

1 **FAEGRE DRINKER BIDDLE & REATH LLP**
1144 15TH 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
5 Email: Joel.Glover@Faegredrinker.com

6 Attorneys for Receiver

7
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
15 MUTUAL HEALTH PARTNERS, an
Arizona corporation; and
16 COMPASS COOPERATIVE HEALTH
PLAN, INC., dba MERITUS HEALTH
PARTNERS, an Arizona corporation,

17 Defendants.

No. CV2016-011872

PETITION 47

**PETITION FOR ORDER
APPROVING THE
RECEIVERSHIP LIQUIDATION
FUND QUARTERLY
ACCOUNTING REPORTS
FOR THE PERIOD FROM
JANUARY 1, 2020 THROUGH
JUNE 30, 2021 AND RELATED
FUNDING**

(Assigned to The Honorable
Daniel Martin)

19
20 Darren Ellingson, in his capacity as the Special Deputy Receiver of Meritus Mutual
21 Health Partners, in liquidation (“Meritus Mutual”) and of Meritus Health Partners, in
22 liquidation (“MHP”), pursuant to A.R.S. § 20-648(D), files herewith the Receivership
23 Liquidation Fund (“RLF”) Quarterly Accounting Reports for the Period from January 1, 2020
24 Through June 30, 2021 and Related Funding, as set forth in Exhibit A and seeks approval of
25 related funding.

26 1. Section 20-648, A.R.S., established the RLF in order to create a source of
27 funds to pay for the common administrative costs of the receiverships in Arizona.
28

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. Dated March 9, 2020, the Liquidator submitted Petition No. 38, the Petition for Order
24 Approving the Receivership Liquidation Fund Quarterly Accounting Reports for the Periods
25 of October 1, 2018 through December 31, 2019 and Related Funding. Dated April 15, 2020,
26 the Court entered its Order Approving Petition No. 38, which order: approved the RLF
27 Quarterly Accounting as submitted; authorized the Meritus Mutual Receiver and/or the
28 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

1 Mutual's deposit of \$508,289.39; and authorized the MHP Receiver and/or the Special
2 Deputy Receiver to deposit an amount up to \$50,828.94 into the Receivership Liquidation
3 Fund, which amount is equal to ten percent of the original amount of MHP's deposit of
4 \$508,289.39.

5 5. The requirement to contribute funds to the RLF is ongoing. If the common
6 administrative expenses exceed the available funds, then additional amounts may be
7 deposited in the RLF, subject to Court approval. A.R.S. § 20-648. At the same time, if upon
8 termination of an insolvency there is a balance, then such balance shall be remitted. A.R.S.
9 § 20-648(D).

10 6. Attached as Exhibit A is a series of quarterly reports listing the expenditures of
11 the RLF from January 1, 2020 through June 30, 2021 and demonstrating that additional
12 contributions are required from each open insolvency.

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

- 15 a. Approving the RLF Quarterly Accounting as submitted in Exhibit A hereto;
- 16 b. Authorizing the Meritus Mutual Receiver and/or the Special Deputy Receiver
17 to deposit an amount up to \$50,828.94 into the Receivership Liquidation Fund, which amount
18 is equal to ten percent of the original amount of Meritus Mutual's deposit of \$508,289.39; and
- 19 c. Authorizing the MHP Receiver and/or the Special Deputy Receiver to deposit
20 an amount up to \$50,828.94 into the Receivership Liquidation Fund, which amount is equal
21 to ten percent of the original amount of MHP's deposit of \$508,289.39.

22 **WHEREFORE**, the Receiver respectfully requests that the Court enter an Order
23 approving the Receivership Liquidation Fund Quarterly Accounting Reports for the period
24 from January 1, 2020 through June 30, 2021 and approving the related funding requests.

25 DATED this 1st day of September, 2021.

26 FAEGRE DRINKER BIDDLE & REATH LLP

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

28 *Attorneys for Receiver*

1 COPY of the foregoing mailed this
2 1st day of September, 2021, the
3 attached Master Service List

4 /s/ Tari Rader
5 Tari Rader

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1
2 SUPERIOR COURT OF ARIZONA
3 COUNTY OF MARICOPA
4

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

6 **MASTER SERVICE LIST**
7

8 Director Evan G. Daniels
9 Receiver
10 Arizona Department of Insurance and Financial Institutions
11 100 North 15th Avenue, #102
12 Phoenix, Arizona 85007

13 Liane Kido, Deputy Receiver
14 Arizona Department of Insurance and Financial Institutions
15 100 North 15th Avenue, #102
16 Phoenix, Arizona 85007

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

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

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

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

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

Matthew A. Clemente
Sidley Austin LLP
One South Dearborn
Chicago, Illinois 60603
Attorneys for Care1st Health Plan Administrative Services, Inc.

Lori Nestor, Executive Director
Arizona Life & Disability
Insurance Guaranty Fund
100 N. 15th Avenue, Suite 261
Phoenix, AZ 85007

Darren Ellingson
Special Deputy Receiver
4400 N. Scottsdale Road, Ste 9-870
Scottsdale, AZ 85251

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

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

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

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

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

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

1 **FAEGRE DRINKER BIDDLE & REATH LLP**
1144 15th 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@FaegreBD.com
5

6 Attorneys for Receiver

7
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
15 MUTUAL HEALTH PARTNERS, an
Arizona corporation; and
16 COMPASS COOPERATIVE HEALTH
PLAN, INC., dba MERITUS HEALTH
PARTNERS, an Arizona corporation,

17 Defendants.
18

No. CV2016-011872

PETITION 47

EXHIBIT A

**DECLARATION OF SPECIAL
DEPUTY RECEIVER REGARDING
THE RECEIVERSHIP
LIQUIDATION FUND
QUARTERLY ACCOUNTING
REPORTS FOR THE PERIOD
FROM JANUARY 1, 2020
THROUGH JUNE 30, 2021**

(Assigned to The Honorable
Daniel Martin)

19
20 By signing below, I, Darren Ellingson, state to the Court under penalty of law, that
21 the information stated on these pages is true and correct to the best of my knowledge and
22 belief.

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

Receivership Liquidation Fund
January 1, 2020 - June 30, 2021

Period Ended:	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021
Beginning Balance:	78,948.81	47,664.38	71,161.73	178,618.43	147,695.54	130,953.74
Receipts:						
Deposit-Meritus Mutual Health Partners			50,828.94			
Deposit-Meritus Health Partners			50,828.94			
Deposit-PMI Mortgage Insurance Company		50,000.00				
Deposit-Reliance Insurance Company			45,339.19		16,814.00	
Interest Reinvested-1st month of the quarter	120.64	58.23	41.07	84.23	55.98	42.92
Interest Reinvested-2nd month of the quarter	98.34	35.77	80.07	69.79	47.75	37.51
Interest Reinvested-3rd month of the quarter	78.98	53.96	109.50	55.04	42.46	30.63
Total Receipts	297.96	50,147.96	147,227.71	209.06	16,960.19	111.06
Disbursements:						
Salaries & Employee Related Expenses	(31,192.54)	(26,303.60)	(30,492.19)	(30,770.44)	(26,372.23)	(30,673.84)
Attorney General Office Charges			(3,162.50)		(6,186.97)	8,649.47
AFIS Charges			(160.37)			
Telephone/Data Line Charges	(172.92)	(130.08)			(368.87)	(245.85)
100 North 15th Ave Cop Rent			(5,759.00)			
Membership Dues					(505.00)	
Miscellaneous Operating	(216.93)	(216.93)	(196.95)	(361.51)	(268.92)	(390.16)
Total Disbursements	(31,582.39)	(26,650.61)	(39,771.01)	(31,131.95)	(33,701.99)	(22,660.38)
Ending Balance:	47,664.38	71,161.73	178,618.43	147,695.54	130,953.74	108,404.42

Allocation of Interest & Disbursements

Interest and Adjustments:

Pro-rated by Receivership based on account value in Fund at the beginning balance of the quarter

Interest Allocation Percentage:

PMI Mortgage Insurance Co.	75.56%	109.06%	134.17%	48.06%	47.59%	51.23%
Reliance Insurance Company	-37.02%	-78.12%	-61.85%	-4.90%	0.00%	0.00%
Meritus Mutual Health Partners	30.73%	34.53%	13.84%	28.42%	26.21%	24.39%
Meritus Health Partners	30.73%	34.53%	13.84%	28.42%	26.21%	24.39%

Allocated Interest Amount:

PMI Mortgage Insurance Co.	225.13	161.36	309.46	100.48	69.57	56.90
Reliance Insurance Company	(110.31)	(115.58)	(142.65)	(10.25)	-	-
Meritus Mutual Health Partners	91.57	51.09	31.91	59.42	38.31	27.08
Meritus Health Partners	91.57	51.09	31.91	59.42	38.31	27.08
Total Interest and Adjustments	297.96	147.96	230.64	209.06	146.19	111.06

Disbursements:

Divided Equally by the number of active receiverships during the period in the Fund

PMI Mortgage Insurance Co.	(7,895.60)	(6,662.65)	(9,942.75)	(7,782.99)	(11,146.44)	(7,553.46)
Reliance Insurance Company	(7,895.60)	(6,662.65)	(9,942.75)	(7,782.99)	(262.67)	-
Meritus Mutual Health Partners	(7,895.60)	(6,662.65)	(9,942.75)	(7,782.99)	(11,146.44)	(7,553.46)
Meritus Health Partners	(7,895.60)	(6,662.65)	(9,942.75)	(7,782.99)	(11,146.44)	(7,553.46)
Total Disbursements	(31,582.39)	(26,650.61)	(39,771.01)	(31,131.95)	(33,701.99)	(22,660.38)

Net Increase/(Decrease) In the Quarter

	(31,284.43)	(26,502.65)	(39,540.37)	(30,922.89)	(33,555.80)	(22,549.32)
--	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Receivership Liquidation Fund
January 1, 2020 - June 30, 2021

Period Ended:	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021
Individual Receivership Reconciliations						
1) PMI Mortgage Insurance Co.						
Beginning Balance	59,651.29	51,980.82	95,479.53	85,846.23	78,163.72	67,086.85
Net Change during the quarter	(7,670.47)	43,498.71	(9,633.30)	(7,682.51)	(11,076.87)	(7,496.56)
Ending Balance	51,980.82	95,479.53	85,846.23	78,163.72	67,086.85	59,590.28
2) Reliance Insurance Company						
Beginning Balance	(29,227.74)	(37,233.65)	(44,011.88)	(8,758.09)	(16,551.33)	(0.00)
Net Change during the quarter	(8,005.91)	(6,778.23)	35,253.79	(7,793.24)	16,551.33	-
Ending Balance	(37,233.65)	(44,011.88)	(8,758.09)	(16,551.33)	(0.00)	(0.00)
3) Meritus Mutual Health Partners						
Beginning Balance	24,262.63	16,458.61	9,847.04	50,765.15	43,041.58	31,933.45
Net Change during the quarter	(7,804.03)	(6,611.56)	40,918.10	(7,723.57)	(11,108.13)	(7,526.38)
Ending Balance	16,458.61	9,847.04	50,765.15	43,041.58	31,933.45	24,407.07
4) Meritus Health Partners						
Beginning Balance	24,262.63	16,458.61	9,847.04	50,765.15	43,041.58	31,933.45
Net Change during the quarter	(7,804.03)	(6,611.56)	40,918.10	(7,723.57)	(11,108.13)	(7,526.38)
Ending Balance	16,458.61	9,847.04	50,765.15	43,041.58	31,933.45	24,407.07
Total Receivership Liquidation Fund Balance	47,664.38	71,161.73	178,618.43	147,695.54	130,953.74	108,404.42