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

17 Defendants.  
18

No. CV2016-011872

**PETITION NO. 36**

**PETITION TO ACCEPT TWELFTH  
STATUS REPORT FOR THE  
PERIOD ENDING SEPTEMBER 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. 36 Accepting Twelfth Status Report for the Period Ending  
25 September 30, 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 implementation of the setoff, there is a net amount under the ACA Reinsurance program  
2 due to Meritus Mutual and MHP from the Center for Medicare and Medicaid Services  
3 (“CMS”). Consistent with the Order Approving Petition No. 26, the Receiver caused to be  
4 prepared and filed on September 27, 2019 a Complaint for amounts due related to the  
5 Reinsurance. The action is pending in the United States Court of Federal Claims, Case  
6 No. 1:19-cv-01499-MCW. At this time, the responsive pleading has not yet been filed.

7 In another case involving the ACA and a state liquidation priority scheme, an order  
8 was recently entered by the Court of Federal Claims against the U.S. Department of Health  
9 and Human Services’ Center for Medicare and Medicaid Services (“HHS”). In *Conway v.*  
10 *United States*, No. 18-1623, 2019 WL 4877280, at \*5 (Fed. Cl. Oct. 3, 2019), the Court of  
11 Federal Claims held, among other things, that Colorado’s insurance liquidation priority  
12 scheme was not preempted by a federal netting rule that HHS sought to employ.

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

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

### 22 **Summary of Payments**

23 5. Legal Counsel. During the reporting period, the total amounts (fees and  
24 expenses) that have been paid to Faegre Baker Daniels LLP as legal counsel are \$6,051.45  
25 for Meritus Mutual and \$6,051.45 for MHP for a combined amount of \$12,102.90. Work  
26 was performed and invoices were submitted for additional services and amounts during the  
27 reporting period but not paid until after September 30, 2019. Because of the timing, those  
28 payments will be referenced in the next status report.



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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