

1 **FAEGRE DRINKER BIDDLE & REATH LLP**  
1144 15<sup>th</sup> Street, Suite 3400  
2 Denver, Colorado 80202

3 **Joel A. Glover** (State Bar No. 034018)  
Direct Dial: 303.607.3648  
4 Direct Fax: 303.607.3600  
Email: [Joel.Glover@Faegredrinker.com](mailto:Joel.Glover@Faegredrinker.com)

5  
6 Attorneys for Receiver

7  
8 SUPERIOR COURT OF ARIZONA  
9 COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.*  
11 KEITH SCHRAAD, 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. 39**

**PETITION TO ACCEPT  
FOURTEENTH STATUS REPORT  
FOR THE PERIOD ENDING MARCH  
31, 2020**

(Assigned to The Honorable  
Daniel Martin)

19 Darren Ellingson, in his capacity as the Special Deputy Receiver of Compass  
20 Cooperative Mutual Health Network, Inc. doing business as Meritus Mutual Health  
21 Partners (“Meritus Mutual”) and Compass Cooperative Health Plan, Inc. dba Meritus  
22 Health Partners (“MHP”) (collectively referred to as the “Meritus Companies”), appointed  
23 pursuant to A.R.S. § 20-611, *et seq.*, hereby petitions the Court for entry of the Order re  
24 Petition No. 39 to Accept Fourteenth Status Report for the Period Ending March 31, 2020  
25 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           2.       On August 24, 2016, this Court entered Order Re Petition No. 1 – Petition  
2 for Entry of Order Approving Compensation for Special Deputy Receiver and for Legal  
3 Counsel.

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

9           b.       In order to provide such report for the prior period, consistent with  
10 Paragraph 3(c), the Special Deputy Receiver is submitting this Petition to Accept  
11 Fourteenth Status Report for the Period Ending March 31, 2020 (“Petition”) after the  
12 quarter end of the prior period ending March 31, 2020. Unless the Court otherwise orders,  
13 the Special Deputy Receiver anticipates filing these reports effective each calendar quarter  
14 end.

15           3.       This Petition along with the Status Report included herein is submitted in  
16 accordance with those requirements.

17   **Summary of Services/Tasks**

18           4.       The services and tasks performed during the reporting period (First Quarter  
19 of 2020) include the following:

20           a.       Litigation.

21                       i. Risk Corridor Class Action. The Receiver continued to monitor the  
22 Risk Corridor Class Action in which Meritus Mutual and MHP are participating as class  
23 members. *Maine Cmty. Health Options v. United States*, (2019) (No. 18-1028).  
24 Petitioners’ Briefs were filed on August 30, 2019; Respondent’s Brief was filed on  
25 October 21, 2019. Oral arguments were presented on December 10, 2019. The Supreme  
26 Court has not issued a final decision at this time.

27                       ii. Reinsurance Claim. As detailed in Petition No. 26 Request for  
28 Hearing, Claim Determination and Setoff Related to Claims of the United States, after

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 No.  
6 1:19-cv-01499-MCW. On December 5, 2019, the United States filed a Motion to Stay  
7 Proceedings until the Supreme Court issues a decision in *Maine Cmty. Health Options v.*  
8 *United States*, (2019) (No. 18-1028) because it believes the legal issues presented in this  
9 case will be affected by the Supreme Court’s ruling. The Court granted the Motion to Stay  
10 on that day, December 5, 2019.

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

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

### 20 Summary of Payments

21 5. Legal Counsel. During the reporting period, the total amounts (fees and  
22 expenses) that have been paid to Faegre Drinker Biddle & Reath LLP as legal counsel are  
23 \$3,027.40 for Meritus Mutual and \$2,631.40 for MHP for a combined amount of  
24 \$5,658.80. Work was performed and invoices were submitted for additional services and  
25 amounts during the reporting period but not paid until after March 31, 2020. While the  
26 majority of expenses are prorated among the insurers, in some cases where a project relates  
27 solely to one of the entities, it is not prorated. During the quarter reported here, certain  
28 projects were done solely for the benefit of Meritus Mutual, which accounts for the

1 difference. Because of the timing, those payments will be referenced in the next status  
2 report.

3 6. Special Deputy Receiver. During the reporting period, the total amounts  
4 (fees and expenses) that have been paid to the Special Deputy Receiver are \$9,580 for  
5 Meritus Mutual and \$10,480 for MHP for a combined amount of \$20,060. While the  
6 majority of expenses are prorated among the insurers, in some cases where a project relates  
7 solely to one of the entities, it is not prorated. During the quarter reported here, certain  
8 projects were done solely for the benefit of Meritus Mutual, which accounts for the  
9 difference. Work was performed and invoices were submitted for additional services and  
10 amounts during the reporting period but not paid until after March 31, 2020. Because of  
11 the timing, those payments will be referenced in the next status report.

12 7. Regulatory Services Group. During the reporting period, the total amounts  
13 (fees and expenses) that have been paid to the Regulatory Services Group are \$2,873 for  
14 Meritus Mutual and \$2,873 for MHP for a combined amount of \$5,746. Work may have  
15 been performed and invoices submitted for additional services and amounts during the  
16 reporting period but not paid until after March 31, 2020. Because of the timing, those  
17 payments, if any, would be referenced in the next status report.

18 WHEREFORE, the Receiver requests that the Court enter the Order re Petition  
19 No. 39 Accepting Fourteenth Status Report for the Period Ending March 31, 2020 in the  
20 form lodged concurrently with this Petition after expiration of the objection period.

21 Dated this 22<sup>nd</sup> day of April, 2020.

22 **FAEGRE DRINKER BIDDLE & REATH LLP**

23 By: /s/ Joel Glover (#034018)

24 Joel A. Glover

*Attorneys for Receiver*

25 COPY of the foregoing mailed this  
26 22<sup>nd</sup> day of April, 2020 to the  
27 attached Master Service List

28 /s/ Tari Rader

Tari Rader

1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

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

5 **MASTER SERVICE LIST**

6 Keith Schraad, Receiver  
7 Interim Director  
8 Arizona Department of Insurance  
9 100 North 15th Avenue, #102  
10 Phoenix, Arizona 85007

11 Liane Kido, Deputy Receiver  
12 Arizona Department of Insurance  
13 100 North 15th Avenue, #102  
14 Phoenix, Arizona 85007

15 Lynette Evans  
16 Public Law Section  
17 Office of the Attorney General  
18 2005 N. Central Avenue  
19 Phoenix, AZ 85004  
20 *Attorneys for Arizona Department of Insurance*

21 Richard G. Erickson  
22 Robert F. Kethcart  
23 Snell & Wilmer L.L.P.  
24 One Arizona Center  
25 400 East Van Buren  
26 Phoenix, Arizona 85004  
27 *Attorneys for Defendants*

28 Richard J. Voth, Sr.  
P.O. Box 3970  
Pinetop, Arizona 85935

Larry Aldrich, Executive Chairman  
Employers Health Alliance of Arizona  
7520 East McLellan Lane  
Scottsdale, Arizona 85250

1 Christophe Burusco  
2 Sidley Austin LLP  
3 555 West 5th Street, 40th Floor  
4 Los Angeles, California 90013  
5 *Attorneys for Care1st Health Plan Administrative Services, Inc.*

6 Matthew A. Clemente  
7 Sidley Austin LLP  
8 One South Dearborn  
9 Chicago, Illinois 60603  
10 *Attorneys for Care1st Health Plan Administrative Services, Inc.*

11 Michael Surguine, Executive Director  
12 Arizona Life & Disability  
13 Insurance Guaranty Fund  
14 2910 North 44th Street, Suite 201 (2nd Floor)  
15 Phoenix, Arizona 85018

16 Darren Ellingson  
17 Special Deputy Receiver  
18 Raintree Corporate Center I  
19 15333 North Pima Road, Suite 305  
20 Scottsdale, Arizona 85260

21 Banner Health  
22 Patient Financial Services  
23 Attn: Anna Rosalez, Manager  
24 525 West Brown Road, Third Floor  
25 Mesa, Arizona 85201

26 S. David Childers  
27 Kutak Rock LLP  
28 8601 North Scottsdale Road, Suite 300  
Scottsdale, Arizona 85253

Ortencia Solis  
Arrowhead Pediatrics  
Billing Department Insurance Rejections  
17215 North 72nd Drive  
Building D, Suite 140B  
Glendale, Arizona 85308

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Debbie Bailey  
Cactus Children's Clinic, PC  
5940 West Union Hills Drive  
Suite D100  
Glendale, Arizona 85308

Monica Gaspari  
Billing Office Supervisor  
Pima Heart Physicians  
3709 North Campbell Avenue  
Suite 201  
Tucson, Arizona 85719

United States Department of Justice  
40 North Central Avenue, #1800  
Phoenix, Arizona 85004

U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

United States Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

U.S. Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244

Sinead Baldwin  
1200 Brickell Avenue  
PH 2000  
Miami, Florida 33131  
*Attorneys for HealthSouth Rehabilitation Hospital*

Jill Wright  
Parallon  
1100 Charlotte Avenue  
Suite 1600  
Nashville, Tennessee 37203

D.B. Udall  
Udall Law Firm LLP  
4801 East Broadway Boulevard  
Suite 400  
Tucson, Arizona 85711  
*Attorneys for Sarah McMahon*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Susan Sweat  
Ambulance Billing Office Supervisor  
Bullhead City Fire Department  
1260 Hancock Road  
Bullhead City, Arizona 86442

Justin J. Henderson  
Lewis Roca Rothgerber Christie LLP  
201 East Washington Street, Suite 1200  
Phoenix, Arizona 85004-2595  
*Attorneys for Receiver*