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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 KEITH SCHRAAD, Interim Director  
of Insurance,

12 Plaintiff,

13 vs.

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

17 Defendants.  
18

No. CV2016-011872

**PETITION NO. 35**

**PETITION TO ACCEPT ELEVENTH  
STATUS REPORT FOR THE  
PERIOD ENDING JUNE 30, 2019**

(Assigned to The Honorable  
Daniel Martin)

19 Keith Schraad, Director of Insurance, as Receiver (hereinafter “Receiver”) of  
20 Compass Cooperative Mutual Health Network, Inc. doing business as Meritus Mutual  
21 Health Partners (“Meritus Mutual”) and Compass Cooperative Health Plan, Inc. dba  
22 Meritus Health Partners (“MHP”) (collectively referred to as the “Meritus Companies”),  
23 appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby petitions the Court for entry of the  
24 Order re Petition No. 35 Accepting Eleventh Status Report for the Period Ending June 30,  
25 2019 for the reasons set forth herein.

26 1. In an Order dated August 10, 2016, this Court placed Meritus Mutual and  
27 MHP into receivership under orders of liquidation.  
28



1 sum of payments in. *See Moda Health Plan, Inc. v. United States*, (Case No. 2017-1994,  
2 Fed. Cir. Ct. App., June 14, 2018). In June of 2019, the United States Supreme Court  
3 granted the writ of certiorari for the Moda Health Plan case along with two other similar  
4 cases.

5 ii. Reinsurance Claim. As detailed in Petition No. 26 Request for  
6 Hearing, Claim Determination and Setoff Related to Claims of the United States, after  
7 implementation of the setoff, there is a net amount under the ACA Reinsurance program  
8 due to Meritus Mutual and MHP from the Center for Medicare and Medicaid Services  
9 (“CMS”) which, combined, exceeds \$10 million. As stated in Petition No. 26, the  
10 Receiver is evaluating prosecution of the claims against CMS. In that regard, on or about  
11 May 7, 2019, the Receiver filed Petition No. 33 Petition for Approval of Contingency Fee  
12 Arrangement, which was approved by the Court on or about June 14, 2019.

13 b. Receivership Liquidation Fund. On April 17, 2019, the Receiver filed  
14 Petition 31 Petition for Order Approving the Receivership Liquidation Fund Quarterly  
15 Accounting Reports for the Periods of April 1, 2016 through September 30, 2018 and  
16 Related Funding. The Receivership Court approved the Order on or about May 23, 2019.

17 c. Proof of Claim (“POC”) Process and Provider Payment Process. The  
18 Receiver continued to implement the POC process, including considering claim amounts,  
19 provider payments, priority levels and potential offset, depending on the circumstances.

20 d. Accounting Services and General Accounting and Administrative.  
21 The Receiver continued additional work on the accounting for the Meritus Companies in  
22 liquidation, including identifying assets, claims and liabilities on a liquidation basis. As  
23 part of the accounting work, the Receiver continued to implement and account for the  
24 Receivership Liquidation, the Setoff involving CMS, the Return of Excess Premiums,  
25 among other things.

### 26 **Summary of Payments**

27 5. Legal Counsel. During the reporting period, the total amounts (fees and  
28 expenses) that have been paid to Faegre Baker Daniels LLP as legal counsel are

1 \$11,375.45 for Meritus Mutual and \$11,375.45 for MHP for a combined amount of  
2 \$22,750.90. Work was performed and invoices were submitted for additional services and  
3 amounts during the reporting period but not paid until after June 30, 2019. Because of the  
4 timing, those payments will be referenced in the next status report.

5 6. Special Deputy Receiver. During the reporting period, the total amounts  
6 (fees and expenses) that have been paid to the Special Deputy Receiver are \$7,207.50 for  
7 Meritus Mutual and \$6,465.00 for MHP for a combined amount of \$13,672.50. Work was  
8 performed and invoices were submitted for additional services and amounts during the  
9 reporting period but not paid until after June 30, 2019. Because of the timing, those  
10 payments will be referenced in the next status report.

11 7. Regulatory Services Group. During the reporting period, no invoices from  
12 Regulatory Services Group with respect to Meritus Mutual or MHP were paid. Work may  
13 have been performed and invoices submitted for additional services and amounts during  
14 the reporting period but not paid until after June 30, 2019. Because of the timing, those  
15 payments, if any, would be referenced in the next status report.

16 WHEREFORE, the Receiver requests that the Court enter the Order re Petition  
17 No. 35 Accepting Eleventh Status Report for the Period Ending June 30, 2019 in the form  
18 lodged concurrently with this Petition after expiration of the objection period.

19 Dated this 26<sup>th</sup> day of July, 2019.

20 FAEGRE BAKER DANIELS LLP

21 By: /s/ Joel Glover (#034018)  
22 Joel A. Glover  
23 *Attorneys for Receiver*

24 COPY of the foregoing mailed this  
25 26<sup>th</sup> day of July, 2019 to the  
26 attached Master Service List

27 /s/ Brenda McHenry  
28 Brenda McHenry

1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

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

5 **MASTER SERVICE LIST**

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