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8 SUPERIOR COURT OF ARIZONA

9 COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.*
11 KEITH SCHRAAD, 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
PARTNERS, an Arizona corporation,

17 Defendants.

No. CV2016-011872

PETITION NO. 22

**PETITION TO ACCEPT SECOND
REPORT ON CLAIMS**

(Assigned to The Honorable
Daniel Martin)

18
19 Keith Schraad, Interim Director of Insurance, as Receiver (hereinafter “Receiver”)
20 of Compass Cooperative Mutual Health Network, Inc. doing business as Meritus Mutual
21 Health Partners (“Meritus Mutual”) and Compass Cooperative Health Plan, Inc. dba
22 Meritus Health Partners (“MHP”), appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby
23 petitions the Court for entry of the Order re Petition No. 22 Accepting Second Report on
24 Claims, for the reasons set forth herein.

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

1 2. On March 8, 2017, this Court entered the Order Approving Liquidation
2 Plan which, among other things, (i) established May 5, 2017 as the deadline for proofs of
3 claim and (ii) established a procedure for adjudication of provider claims.

4 3. Pursuant to that Order, the Receiver provided notice of the claims filing
5 deadline and the proof of claim form.

6 4. On September 20, 2017, the Receiver filed Petition No. 14, the Status
7 Report on Claims Adjudication and Request for Order Regarding Future Claims Reports.

8 5. On September 25, 2017, the Court entered its Order Regarding Petition No.
9 14 Accepting Status Report on Claims Adjudication and Granting Order Regarding
10 Future Claims Reports.

11 a. That Order required the Receiver to file a status report regarding the
12 claims of providers, enrollees, insureds and the Arizona Fund based on the processes and
13 procedures being implemented under the Liquidation Plan. Petition No. 20 filed by the
14 Receiver provided that status report which is the subject of an Order re Petition No. 20
15 Accepting Report on Claims.

16 b. The September 25, 2017 Order Regarding Petition No. 14 also
17 required the Receiver to file, on or before June 30, 2018, a status update from the
18 Receiver regarding claims of other creditors, including, but not limited to, claims made
19 by or on behalf of the United States. This Petition provides the second status report on
20 claims.

21 6. As of the date of this filing, the status of the claims filing is as follows:

22 a. As far as number of claims submitted, the overwhelming number of
23 claims were submitted by providers. Combining non-provider claims asserted against
24 MHP and Meritus Mutual, the total number of non-provider claims submitted appears to
25 be fewer than fifty valid claims, though the amount of the non-provider claims that have
26 been submitted is substantial. The claims are still being reviewed and processed and

1 some appear to be duplicative and/or do not appear to be appropriate as claims against the
2 general assets of the insurers.

3 b. With respect to MHP, proofs of claim (the “MHP POCs”) have been
4 submitted to the Receiver from persons that are not providers. Those claims include, but
5 are not limited to, one or more claims from state or local government, claims from the
6 federal government, and claims from other non-provider claimants. The total amount of
7 the claims asserted in the MHP POCs exceeds \$50,000,000.

8 c. With respect to Meritus Mutual, proofs of claim (the “Meritus
9 Mutual POCs”) have been submitted to the Receiver from persons that are not providers.
10 Those claims include, but are not limited to, one or more claims from state or local
11 government, claims from the federal government, and claims from other non-provider
12 claimants. The total amount of the claims asserted in the Meritus Mutual POCs exceeds
13 \$90,000,000.

14 d. The Receiver is continuing to review non-provider claims that have
15 been submitted for all purposes, including, but not limited to, amount, priority level,
16 setoff and the like. The Receivers reserve the right to make subsequent filings regarding
17 the non-provider claims as reasonable or necessary under the circumstances.

18 WHEREFORE, the Receiver requests that the Court enter the Order re Petition
19 No. 22 Accepting Second Report on Claims in the form lodged concurrently with this
20 Petition after expiration of the objection period.

21 Dated this 28th day of June, 2018.

22 LEWIS ROCA ROTHGERBER CHRISTIE LLP
23 By: /s/ Justin J. Henderson (#026930)
 Joel A. Glover
 Justin J. Henderson
 Attorneys for Receiver

1 COPY of the foregoing mailed this
2 28th day of June, 2018 to the
3 attached Master Service List

4 /s/ C.J. Scruggs
5 C.J. Scruggs

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1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

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

4 **MASTER SERVICE LIST**

5
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8 SUPERIOR COURT OF ARIZONA

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11 KEITH SCHRAAD, Interim Director
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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

**ORDER RE PETITION NO. 22
ACCEPTING SECOND REPORT
ON CLAIMS**

(Assigned to The Honorable
Daniel Martin)

19
20 Keith Schraad, Interim Director of the Arizona Department of Insurance, as
21 Receiver of Compass Cooperative Mutual Health Network, Inc. doing business as
22 Meritus Mutual Health Partners (“Meritus Mutual”) and Compass Cooperative Health
23 Plan, Inc., dba Meritus Health Partners (“MHP”), having filed Petition No. 22 – Petition
24 to Accept Second Report on Claims, and good cause appearing therefor,

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IT IS ORDERED:

The Second Report on Claims as filed by the Receiver of Meritus Mutual and MHP, having been reviewed and considered by the Court, is hereby accepted.

ENTERED this ____ day of _____, 2018.

The Honorable Daniel Martin
Maricopa County Superior Court Judge

Scruggs, Colleen

From: CustomerService=turbocourt.com@smtp.turbocourt.com on behalf of TurboCourt
Customer Service <CustomerService@TurboCourt.com>
Sent: Thursday, June 28, 2018 12:44 PM
To: Scruggs, Colleen; azturbocourt@lrrc.com
Subject: AZTurboCourt E-Filing Courtesy Notification

PLEASE DO NOT REPLY TO THIS EMAIL.

A party in this case requested that you receive an AZTurboCourt Courtesy Notification.

AZTurboCourt Form Set #2685450 has been DELIVERED to Maricopa County - Superior Court.

You will be notified when these documents have been processed by the court.

Here are the filing details:

Case Number: CV2016-011872 (Note: If this filing is for case initiation, you will receive a separate notification when the case # is assigned.)

Case Title: State Of Arizona, Et.Al. Vs. Compass Cooperative M

Filed By: Justin J Henderson

AZTurboCourt Form Set: #2685450

Keyword/Matter #: 302377-00001

Delivery Date and Time: Jun 28, 2018 12:43 PM MST

Forms:

Summary Sheet (This summary sheet will not be filed with the court. This sheet is for your personal records only.)

Attached Documents:

Petition: Petition No. 22 - Petition to Accept Second Report on Claims

Proposed Order/Judgment (Supporting): Order re Petition No. 22 Accepting Second Report on Claims