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8 SUPERIOR COURT OF ARIZONA

9 COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.*
11 LESLIE R. HESS, Interim Director
of Insurance,

12 Plaintiff,

13 vs.

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

18 Defendants.

No. CV2016-011872

PETITION NO. 16

**PETITION TO ACCEPT FOURTH
STATUS REPORT FOR THE
PERIOD ENDING SEPTEMBER
30, 2017**

(Assigned to The Honorable
Daniel Martin)

19
20 Leslie R. Hess, Interim Director of Insurance, as Receiver (hereinafter “Receiver”)
21 of Compass Cooperative Mutual Health Network, Inc. doing business as Meritus Mutual
22 Health Partners (“Meritus Mutual”) and Compass Cooperative Health Plan, Inc. dba
23 Meritus Health Partners (“MHP”), appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby
24 petitions the Court for entry of the Order Accepting Fourth Status Report for the Period
25 Ending September 30, 2017 for the reasons set forth herein.

26 . . .

1 1. In an Order dated August 10, 2016, this Court placed Meritus and MHP into
2 receivership under orders of liquidation.

3 2. On August 24, 2016, this Court entered Order Re Petition No. 1 – Petition for
4 Entry of Order Approving Compensation for Special Deputy Receiver and for Legal
5 Counsel.

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

11 b. In order to provide such report for the prior period, consistent with
12 Paragraph 3(c), the Receiver is submitting this Petition after the quarter end of the prior
13 period ending September 30, 2017. Unless the Court otherwise orders, the Receiver
14 anticipates filing these reports effective each calendar quarter end.

15 3. This Petition to Accept Fourth Status Report for the Period Ending September 30,
16 2017 (“Petition”) along with the Status Report included herein is submitted in accordance
17 with those requirements.

18 **Summary of Services/Tasks**

19 4. The services and tasks performed during the reporting period (Third Quarter of
20 2017) include the following:

21 a. Proof of Claim (“POC”) Process. During the third quarter of 2017, the
22 Receiver began evaluation of claims filed as part of the POC process, including
23 considering claim amounts, priority levels and potential offset, depending on the
24 circumstances. The Receiver filed a status report on the claims adjudication and
25 requested an Order regarding future claims report, which was granted.
26

1 b. Provider Payments. In the fourth quarter of 2017, in conjunction with the
2 work associated with the Liquidation Plan, a significant amount of work was done
3 associated with processing the provider claims in order to implement the claims process
4 with the providers.

5 c. Accounting Services and General Accounting and Administrative. The
6 Receiver contracted with Regulatory Services Group, subject to this Court's May 23,
7 2017 Order Re Petition No. 11 Approving Rates for Accounting Services. During the
8 third quarter of 2017, additional work continued to be done on the accounting of the
9 Meritus Companies in Liquidation including work on a liquidation balance sheet.

10 d. Third Party Documents. The Receiver issued several demands to third
11 parties requesting production of documents and began receiving such documents in the
12 third quarter of 2017. The Receiver has commenced review and evaluation of the
13 documents that have been produced along with documents otherwise in the possession of
14 Meritus.

15 e. Claims Involving Federal Government. The Receiver continued to review
16 and consider claims against and asserted by the Federal Government associated with the
17 Affordable Care Act.

18 **Summary of Payments**

19 5. Legal Counsel. During the reporting period, the total amounts (fees and expenses)
20 that have been paid to legal counsel are \$29,128.50 for Meritus Mutual and \$31,053.03
21 for MHP for a combined amount of \$60,163.53. Work was performed and invoices were
22 submitted for additional services and amounts during the reporting period but not paid
23 until after September 30, 2017. Because of the timing, those payments will be referenced
24 in the next status report.

25 6. Special Deputy Receiver. During the reporting period, the total amounts (fees and
26 expenses) that have been paid to the Special Deputy Receiver are \$12,885.00 for Meritus

1 Mutual and \$12,180.00 for MHP for a combined amount of \$25,065.00. Work was
2 performed and invoices were submitted for additional services and amounts during the
3 reporting period but not paid until after September 30, 2017. Because of the timing,
4 those payments will be referenced in the next status report.

5 7. Regulatory Services Group. During the reporting period, the total amounts (fees
6 and expenses) that have been paid to the Regulatory Services Group are \$2,437.50 for
7 Meritus Mutual and \$2,437.50 for MHP for a combined amount of \$4,875.00. Work was
8 performed and invoices were submitted for additional services and amounts during the
9 reporting period but not paid until after September 30, 2017. Because of the timing,
10 those payments will be referenced in the next status report.

11 WHEREFORE, the Receiver requests that the Court enter an Order Accepting
12 Fourth Status Report for the Period Ending September 30, 2017 in the form lodged
13 concurrently with this Petition after expiration of the objection period.

14 Dated this 2nd day of November, 2017.

15 LEWIS ROCA ROTHGERBER CHRISTIE LLP

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17 By: /s/ Justin J. Henderson (#026930)
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Justin J. Henderson
Attorneys for Receiver

19 COPY of the foregoing mailed this
20 2nd day of November, 2017 to the
21 attached Master Service List
/s/ Frances Lansberry

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1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

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

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