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FAEGRE DRINKER BIDDLE & REATH LLP 1 1144 15<sup>th</sup> Street, Suite 3400 Denver, Colorado 80202 2 **Joel A. Glover** (State Bar No. 034018) 3 Direct Dial: 303.607.3648 Direct Fax: 303.607.3600 4 Email: Joel.Glover@Faegredrinker.com 5 Attorneys for Receiver 6 7 SUPERIOR COURT OF ARIZONA 8 COUNTY OF MARICOPA 9 10 STATE OF ARIZONA. ex rel. No. CV2016-011872 KEITH SCHRAAD, Interim Director 11 of Insurance. **PETITION NO. 37** 12 Plaintiff, PETITION TO ACCEPT VS. 13 THIRTEENTH STATUS REPORT COMPASS COOPERATIVE MUTUAL FOR THE PERIOD ENDING 14 HEALTH NETWORK, INC., dba MERITUS **DECEMBER 31, 2019** MUTUAL HEALTH PARTNERS, an 15 (Assigned to The Honorable Arizona corporation; and COMPASS COOPERATIVE HEALTH Daniel Martin) 16 PLAN, INC., dba MERITUS HEALTH PARTNERS, an Arizona corporation, 17 Defendants. 18 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. 37 to Accept Thirteenth Status Report for the Period Ending 25 December 31, 2019 for the reasons set forth herein. 26 In an Order dated August 10, 2016, this Court placed Meritus Mutual and 1. 27 MHP into receivership under orders of liquidation. 28

- 2. On August 24, 2016, this Court entered Order Re Petition No. 1 Petition for Entry of Order Approving Compensation for Special Deputy Receiver and for Legal Counsel.
- a. Pursuant to Paragraph 3(c) of that Order, the Receiver is required to make periodic filings, initially quarterly, of a Petition to Accept Status Report, which filing is required to include amounts paid to the Special Deputy Receiver and to legal counsel during the period along with a brief summary of services and/or tasks performed during the period and other matters as requested by the Court.
- b. In order to provide such report for the prior period, consistent with Paragraph 3(c), the Receiver is submitting this Petition to Accept Thirteenth Status Report for the Period Ending December 31, 2019 ("Petition") after the quarter end of the prior period ending December 31, 2019. Unless the Court otherwise orders, the Receiver anticipates filing these reports effective each calendar quarter end.
- 3. This Petition along with the Status Report included herein is submitted in accordance with those requirements.

## **Summary of Services/Tasks**

- 4. The services and tasks performed during the reporting period (Fourth Quarter of 2019) include the following:
  - a. Litigation.
- i. Risk Corridor Class Action. The Receiver continued to monitor the Risk Corridor Class Action in which Meritus Mutual and MHP are participating as class members. *Maine Cmty. Health Options v. United States*, (2019) (No. 18-1028). Petitioners' Briefs were filed on August 30, 2019; Respondent's Brief was filed on October 21, 2019. Oral arguments were presented on December 10, 2019. The Supreme Court has not issued a final decision at this time.
- ii. Reinsurance Claim. As detailed in Petition No. 26 Request for Hearing, Claim Determination and Setoff Related to Claims of the United States, after implementation of the setoff, there is a net amount under the ACA Reinsurance program

due to Meritus Mutual and MHP from the Center for Medicare and Medicaid Services ("CMS"). Consistent with the Order Approving Petition No. 26, the Receiver caused to be prepared and filed on September 27, 2019 a Complaint for amounts due related to the Reinsurance. The action is pending in the United States Court of Federal Claims, Case No. 1:19-cv-01499-MCW. On November 22, 2019, the United States filed a Motion for Extension of Time to File. The motion was granted on November 25, 2019. On December 5, 2019, the United States filed a Motion to Stay Proceedings until the Supreme Court issues a decision in *Maine Cmty. Health Options v. United States*, (2019) (No. 18-1028) because it believes the legal issues presented in this case will be affected by the Supreme Court's ruling. The Court granted the Motion to Stay on that day, December 5, 2019.

- b. Proof of Claim ("POC") Process and Provider Payment Process. The Receiver continued to implement the POC process, including considering claim amounts, provider payments, priority levels and potential offset, depending on the circumstances.
- c. Accounting Services and General Accounting and Administrative. The Receiver continued additional work on the accounting for the Meritus Companies in liquidation, including identifying assets, claims and liabilities on a liquidation basis. As part of the accounting work, the Receiver continued to implement and account for the Receivership Liquidation, the Setoff involving CMS, the Return of Excess Premiums, among other things.

## **Summary of Payments**

5. Legal Counsel. During the reporting period, the total amounts (fees and expenses) that have been paid to Faegre Baker Daniels LLP as legal counsel are \$6,396 for Meritus Mutual and \$6,396 for MHP for a combined amount of \$12,792. Work was performed and invoices were submitted for additional services and amounts during the reporting period but not paid until after December 31, 2019. Because of the timing, those payments will be referenced in the next status report.

1	6. Special Deputy Receiver. During the reporting period, the total amounts
2	(fees and expenses) that have been paid to the Special Deputy Receiver are \$8,188 for
3	Meritus Mutual and \$8,080 for MHP for a combined amount of \$16,268. Work was
4	performed and invoices were submitted for additional services and amounts during the
5	reporting period but not paid until after December 31, 2019. Because of the timing, those
6	payments will be referenced in the next status report.
7	7. Regulatory Services Group. During the reporting period, no invoices from
8	Regulatory Services Group with respect to Meritus Mutual or MHP were paid. Work may
9	have been performed and invoices submitted for additional services and amounts during
10	the reporting period but not paid until after December 31, 2019. Because of the timing,
11	those payments, if any, would be referenced in the next status report.
12	WHEREFORE, the Receiver requests that the Court enter the Order re Petition
13	No. 37 Accepting Thirteenth Status Report for the Period Ending December 31, 2019 in
14	the form lodged concurrently with this Petition after expiration of the objection period.
15	Dated this 6 <sup>th</sup> day of February, 2020.
16	FAEGRE DRINKER BIDDLE & REATH LLP
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18	By: <u>/s/ Joel Glover (#034018)</u> Joel A. Glover
19	Attorneys for Receiver
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21	COPY of the foregoing mailed this
22	6 <sup>th</sup> day of February, 2020 to the attached Master Service List
23	
24	/s/ Brenda McHenry
25	Brenda McHenry
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## SUPERIOR COURT OF ARIZONA 1 COUNTY OF MARICOPA 2 3 No. CV2016-011872 (Assigned to The Honorable Daniel Martin) 4 MASTER SERVICE LIST 5 6 Keith Schraad, Receiver Interim Director 7 Arizona Department of Insurance 100 North 15th Avenue, #102 8 Phoenix, Arizona 85007 9 Liane Kido, Deputy Receiver 10 Arizona Department of Insurance 100 North 15th Avenue, #102 11 Phoenix, Arizona 85007 12 Lynette Evans 13 **Public Law Section** Office of the Attorney General 14 2005 N. Central Avenue 15 Phoenix, AZ 85004 Attorneys for Arizona Department of Insurance 16 Richard G. Erickson 17 Robert F. Kethcart Snell & Wilmer L.L.P. 18 One Arizona Center 19 400 East Van Buren Phoenix, Arizona 85004 20 Attorneys for Defendants 21 Richard J. Voth, Sr. P.O. Box 3970 22 Pinetop, Arizona 85935 23 Larry Aldrich, Executive Chairman 24 Employers Health Alliance of Arizona 25 7520 East McLellan Lane Scottsdale, Arizona 85250 26 27

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