

1 **FAEGRE BAKER DANIELS LLP**
1700 Lincoln Street, Suite 3200
2 Denver, Colorado 80203

3 **Joel A. Glover** (State Bar No. 034018)
Direct Dial: 303.607.3648
4 Direct Fax: 303.607.3600
5 Email: Joel.Glover@FaegreBD.com

6 Attorneys for Receiver

7
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 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 NO. 32

**PETITION TO ACCEPT TENTH
STATUS REPORT FOR THE
PERIOD ENDING MARCH 31, 2019**

(Assigned to The Honorable
Daniel Martin)

19 Keith Schraad, Director of Insurance, as Receiver (hereinafter “Receiver”) of
20 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”) (collectively referred to as the “Meritus Companies”),
23 appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby petitions the Court for entry of the
24 Order re Petition No. 32 Accepting Tenth Status Report for the Period Ending March 31,
25 2019 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 2. On August 24, 2016, this Court entered Order Re Petition No. 1 – Petition
2 for Entry of Order Approving Compensation for Special Deputy Receiver and for Legal
3 Counsel.

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

9 b. In order to provide such report for the prior period, consistent with
10 Paragraph 3(c), the Receiver is submitting this Petition to Accept Tenth Status Report for
11 the Period Ending March 31, 2019 (“Petition”) after the quarter end of the prior period
12 ending March 31, 2019. Unless the Court otherwise orders, the Receiver anticipates filing
13 these reports effective each calendar quarter end.

14 3. This Petition along with the Status Report included herein is submitted in
15 accordance with those requirements.

16 **Summary of Services/Tasks**

17 4. The services and tasks performed during the reporting period (First Quarter
18 of 2019) include the following:

19 a. Setoff of Claim Submitted by the United States Center for Medicare
20 and Medicaid Services (“CMS”) and the United States Department of Justice (“DOJ”).
21 The Receiver prepared for and participated in the efforts to secure and implement a setoff
22 involving claims of the United States, as provided for in the Request for Hearing, Claim
23 Determination and Setoff Related to Claims of the United States (“Petition for Setoff”),
24 including related filings, a hearing and related matters.

25 b. Liquidation Balance Sheet. The Receiver prepared a Liquidation
26 Balance Sheet and continued to review and evaluate the financial condition of Meritus
27 Mutual and MHP and the reporting thereof, including submission of the Liquidation
28 Balance Sheet to the Court for approval.

1 c. Limited Return of Excess Premiums. The Receiver continued to
2 review and evaluate handling of certain limited excess premiums, including submission of
3 a petition to the Court seeking approval for limited return of the excess premiums.

4 d. Receivership Liquidation Fund. The Receiver continued to review
5 and evaluate the financial condition of the Receivership Liquidation Fund, contributions
6 related thereto and reporting of the Receivership Liquidation Fund.

7 e. Proof of Claim (“POC”) Process and Provider Payment Process. The
8 Receiver continued to implement the POC process, including considering claim amounts,
9 provider payments, priority levels and potential offset, depending on the circumstances.

10 f. Accounting Services and General Accounting and Administrative.
11 The Receiver continued additional work on the accounting for the Meritus Companies in
12 liquidation, including identifying assets, claims and liabilities on a liquidation basis.

13 **Summary of Payments**

14 5. Legal Counsel. During the reporting period, the total amounts (fees and
15 expenses) that have been paid to Faegre Baker Daniels LLP as legal counsel are
16 \$34,347.18 for Meritus Mutual and \$34,347.18 for MHP for a combined amount of
17 \$68,694.36. Work was performed and invoices were submitted for additional services and
18 amounts during the reporting period but not paid until after March 31, 2019. Because of
19 the timing, those payments will be referenced in the next status report.

20 6. Special Deputy Receiver. During the reporting period, the total amounts
21 (fees and expenses) that have been paid to the Special Deputy Receiver are \$19,380.00 for
22 Meritus Mutual and \$17,910.00 for MHP for a combined amount of \$37,290.00. Work
23 was performed and invoices were submitted for additional services and amounts during the
24 reporting period but not paid until after March 31, 2019. Because of the timing, those
25 payments will be referenced in the next status report.

26 7. Regulatory Services Group. During the reporting period, no invoices from
27 Regulatory Services Group with respect to Meritus Mutual or MHP were paid. Work may
28 have been performed and invoices submitted for additional services and amounts during

1 the reporting period but not paid until after March 31, 2019. Because of the timing, those
2 payments, if any, would be referenced in the next status report.

3 WHEREFORE, the Receiver requests that the Court enter the Order re Petition
4 No. 32 Accepting Tenth Status Report for the Period Ending March 31, 2019 in the form
5 lodged concurrently with this Petition after expiration of the objection period.

6 Dated this 30th day of April, 2019.

7 FAEGRE BAKER DANIELS LLP

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

11 COPY of the foregoing mailed this
12 30th day of April, 2019 to the
13 attached Master Service List

14 /s/ Brenda McHenry
15 Brenda McHenry

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 Keith Schraad, Receiver
7 Director, Arizona Department of Insurance
8 100 North 15th Avenue, #102
9 §

10 Liane Kido, Deputy Receiver
11 Arizona Department of Insurance
12 100 North 15th Avenue, #102
13 Phoenix, Arizona 85007

14 Lynette Evans, Assistant Attorney General
15 Office of the Attorney General
16 1275 West Washington Street
17 Phoenix, Arizona 85007
18 *Attorneys for Arizona Department of Insurance*

19 Richard G. Erickson
20 Robert F. Kethcart
21 Snell & Wilmer L.L.P.
22 One Arizona Center
23 400 East Van Buren
24 Phoenix, Arizona 85004
25 *Attorneys for Defendants*

26 Larry Aldrich, Executive Chairman
27 Employers Health Alliance of Arizona
28 7520 East McLellan Lane
Scottsdale, Arizona 85250

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

1 Matthew A. Clemente
2 Sidley Austin LLP
3 One South Dearborn
4 Chicago, Illinois 60603
5 *Attorneys for Care1st Health Plan Administrative Services, Inc.*

6 Michael E. Surguine
7 Executive Director
8 Arizona Property and Casualty Insurance Guaranty Fund
9 Arizona Life and Disability Insurance Guaranty Fund
10 100 N. 15th Avenue, Suite 102
11 Phoenix, AZ 85007

12 Darren Ellingson
13 Special Deputy Receiver
14 Raintree Corporate Center I
15 15333 North Pima Road, Suite 305
16 Scottsdale, Arizona 85260

17 Banner Health
18 Patient Financial Services
19 Attn: Anna Rosalez, Manager
20 525 West Brown Road, Third Floor
21 Mesa, Arizona 85201

22 S. David Childers
23 Kutak Rock LLP
24 8601 North Scottsdale Road, Suite 300
25 Scottsdale, Arizona 85253

26 Debbie Bailey
27 Cactus Children's Clinic, PC
28 5940 West Union Hills Drive
Suite D100
Glendale, Arizona 85308

Monica Gaspari
Billing Office Supervisor
Pima Heart Physicians
3709 North Campbell Avenue
Suite 201
Tucson, Arizona 85719

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

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

U.S. Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244

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