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Attorneys for Receiver

SUPERIOR COURT OF ARIZONA  
COUNTY OF MARICOPA

STATE OF ARIZONA, *ex rel.*  
KEITH SCHRAAD, Director  
of Insurance,

Plaintiff,

vs.

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

Defendants.

No. CV2016-011872

**PETITION 38**

**PETITION FOR ORDER  
APPROVING THE  
RECEIVERSHIP LIQUIDATION  
FUND QUARTERLY  
ACCOUNTING REPORTS  
FOR THE PERIOD FROM  
OCTOBER 1, 2018 THROUGH  
DECEMBER 31, 2019 AND  
RELATED FUNDING**

(Assigned to The Honorable  
Daniel Martin)

Darren Ellingson, in his capacity as the Special Deputy Receiver of Meritus Mutual Health Partners, in liquidation (“Meritus Mutual”) and of Meritus Health Partners, in liquidation (“MHP”), pursuant to A.R.S. § 20-648(D), files herewith the Receivership Liquidation Fund (“RLF”) Quarterly Accounting Reports for the Period from October 1, 2018 Through December 31, 2019 and Related Funding, as set forth in Exhibit A and seeks approval of related funding.

1. Section 20-648, A.R.S., established the RLF in order to create a source of funds to pay for the common administrative costs of the receiverships in Arizona.

1 Specifically, costs funded under the RLF “may include the compensation of special deputies,  
2 clerks or assistants but shall not include attorney fees.”

3 2. Currently there are four receiverships contributing funds to the RLF, including  
4 Meritus Mutual, MHP, PMI Mortgage Insurance Co., and Reliance Insurance Company.  
5 Initially, each receivership is required to contribute ten percent (10%) of the insolvent  
6 insurer’s deposit to the fund. A.R.S. § 2-648(b). In this case, an original deposit in the  
7 amount of \$50,828.94 with respect to Meritus Mutual and an original deposit in the amount  
8 of \$50,828.94 with respect to MHP were each authorized for deposit into the RLF as  
9 provided for in Petition No. 4, Petition for Order Regarding Receivership Liquidation Fund  
10 per A.R.S. § 20-648 filed on October 7, 2016 and the Order approving Petition 4 entered on  
11 October 20, 2016.

12 3. Dated April 17, 2019, the Liquidator submitted Petition No. 31, the Petition  
13 for Order Approving the Receivership Liquidation Fund Quarterly Accounting Reports for  
14 the Periods of April 1, 2016 through September 2018 and Related Funding. Dated May 21,  
15 2019, the Court entered its Order Approving Petition No. 31, which order: approved the  
16 RLF Quarterly Accounting as submitted; authorized the Meritus Mutual Receiver and/or the  
17 Special Deputy Receiver to deposit an amount up to \$50,828.94 into the Receivership  
18 Liquidation Fund, which amount is equal to ten percent of the original amount of Meritus  
19 Mutual’s deposit of \$508,289.39; and authorized the MHP Receiver and/or the Special  
20 Deputy Receiver to deposit an amount up to \$50,828.94 into the Receivership Liquidation  
21 Fund, which amount is equal to ten percent of the original amount of Meritus Mutual’s  
22 deposit of \$508,289.39.

23 4. The requirement to contribute funds to the RLF is ongoing. If the common  
24 administrative expenses exceed the available funds, then additional amounts may be  
25 deposited in the RLF, subject to Court approval. A.R.S. § 20-648. At the same time, if upon  
26 termination of an insolvency there is a balance, then such balance shall be remitted. A.R.S.  
27 § 20-648(D).  
28

5. Attached as Exhibit A is a series of quarterly reports listing the expenditures of the RLF from October 1, 2018 through December 31, 2019 and demonstrating that additional contributions are required from each open insolvency.

6. In accordance with A.R.S. § 20-684(D) and consistent with this Court's Order re Petition 4, this Petition seeks an order granting the following relief:

a. Approving the RLF Quarterly Accounting as submitted in Exhibit A hereto;

b. Authorizing the Meritus Mutual Receiver and/or the Special Deputy Receiver to deposit an amount up to \$50,828.94 into the Receivership Liquidation Fund, which amount is equal to ten percent of the original amount of Meritus Mutual's deposit of \$508,289.39; and

c. Authorizing the MHP Receiver and/or the Special Deputy Receiver to deposit an amount up to \$50,828.94 into the Receivership Liquidation Fund, which amount is equal to ten percent of the original amount of MHP's deposit of \$508,289.39.

**WHEREFORE**, the Receiver respectfully requests that the Court enter an Order approving the Receivership Liquidation Fund Quarterly Accounting Reports for the period from October 1, 2018 through December 31, 2019 and approving the related funding requests.

DATED this 9<sup>th</sup> day of March, 2020.

FAEGRE DRINKER BIDDLE & REATH LLP

By: /s/ Joel Glover (#034018)  
Joel A. Glover

Attorneys for Receiver

COPY of the foregoing mailed this  
9<sup>th</sup> day of March, 2020, the  
attached Master Service List

/s/ Tari Rader  
Tari Rader

SUPERIOR COURT OF ARIZONA  
COUNTY OF MARICOPA

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

**MASTER SERVICE LIST**

Keith Schraad, Receiver  
Director, Arizona Department of Insurance  
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Phoenix, Arizona 85007

Liane Kido, Deputy Receiver  
Arizona Department of Insurance  
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Robert F. Kethcart  
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Scottsdale, Arizona 85250

Christophe Burusco  
Sidley Austin LLP  
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*Attorneys for Care1st Health Plan Administrative Services, Inc.*

1 Matthew A. Clemente  
2 Sidley Austin LLP  
3 One South Dearborn  
4 Chicago, Illinois 60603  
5 *Attorneys for Care1st Health Plan Administrative Services, Inc.*

6 Michael E. Surguine  
7 Executive Director  
8 Arizona Property and Casualty Insurance Guaranty Fund  
9 Arizona Life and Disability Insurance Guaranty Fund  
10 100 N. 15th Avenue, Suite 102  
11 Phoenix, AZ 85007

12 Darren Ellingson  
13 Special Deputy Receiver  
14 Raintree Corporate Center I  
15 15333 North Pima Road, Suite 305  
16 Scottsdale, Arizona 85260

17 Banner Health  
18 Patient Financial Services  
19 Attn: Anna Rosalez, Manager  
20 525 West Brown Road, Third Floor  
21 Mesa, Arizona 85201

22 S. David Childers  
23 Kutak Rock LLP  
24 8601 North Scottsdale Road, Suite 300  
25 Scottsdale, Arizona 85253

26 Debbie Bailey  
27 Cactus Children's Clinic, PC  
28 5940 West Union Hills Drive  
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Monica Gaspari  
Billing Office Supervisor  
Pima Heart Physicians  
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4 U.S. Department of Justice  
5 950 Pennsylvania Avenue, NW  
6 Washington, DC 20530

7 United States Attorney General  
8 U.S. Department of Justice  
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11 U.S. Centers for Medicare & Medicaid Services  
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14 Sinead Baldwin  
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17 Miami, Florida 33131  
18 *Attorneys for HealthSouth Rehabilitation Hospital*

19 Jill Wright  
20 Parallon  
21 1100 Charlotte Avenue  
22 Suite 1600  
23 Nashville, Tennessee 37203

24 Susan Sweat  
25 Ambulance Billing Office Supervisor  
26 Bullhead City Fire Department  
27 1260 Hancock Road  
28 Bullhead City, Arizona 86442

**EXHIBIT A**  
**TO PETITION 38**

1 **FAEGRE DRINKER BIDDLE & REATH LLP**

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4 **Joel A. Glover** (State Bar No. 034018)

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8 Attorneys for Receiver

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10 SUPERIOR COURT OF ARIZONA

11 COUNTY OF MARICOPA

12 STATE OF ARIZONA, *ex rel.*  
13 KEITH SCHRAAD, Director  
14 of Insurance,

15 Plaintiff,

16 vs.

17 COMPASS COOPERATIVE MUTUAL  
18 HEALTH NETWORK, INC., dba MERITUS  
19 MUTUAL HEALTH PARTNERS, an  
20 Arizona corporation; and  
21 COMPASS COOPERATIVE HEALTH  
22 PLAN, INC., dba MERITUS HEALTH  
23 PARTNERS, an Arizona corporation,

24 Defendants.

No. CV2016-011872

**PETITION 38**

**EXHIBIT A**

**DECLARATION OF SPECIAL  
DEPUTY RECEIVER REGARDING  
THE RECEIVERSHIP  
LIQUIDATION FUND  
QUARTERLY ACCOUNTING  
REPORTS FOR THE PERIOD  
FROM OCTOBER 1, 2018  
THROUGH DECEMBER 31, 2019**

(Assigned to The Honorable  
Daniel Martin)

25 By signing below, I, Darren Ellingson, state to the Court under penalty of law, that  
26 the information stated on these pages is true and correct to the best of my knowledge and  
27 belief.

28 1. I am over eighteen years of age, and I have personal knowledge of the facts  
herein. I acquired my personal knowledge in my capacity as Special Deputy Receiver of  
Meritus Mutual Health Partners, in liquidation ("Meritus Mutual") and of Meritus Health  
Partners, in liquidation ("MHP"). I have served as Special Deputy Receiver since the  
commencement of the Meritus Mutual and MHP receiverships and, in that capacity, I am  
familiar with and have personal knowledge of the books and records of Meritus Mutual



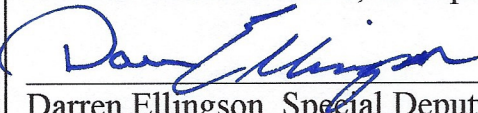
1 and MHP. Additionally, I serve as the Special Deputy Receiver for PMI Insurance  
2 Company, an Arizona domiciled insolvent insurer and, in that capacity, I am familiar with  
3 and have personal knowledge of the books and records of PMI Insurance Company. As  
4 part of my duties for these three receiverships, I have become familiar with the books and  
5 records of the Arizona Department of Insurance as specifically related to the Receivership  
6 Liquidation Fund ("RLF"). In acquiring my personal knowledge, I relied upon work  
7 performed by one or more persons that worked under my direction and/or under the  
8 direction of the Deputy Receiver.

9 2. Attached hereto as Declaration Exhibit A-1 is the RLF Quarterly Accounting  
10 Reports for the period from October 1, 2018 through December 31, 2019. Based on my  
11 knowledge and belief and the determinations I have made in my capacity as Special  
12 Deputy Receiver, the RLF reports are based on the books and records of Arizona insurance  
13 company receiverships, including Meritus Mutual and MHP, calculated on a liquidation  
14 basis.

15 3. As reported in Exhibit A-1, the RLF balance had diminished and additional  
16 contributions from the insolvencies in Arizona are necessary.

17 4. By signing below, I state to the Court, under penalty of law, that the  
18 information stated on these pages is true and correct to the best of my knowledge and  
19 belief.

20 Meritus Mutual Health Partners, in Liquidation  
21 Meritus Health Partners, in Liquidation

22   
23 Darren Ellingson, Special Deputy Receiver

Date: 3/7/2020

# **EXHIBIT A-1 TO PETITION 38**

RECEIVERSHIP LIQUIDATION FUND  
October 1, 2018 -December 31, 2019

Period Ended:	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019
<b>Beginning Balance:</b>	79,247.44	53,098.78	70,581.54	146,029.46	107,633.83
<b>Receipts:</b>					
Deposit-Meritus Mutual Health Partners			50,828.94		
Deposit-Meritus Health Partners			50,828.94		
Deposit-PMI Mortgage Insurance Company		50,000.00			
Interest Reinvested-1st month of the quarter	139.95	98.42	101.73	108.76	203.29
Interest Reinvested-2nd month of the quarter	124.01	79.28	120.85	282.95	169.32
Interest Reinvested-3rd month of the quarter	108.90	51.86	101.89	242.62	137.86
<b>Total Receipts</b>	372.86	50,229.56	101,982.35	634.33	510.47
<b>Disbursements:</b>					
Salaries & Employee Related Expenses	(26,227.40)	(30,598.31)	(26,165.80)	(32,263.35)	(28,781.57)
Travel Expenses				(1,772.68)	
Attorney General Office Charges - FYs 17,18,19,20 respectively				(300.00)	
External Legal Expenses					
AFIS Charges - FYs 17,18,19,20 respectively				(150.32)	
Telephone/Data Line Charges	(152.98)	(113.15)	(151.00)	(75.70)	(124.68)
Sun State Building Rent - FYs 17,18, respectively					
100 North 15th Ave Cop Rent - FY 19,20				(4,395.60)	
Software Support, Maintenance Short-Term LIC					
Office Supplies					
Printing					
Postage/Delivery Services	(0.49)		(1.00)		
Membership Dues		(505.00)			
Conference Registration & Fees					
Other Education & Training					
Books, Subscriptions & Publications		(66.99)			
Miscellaneous Operating	(140.65)	(214.89)	(216.63)	(72.31)	(289.24)
Computer Equipment - non-capital purchase		(1,248.46)			
Operating Transfers Out					
<b>Total Disbursements</b>	(26,521.52)	(32,746.80)	(26,534.43)	(39,029.96)	(29,195.49)
<b>Ending Balance:</b>	53,098.78	70,581.54	146,029.46	107,633.83	78,948.81
<b>Allocation of Interest &amp; Disbursements</b>					
<b>Interest and Adjustments:</b>					
<i>Pro-rated by Receivership based on account value in Fund at the beginning balance of the quarter</i>					
Interest Allocation Percentage:					
PMI Mortgage Insurance Co.	58.98%	75.95%	116.63%	52.09%	61.91%
Reliance Insurance Company	11.87%	5.31%	-7.59%	-8.23%	-20.28%
Meritus Mutual Health Partners	14.58%	9.37%	-4.52%	28.07%	29.18%
Meritus Health Partners	14.58%	9.37%	-4.52%	28.07%	29.18%
Allocated Interest Amount:					
PMI Mortgage Insurance Co.	219.91	174.35	378.42	330.40	316.02
Reliance Insurance Company	44.24	12.18	(24.63)	(52.19)	(103.51)
Meritus Mutual Health Partners	54.35	21.51	(14.66)	178.06	148.98
Meritus Health Partners	54.35	21.51	(14.66)	178.06	148.98
<b>Total Interest and Adjustments</b>	372.86	229.56	324.47	634.33	510.47
<b>Disbursements:</b>					
<i>Divided Equally by the number of active receiverships during the period in the Fund</i>					
PMI Mortgage Insurance Co.	(6,630.38)	(8,186.70)	(6,633.61)	(9,757.49)	(7,298.87)
Reliance Insurance Company	(6,630.38)	(8,186.70)	(6,633.61)	(9,757.49)	(7,298.87)
Meritus Mutual Health Partners	(6,630.38)	(8,186.70)	(6,633.61)	(9,757.49)	(7,298.87)
Meritus Health Partners	(6,630.38)	(8,186.70)	(6,633.61)	(9,757.49)	(7,298.87)
<b>Total Disbursements</b>	(26,521.52)	(32,746.80)	(26,534.43)	(39,029.96)	(29,195.49)
<b>Net Increase/(Decrease) In the Quarter</b>	(26,148.66)	(32,517.24)	(26,209.96)	(38,395.63)	(28,685.02)
<b>Individual Receivership Reconciliations</b>					
<b>1) PMI Mortgage Insurance Co.</b>					
Beginning Balance	46,739.24	40,328.77	82,316.42	76,061.23	66,634.14
Net Change during the quarter	(6,410.47)	41,987.65	(6,255.19)	(9,427.09)	(6,982.85)
Ending Balance	40,328.77	82,316.42	76,061.23	66,634.14	59,651.29
<b>2) Reliance Insurance Company</b>					
Beginning Balance	9,403.22	2,817.08	(5,357.44)	(12,015.68)	(21,825.36)
Net Change during the quarter	(6,586.14)	(8,174.52)	(6,658.24)	(9,809.68)	(7,402.38)
Ending Balance	2,817.08	(5,357.44)	(12,015.68)	(21,825.36)	(29,227.74)
<b>3) Meritus Mutual Health Partners</b>					
Beginning Balance	11,552.49	4,976.47	(3,188.72)	40,991.95	31,412.53
Net Change during the quarter	(6,576.03)	(8,165.19)	44,180.67	(9,579.43)	(7,149.89)
Ending Balance	4,976.47	(3,188.72)	40,991.95	31,412.53	24,262.63
<b>4) Meritus Health Partners</b>					
Beginning Balance	11,552.49	4,976.47	(3,188.72)	40,991.95	31,412.53
Net Change during the quarter	(6,576.03)	(8,165.19)	44,180.67	(9,579.43)	(7,149.89)
Ending Balance	4,976.47	(3,188.72)	40,991.95	31,412.53	24,262.63
<b>Total Receivership Liquidation Fund Balance</b>	53,098.78	70,581.54	146,029.46	107,633.83	78,948.81

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EXHIBIT A-1