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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. 50

**NOTICE REGARDING
COLLECTION OF SETTLEMENT
PROCEEDS**

(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 submits this Notice Regarding Collection of
24 Settlement Proceeds regarding Petition No. 50.

25 1. In an Order dated August 10, 2016, this Court placed Meritus Mutual and
26 MHP into receivership under orders of liquidation.
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1 2. Dated March 8, 2017, this Court entered its Order Approving Liquidation
2 Plan which, among other things, established May 15, 2017 as the claims deadline by which
3 all Proofs of Claim against Meritus must be filed or forever barred.

4 3. The United States submitted three proofs of claim in accordance with the
5 Order Approving Liquidation Plan. Those claims, subject to offset, were adjudicated and
6 determined by this Court in its Order Re Petition No. 26 Granting Claim Determination
7 and Setoff Related to Claims of the United States dated March 8, 2019.

8 4. The United States claims were also subject to two civil actions pending in
9 the United States Court of Federal Claims, one involving claims under the Risk Corridor
10 program of the Affordable Care Act and the other involving claims under the Reinsurance
11 program of the Affordable Care Act.

12 5. The claims of the United States and the related lawsuits were resolved by a
13 settlement agreement which was reviewed and approved by this Court in its Order re
14 Petition No. 50 Granting the Unopposed Petition to Approve Settlement with United States
15 Related to Claims under Affordable Care Act dated March 18, 2022.

16 6. The same settlement agreement was also reviewed and approved by the
17 United States Court of Federal Claims with jurisdiction over the Risk Corridor and
18 Reinsurance lawsuits in an Order entered on April 25, 2022.

19 7. This Notice Regarding Petition No. 50 provides notice to the Court that the
20 settlement was funded on or about September 1, 2022, by the United States Judgment
21 Fund, with the proceeds allocated and paid consistent with this Court's Order dated March
22 18, 2022, as follows:

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	Risk Corridor Settlement Recovery	Reinsurance Settlement Recovery	Combined Net Recovery Total
MHP	\$9,474,723	\$6,712,084	**
Meritus Mutual	\$4,240,000	\$1,760,000	**
Combined Recovery	\$13,714,723	\$8,472,084	
Less Contingency Fee Paid Upon Collection	\$685,736	\$847,208	**
MHP Share of Contingency Fee	\$473,736	\$671,208	**
Meritus Mutual Share of Contingency Fee	\$212,000	\$176,000	**
Net Recovery	\$13,028,987	\$7,624,876	\$20,653,863
MHP Share of Net Recovery	\$9,000,987	\$6,040,876	\$15,041,863
Meritus Mutual Share of Net Recovery	\$4,028,000	\$1,584,000	\$5,612,000

8. After payment of the approved contingency fees, the amount of the MHP Share of Net Recovery is **\$15,041,863** and the amount of the Meritus Mutual Share of Net Recovery is **\$5,612,000**, for a combined total of **\$20,653,863**.

9. The wire transfer deposits have been received by MHP and Meritus Mutual respectively and remain subject to the ongoing jurisdiction of this Court and the administration and liquidation by the Receiver in accordance with the Arizona Insurer Receivership Act, A.R.S § 20-611, *et seq.*, and the Order Approving Liquidation Plan previously entered by this Court.

Dated this 9th day of September, 2022.

FAEGRE DRINKER BIDDLE & REATH LLP

By: /s/ Joel Glover (#034018)

Joel A. Glover
Attorneys for Receiver

1 COPY of the foregoing mailed this
2 9th day of September, 2022 to the
3 attached Master Service List

4 /s/ Michelle Cline
5 Michelle Cline

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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**

6 Director Evan G. Daniels, Receiver
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