

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 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

18 Defendants.

No. CV2016-011872

**PETITION NO. 48**

**PETITION TO ACCEPT  
TWENTIETH STATUS REPORT  
FOR THE PERIOD ENDING  
SEPTEMBER 30, 2021**

(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. 48 to Accept Twentieth Status Report for the Period Ending September 30,  
25 2021 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 government filed its amended answer, asserting a counterclaim against Colorado HealthOp  
2 and Meritus for breach of statutory and regulatory obligations to make payments under the  
3 Affordable Care Act. Meritus filed a motion to dismiss the government’s counterclaims on  
4 November 20, 2020. The government filed its Opposition to the Motion to Dismiss the  
5 United States’ Counterclaim on January 22, 2021. The Dispute Subclass, including  
6 Meritus, filed its Reply in Further Support of its Motion to Dismiss the United States’  
7 Counterclaim. In June, a Notice of Supplemental Authority was filed to provide notice of  
8 a recent decision by the United States Court of Appeals for the Federal Circuit in *Conway*  
9 *v. United States*, No. 2020-1292 regarding a Colorado Co-Op. In the *Conway* decision, the  
10 Federal Circuit found that “neither the ACA nor HHS’ regulations implementing the ACA  
11 evidence” a “clear and manifest intent to preempt Colorado law that fixes creditors’ rights  
12 during insolvency.” Accordingly, the court held that “the federal scheme does not preempt  
13 Colorado’s creditor priority framework.” An order regarding the pending motion to  
14 dismiss has not yet been entered.

15           ii. Reinsurance Claim. As detailed in Petition No. 26 Request for  
16 Hearing, Claim Determination and Setoff Related to Claims of the United States, after  
17 implementation of the setoff, there is a net amount under the ACA Reinsurance program  
18 due to Meritus Mutual and MHP from the Center for Medicare and Medicaid Services  
19 (“CMS”). Consistent with the Order Approving Petition No. 26, the Receiver caused to be  
20 prepared and filed on September 27, 2019 a Complaint for amounts due related to the  
21 Reinsurance. The action was pending in the United States Court of Federal Claims, Case  
22 No. 1:19-cv-01499-MCW. On December 2, 2020, the case was reassigned as Case No.  
23 1:19-cv-01499-MMS and stayed pending a ruling on the Motion to Dismiss in the Risk  
24 Corridor Class Action. There has been no change to the status of the Reinsurance Claim  
25 since it was stayed.

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

1 c. Accounting Services and General Accounting and Administrative.

2 The Receiver continued additional work on the accounting for the Meritus Companies in  
3 liquidation, including identifying assets, claims and liabilities on a liquidation basis. As  
4 part of the accounting work, the Receiver continued to implement and account for the  
5 Receivership Liquidation, the Setoff involving CMS, the Return of Excess Premiums,  
6 among other things.

7 **Summary of Payments**

8 5. Legal Counsel. During the reporting period, the total amounts (fees and  
9 expenses) that have been paid to Faegre Drinker Biddle & Reath LLP as legal counsel are  
10 \$5,674.50 for Meritus Mutual and \$5,674.50 for MHP for a combined amount of  
11 \$11,349.00. Work was performed and invoices were submitted for additional services and  
12 amounts during the reporting period but not paid until after September 30, 2021. Because  
13 of the timing, those payments will be referenced in the next status report.

14 6. Special Deputy Receiver. During the reporting period, the total amounts  
15 (fees and expenses) that have been paid to the Special Deputy Receiver are \$4,975.00 for  
16 Meritus Mutual and \$4,975.00 for MHP for a combined amount of \$9,950.00. Work was  
17 performed and invoices were submitted for additional services and amounts during the  
18 reporting period but not paid until after September 30, 2021. Because of the timing, those  
19 payments will be referenced in the next status report.

20 7. Regulatory Services Group. During the reporting period, no payments were  
21 made to the Regulatory Services Group. Work may have been performed and invoices  
22 submitted for additional services and amounts during the reporting period but not paid  
23 until after September 30, 2021. Because of the timing, those payments, if any, would be  
24 referenced in the next status report.

25 WHEREFORE, the Receiver requests that the Court enter the Order re Petition  
26 No. 48 Accepting Twentieth Status Report for the Period Ending September 30, 2021 in  
27 the form lodged concurrently with this Petition after expiration of the objection period.

28 Dated this 22<sup>nd</sup> day of November, 2021.

**FAEGRE DRINKER BIDDLE & REATH LLP**

By: /s/ Joel Glover (#034018)  
Joel A. Glover  
*Attorneys for Receiver*

1  
2  
3  
4  
5  
6 COPY of the foregoing mailed this  
7 22<sup>nd</sup> day of November, 2021 to the  
8 attached Master Service List

9 /s/ Tari Rader  
10 Tari Rader  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

11 Liane Kido, Deputy Receiver  
12 Arizona Department of Insurance and Financial Institutions  
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 and Financial Institutions*

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 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  
6835 E Camelback Road #3016  
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