEALTH  
PLAN, INC., dba MERITUS HEALTH  
17 PARTNERS, an Arizona corporation,

18 Defendants.

No. CV2016-011872

**ORDER RE PETITION NO. 3  
FOR RELEASE OF DEPOSITS**

(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 ("Meritus  
22 Mutual") and Compass Cooperative Health Plan, Inc. dba Meritus Health Partners  
23 ("MHP"), having filed Petition No. 3 for Order for Release of Deposits and good cause  
24 appearing therefor,

25 **IT IS ORDERED:** Pursuant to A.R.S. §§ 20-588, that the Director of the Arizona  
26 Department of Insurance and State Treasurer for the State of Arizona shall release the full

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amount of the foregoing deposited funds of Meritus Mutual in the approximate amount of \$508,239.38 and of MHP in the approximate amount of \$508,239.38 to the Receiver and that no further order of this Court is necessary to effectuate the release of said deposits.

ENTERED this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
The Honorable Daniel Martin  
Judge of the Maricopa County Superior Court