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6 *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. 13

**PETITION TO ACCEPT THIRD
STATUS REPORT FOR THE
PERIOD ENDING JUNE 30, 2017**

(Assigned to The Honorable
Daniel Martin)

19
20 Leslie R. Hess, Interim Director of Insurance, as Receiver (hereinafter “Receiver”)
21 of Compass Cooperative Mutual Health Network, Inc. doing business as Meritus Mutual
22 Health Partners (“Meritus Mutual”) and Compass Cooperative Health Plan, Inc. dba
23 Meritus Health Partners (“MHP”), appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby
24 petitions the Court for entry of the Order Accepting Third Status Report for the Period
25 Ending June 30, 2017 for the reasons set forth herein.

26 . . .

1 1. In an Order dated August 10, 2016, this Court placed Meritus and MHP into
2 receivership under orders of liquidation.

3 2. On August 24, 2016, this Court entered Order Re Petition No. 1 – Petition for
4 Entry of Order Approving Compensation for Special Deputy Receiver and for Legal
5 Counsel.

6 a. Pursuant to Paragraph 3(c) of that Order, the Receiver is required to make
7 periodic filings, initially quarterly, of a Petition to Accept Status Report which filing is
8 required to include amounts paid to the Special Deputy Receiver and to legal counsel
9 during the period along with a brief summary of services and/or tasks performed during
10 the period and other matters as requested by the Court.

11 b. In order to provide such report for the prior period, consistent with
12 Paragraph 3(c), the Receiver is submitting this Petition after the quarter end of the prior
13 period ending June 30, 2017. Unless the Court otherwise order, the Receiver anticipates
14 filing these reports effective each calendar quarter end.

15 3. This Petition to Accept Third Status Report for the Period Ending June 30, 2017
16 (“Petition”) along with the Status Report included herein is submitted in accordance with
17 those requirements.

18 **Summary of Services/Tasks**

19 4. The services and tasks performed during the reporting period (Second Quarter of
20 2017) include the following:

21 a. Notice and Claims Bar Deadline. Pursuant to the Liquidation Plan, the
22 Claims Bar Deadline was May 15, 2017 and notices of the Claims Bar Deadline were
23 provided. Claims have been received, including claims from the federal government, and
24 initial review of the claims has commenced.

25 b. Provider Payments. In the second quarter of 2017, in conjunction with the
26 work associated with the Liquidation Plan, a significant amount of work was done

1 associated with processing the provider claims in order to implement the claims process
2 with the providers.

3 c. Risk Corridor Claims. The first quarter of 2017 also included work
4 associated with evaluating the potential claims related to Risk Corridor Receivables
5 under the ACA and the various lawsuits and causes of action filed in the Federal Claims
6 Court and otherwise around the country. In accordance with Court approval, the
7 Receiver opted-in to the class action seeking recovery from the United States associated
8 with the Risk Corridor Receivables. In accordance with Paragraph 4 of the Court's May
9 4, 2017 Order Re: Petition No. 10 Approving Contingency Fee Arrangement for Risk
10 Corridor Suit, the Receiver provides this supplemental notice to the Court that it has
11 opted-in to the *Health Republic* Class Action.

12 d. Accounting Services and General Accounting and Administrative. The
13 Receiver contracted with Regulatory Services Group ("RSG"), subject to this Court's
14 May 23, 2017 Order Re Petition No. 11 Approving Rates for Accounting Services.
15 During the Second Quarter of 2017, additional work continued to be done on the
16 accounting of the Meritus Companies in Liquidation.

17 **Summary of Payments**

18 5. Legal Counsel. During the reporting period, the total amounts (fees and expenses)
19 that have been paid to legal counsel are \$27,258.00 for Meritus Mutual and \$26,308.87
20 for MHP for a combined amount of \$53,566.87. Work was performed and invoices were
21 submitted for additional services and amounts during the reporting period but not paid
22 until after June 30, 2017. Because of the timing, those payments will be referenced in the
23 next status report.

24 6. Special Deputy Receiver. During the reporting period, the total amounts (fees and
25 expenses) that have been paid to the Special Deputy Receiver are \$16,578.24 for Meritus
26 Mutual and \$15,363.24 for MHP for a combined amount of \$31,941.48. Work was

1 performed and invoices were submitted for additional services and amounts during the
2 reporting period but not paid until after June 30, 2017. Because of the timing, those
3 payments will be referenced in the next status report.

4 7. Regulatory Services Group. Work was performed but no invoices were paid
5 during the reporting period. Because of the timing, those payments will be referenced in
6 the next status report.

7 WHEREFORE, the Receiver requests that the Court enter an Order Accepting
8 Third Status Report for the Period Ending June 30, 2017 in the form lodged concurrently
9 with this Petition after expiration of the objection period.

10 Dated this 18th day of August, 2017.

11 LEWIS ROCA ROTHGERBER CHRISTIE LLP

12
13 By: /s/ Justin J. Henderson (#026930)
14 Joel A. Glover
Justin J. Henderson
Attorneys for Receiver

15 COPY of the foregoing mailed this
16 18th day of August, 2017 to the
17 attached Master Service List

18
19 /s/ C.J. Scruggs
20 C.J. Scruggs

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1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

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

4
5 **MASTER SERVICE LIST**

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11 LESLIE R. HESS, Interim Director
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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. 13
ACCEPTING THIRD STATUS
REPORT FOR THE PERIOD
ENDING JUNE 30, 2017**

(Assigned to The Honorable
Daniel Martin)

19
20 Leslie R. Hess, Interim Director of the Arizona Department of Insurance, as
21 Receiver of Compass Cooperative Mutual Health Network, Inc. doing business as
22 Meritus Mutual Health Partners (“Meritus Mutual”) and Compass Cooperative Health
23 Plan, Inc., dba Meritus Health Partners (“MHP”), having filed Petition No. 13 for entry of
24 an Order Accepting Third Status Report for the Period Ending June 30, 2017 and good
25 cause appearing therefor,

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IT IS ORDERED:

The Third Status Report for the Period Ending June 30, 2017, as filed by the Receiver of Meritus Mutual and MHP, having been reviewed and considered by the Court, is hereby accepted.

ENTERED this ____ day of _____, 2017.

The Honorable Daniel Martin
Maricopa County Superior Court Judge

Scruggs, Colleen

From: TurboCourt Customer Service <CustomerService@TurboCourt.com>
Sent: Friday, August 18, 2017 3:33 PM
To: Scruggs, Colleen; azturbocourt@lrrc.com
Subject: AZTurboCourt E-Filing Courtesy Notification

PLEASE DO NOT REPLY TO THIS EMAIL.

A party in this case requested that you receive an AZTurboCourt Courtesy Notification.

AZTurboCourt Form Set #2308903 has been DELIVERED to Maricopa County.

You will be notified when these documents have been processed by the court.

Here are the filing details:

Case Number: CV2016-011872 (Note: If this filing is for case initiation, you will receive a separate notification when the case # is assigned.)

Case Title: State Of Arizona, Et.Al. Vs. Compass Cooperative M

Filed By: Justin J Henderson

AZTurboCourt Form Set: #2308903

Keyword/Matter #: 302377-00001

Delivery Date and Time: Aug 18, 2017 3:32 PM MST

Forms:

Summary Sheet (This summary sheet will not be filed with the court. This sheet is for your personal records only.)

Attached Documents:

Petition: Petition No. 13 - Petition to Accept Third Status Report for the Period Ending June 30, 2017

Proposed Order/Judgment (Supporting): Order re Petition No. 13 Accepting Third Status Report for the Period Ending June 30, 2017