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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

**ORDER RE: PETITION NO. 7**

**ORDER APPROVING  
LIQUIDATION PLAN**

(Assigned to The Honorable  
Daniel Martin)

19  
20 Leslie R. Hess, Interim Director of Insurance for the Arizona Department of  
21 Insurance, as Receiver (hereinafter "Receiver") of Compass Cooperative Mutual Health  
22 Network, Inc. doing business as Meritus Mutual Health Partners ("Meritus Mutual") and  
23 Compass Cooperative Health Plan, Inc. dba Meritus Health Partners ("MHP"), having  
24 filed Petition No. 7 ("Petition No. 7") to Petition for Order Approving Liquidation Plan, a  
25 hearing having been held before this Court on March 8, 2017, the Court being fully  
26 advised in the premises and good cause appearing therefor, IT IS ORDERED:

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1. Background Filings and Orders.

a. The Liquidation Plan, dated January 11, 2017, was filed by the Receiver.

b. Also dated January 11, 2017, the Receiver filed Petition No. 8 – Petition to Set Hearing and Approve Notice of Hearing for Petition No. 7 – Petition for Order Approving Liquidation Plan.

c. Dated January 26, 2017, this Court entered its Order regarding Petition No. 8, the Order Approving Petition to Set Hearing and To Approve Notice of Hearing for Petition No. 8 – Petition for Order Approving Liquidation Plan.

d. Dated February 6, 2017, the Receiver filed its Certificate of Providing Notice of Hearing Regarding Petition for Order Approving Liquidation Plan confirming the method and dates by which notice of the hearing was provided.

e. The hearing regarding the Liquidation Plan took place on March 8, 2017. No objections to the Liquidation Plan were filed with this Court prior to the hearing. Likewise, no objections to the Liquidation Plan were made at the hearing.

f. At the hearing, counsel for the Receiver addressed the Liquidation Plan, the relief requested thereby and the basis for the Liquidation Plan.

2. Approval of the Liquidation Plan. The Liquidation Plan submitted by the Receiver is hereby approved. The Receiver is directed to implement the Liquidation Plan and to take all steps as reasonably necessary and/or appropriate to do so. As set forth more fully herein: (1) the Receiver shall coordinate Meritus Mutual claims' coverage from the Arizona Life and Disability Insurance Guaranty Fund ("AZ Guaranty Fund")

1 subject to and in accordance with the Service Agreement previously approved by this  
2 Court; (2) the Receiver shall determine MHP claim amounts, taking into account in-  
3 network, out-of-network and network exception distinctions; (3) a temporary restraining  
4 order is entered prohibiting collections from enrollees and insureds unless and until an  
5 Explanation of Benefits (“EOB”) notice (or similar documentation) has been issued by  
6 the Receiver; and (4) a proof of claim process is established that includes a claims bar  
7 deadline for non-Providers while allowing for Provider claims to be adjudicated and  
8 determined generally in accordance with the Meritus Companies’ procedures.

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10 3. Coordination of Coverage for Meritus Mutual Benefits.

11 a. In accordance with the Service Agreement previously approved by  
12 this Court, the Receiver and the AZ Guaranty Fund shall coordinate with the Providers  
13 having claims against Meritus Mutual to confirm the appropriate claim amount using  
14 the applicable effective date. After confirmation of the claim amounts, EOB notices (or  
15 similar documentation) will be sent to the applicable insureds and Providers. Among  
16 other things, the EOB notices will identify for the insured the correct amounts of any  
17 deductibles and/or copays from the insured to the Provider, whether paid or unpaid.

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19 b. Benefits shall be provided by the AZ Guaranty Fund, subject to and  
20 in accordance with provisions and limitations provided for in the Arizona Life and  
21 Disability Insurance Guaranty Fund Act, A.R.S. 20-681, *et seq.*

22  
23 c. To the extent there are any disputes regarding the claim amounts  
24 and/or the EOB notices and related calculations (including consideration of offsets  
25 and/or other amounts due from the Provider to Meritus Mutual), this Court shall have  
26 the sole and exclusive jurisdiction to resolve such disputes.

1           4.       Adjudication of Claims Related to MHP Benefits.

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3           a.       Claims for benefits associated with MHP policies are not subject to  
4 coverage by the AZ Guaranty Fund. The Receiver shall coordinate with the Providers  
5 having claims against MHP initially to confirm the appropriate claim amount using the  
6 applicable effective date. After confirmation of the claim amounts, EOB notices (or  
7 similar documentation) will be sent to the applicable insureds and Providers. Among  
8 other things, the EOB notices will identify for the insured the correct amounts of any  
9 deductibles and/or copays from the insured to the Provider, whether paid or unpaid.

10           b.       While the claims shall be adjudicated, the Receiver shall not make  
11 any payments of any claims to or for the benefit of MHP Providers without additional  
12 notice, hearing and order of this Court in order for the Court to take into account,  
13 among other things, the statutory priority system (A.R.S. § 20-629) .

14  
15           c.       To the extent there are any disputes regarding the claim amounts  
16 and/or the EOB notices and related calculations (including consideration of offsets  
17 and/or other amounts due from the Provider to MHP), this Court shall have the sole and  
18 exclusive jurisdiction to resolve such disputes.

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20           5.       Claims Bar Deadline and Proof of Claim Process.

21           a.       Pursuant to A.R.S. §§ 20-640 and 20-628, the Court establishes May  
22 15, 2017 as the proof of claims bar deadline.

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24           b.       The Receiver shall notify all persons who may have claims against  
25 Meritus Mutual and/or MHP (other than Providers as specified below) by publishing on  
26 the web site maintained for Meritus Mutual and MHP the Proof of Claims Notice and

1 instructions in substantially the same form as was attached as Exhibit A to the Petition  
2 No. 7 – Petition for Order Approving Liquidation Plan (“Exhibit A to the Petition”) and  
3 by sending a copy of the Proof of Claims Notice via regular mail using the books and  
4 records of Meritus Mutual and/or MHP for the most recent and complete mailing  
5 addresses of such person. The Receiver shall file proof of publication and mailing after  
6 it has provided notice of Exhibit A to the Petition in the manner provided for herein.

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8 c. Any and all persons (other than Providers as specified below) with  
9 claims against Meritus Mutual and/or MHP shall file the Proof of Claim form of  
10 Exhibit A to the Petition on or before May 15, 2017 or such claims shall be forever  
11 barred to the extent each does not otherwise qualify as a late-filed claim under the  
12 Arizona Insurer Receivership Act.

13 d. In the Receiver’s discretion:

14  
15 i. the Receiver may notify one or more creditors of a proposed deemed  
16 claim amount based on the books and records of Meritus Mutual and/or MHP which the  
17 creditor may dispute by means of submission of a separate Proof of Claim Form; and

18  
19 ii. the Receiver may seek an extension of the Proof of Claims Bar Date  
20 under the circumstances and subject to this Court approval.

21 e. Providers are not required to use the Proof of Claim Form to submit  
22 a claim. Instead, Providers with claims for health care services provided must submit  
23 the claims to Meritus Mutual and/or MHP in the usual manner used in the normal  
24 course of business for processing and adjudicating claims. In addition: (1) the  
25 Receiver will communicate to each Provider a Notice of Claim Amount determined in  
26 accordance with the Arizona Insurer Receivership Act; (2) if a Provider objects to the

1 claim amount in the Notice, that Provider must file a written notice of objection with  
2 the Receiver within thirty (30) days after the date of the Notice; (3) the Receiver will  
3 file with the Court notice of the Provider's objection to the claim amount, along with  
4 the Receiver's recommendation; and (4) any such disputed claim will be resolved by  
5 this Court subject to and in accordance with the Arizona Insurer Receivership Act.  
6 Providers whose claims have already been submitted to Meritus Mutual and/or MHP do  
7 not need to submit a duplicate claims and should not do so.

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9 6. Temporary Restraining Order - Balance Billing and Enrollee Collections .


10 a. The Court hereby finds that the practice whereby Providers with  
11 unpaid claims for services provided under insurance policies issued by Meritus Mutual  
12 and/or MHP (including the Provider's agents, affiliates, and/or any others acting on  
13 their behalf, including but not limited to collection agencies) seek to recover balances  
14 due directly from enrollees and/or insureds of Merits Mutual or MHP ("Balance Billing  
15 and Enrollee Collections") interferes with the Receivership and creates the potential for  
16 improper preferences, judgments, attachments and liens.

17 b. The Court hereby imposes a Temporary Restraining Order enjoining  
18 Balance Billing and Enrollee Collections and prohibiting Providers with unpaid claims  
19 for services provided under insurance policies issued by Meritus Mutual and/or MHP  
20 (including the Provider's agents, affiliates, and/or any others acting on their behalf,  
21 including but not limited to collection agencies) from seeking to recover balances due  
22 directly from enrollees and/or insureds of Merits Mutual or MHP.

23 c. The Temporary Restraining Order will remain in full force and  
24 effect unless and until an EOB notice (or similar documentation) is produced and issued  
25 by the Receiver as part of the claim process subject to and in accordance with this  
26 Liquidation Plan. Additionally, at any time, a Provider may petition this Court for  
relief from the Temporary Restraining Order before issuance of an EOB notice (or

1 similar documentation) for good cause shown, taking into account, among other things,  
2 alleged hardship that would be suffered by the Provider as compared to the potential for  
3 interference with the Receiver, interference with the proceeding and the obtaining of  
4 preferences in violation of A.R.S. § 20-614, and potential hardship to the enrollees.  
5 Before filing such petition, the Provider must confer with the Receiver to determine  
6 whether or to what extent the Receiver opposes the requested relief.

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8 ENTERED this 8<sup>th</sup> day of March, 2017.

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13 The Honorable Daniel Martin  
14 Maricopa County Superior Court Judge

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**Lewis Roca**  
ROTHGERBER CHRISTIE

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