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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 EVAN G. DANIELS, 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. 41**

**PETITION TO ACCEPT FIFTEENTH  
STATUS REPORT FOR THE  
PERIOD ENDING JUNE 30, 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. 41 to Accept Fifteenth Status Report for the Period Ending June 30, 2020 for  
25 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 Fifteenth  
11 Status Report for the Period Ending June 30, 2020 (“Petition”) after the quarter end of the  
12 prior period ending June 30, 2020. Unless the Court otherwise orders, the Special Deputy  
13 Receiver anticipates filing these reports effective each calendar quarter end.

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

16                                 **Summary of Services/Tasks**

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

19           a.      Litigation.

20                 i. Risk Corridor Class Action. The Receiver continued to monitor the  
21 Risk Corridor Class Action in which Meritus Mutual and MHP are participating as class  
22 members. *Maine Cmty. Health Options v. United States*, (2019) (No. 18-1028).  
23 Petitioners’ Briefs were filed on August 30, 2019; Respondent’s Brief was filed on  
24 October 21, 2019. Oral arguments were presented on December 10, 2019. On April 27,  
25 2020, the Supreme Court reversed judgment and remanded the case. The Court ruled that  
26 the insurance carriers have a right to payment under the “Risk Corridors” program of the  
27 Affordable Care Act, Congress did not repeal the obligation of the federal government to  
28 pay the carriers, and the carriers can sue for payment under the Tucker Act in the Court of

1 Federal Claims. Since entry of that Supreme Court decision, the Receiver has been  
2 working with class counsel to move the case forward and resolve the dispute if possible.

3 ii. Reinsurance Claim. As detailed in Petition No. 26 Request for  
4 Hearing, Claim Determination and Setoff Related to Claims of the United States, after  
5 implementation of the setoff, there is a net amount under the ACA Reinsurance program  
6 due to Meritus Mutual and MHP from the Center for Medicare and Medicaid Services  
7 (“CMS”). Consistent with the Order Approving Petition No. 26, the Receiver caused to be  
8 prepared and filed on September 27, 2019 a Complaint for amounts due related to the  
9 Reinsurance. The action is pending in the United States Court of Federal Claims, Case No.  
10 1:19-cv-01499-MCW. On December 5, 2019, the United States filed a Motion to Stay  
11 Proceedings until the Supreme Court issues a decision in *Maine Cmty. Health Options v.*  
12 *United States*, (2019) (No. 18-1028) because it believes the legal issues presented in this  
13 case will be affected by the Supreme Court’s ruling. The Court granted the Motion to Stay  
14 on that day, December 5, 2019. In light of the Supreme Court’s decision, the Stay has  
15 been lifted. The Receiver has been working with trial counsel to move the case forward  
16 and resolve the dispute if possible.

17 b. 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 offsets, depending on the circumstances.

20 c. 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 Drinker Biddle & Reath LLP as legal counsel are

1 \$13,739.00 for Meritus Mutual and \$14,091.00 for MHP for a combined amount of  
2 \$27,830.00. Work was performed and invoices were submitted for additional services and  
3 amounts during the reporting period but not paid until after June 30, 2020. While the  
4 majority of expenses are prorated among the insurers, in some cases where a project relates  
5 solely to one of the entities, it is not prorated. During the quarter reported here, certain  
6 projects were done solely for the benefit of Meritus Mutual, which accounts for the  
7 difference. Because of the timing, those payments will be referenced in the next status  
8 report.

9 1. Special Deputy Receiver. During the reporting period, the total amounts  
10 (fees and expenses) that have been paid to the Special Deputy Receiver are \$7,140 for  
11 Meritus Mutual and \$7,140 for MHP for a combined amount of \$14,280. Work was  
12 performed and invoices were submitted for additional services and amounts during the  
13 reporting period but not paid until after June 30, 2020. Because of the timing, those  
14 payments will be referenced in the next status report.

15 2. Regulatory Services Group. During the reporting period, the total amounts  
16 (fees and expenses) that have been paid to the Regulatory Services Group are \$0 for  
17 Meritus Mutual and \$0 for MHP for a combined amount of \$0. Work may have been  
18 performed and invoices submitted for additional services and amounts during the reporting  
19 period but not paid until after June 30, 2020. Because of the timing, those payments, if  
20 any, would be referenced in the next status report.

21 WHEREFORE, the Receiver requests that the Court enter the Order re Petition  
22 No. 41 Accepting Fifteenth Status Report for the Period Ending June 30, 2020 in the form  
23 lodged concurrently with this Petition after expiration of the objection period.

24 Dated this 10<sup>th</sup> day of August, 2020.

25 **FAEGRE DRINKER BIDDLE & REATH LLP**

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

27 Joel A. Glover

28 *Attorneys for Receiver*

1 COPY of the foregoing mailed this  
2 10<sup>th</sup> day of August, 2020 to the  
3 attached Master Service List

4 /s/ Tari Rader  
5 Tari Rader

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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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