



CLERK OF THE COURT

1 SR
2 Adam Paul Laxalt
3 Attorney General
4 Joanna N Grigoriev (Bar. No. 5649)
5 Senior Deputy Attorney General
6 Nevada Bar No. 5649
7 555 E. Washington Avenue, Suite 3900
8 Las Vegas, NV 89101
9 P: (702) 486-3101
10 Email: jgrigoriev@ag.nv.gov
11 *Attorney for Barbara D. Richardson,*
12 *Commissioner of Insurance,*
13 *as the Permanent Receiver for*
14 *Nevada Health CO-OP*

DISTRICT COURT
CLARK COUNTY, NEVADA

11 STATE OF NEVADA, EX REL.
12 COMMISSIONER OF INSURANCE, IN HER
13 OFFICIAL CAPACITY AS STATUTORY
14 RECEIVER FOR DELINQUENT DOMESTIC
15 INSURER,

Plaintiff,

vs.

16 NEVADA HEALTH CO-OP,

Defendant

Case No. A-15-725244

Dept. No. I

FOURTH STATUS REPORT

18
19 COME NOW, Commissioner of Insurance Barbara D. Richardson in her capacity as Receiver
20 of Nevada Health CO-OP (“NHC,” or the “CO-OP”), and CANTILO & BENNETT, L.L.P., Special Deputy
21 Receiver (“SDR” - SDR and the Commissioner as Receiver are referred to collectively herein as
22 “Receiver”), and file this Fourth Status Report in the above-captioned receivership.

I. INTRODUCTION AND HISTORICAL BACKGROUND

24 The CO-OP is a state-licensed health insurer, formed in 2012 as a Health Maintenance
25 Organization (“HMO”), with a Certificate of Authority granted by the State of Nevada Division of
26 Insurance effective January 2, 2013. NHC was formed under a provision of the Patient Protection and
27 Affordable Care Act (“ACA”) providing for the formation of Consumer Operated and Oriented Plans.
28

1 Having received from the Centers for Medicare and Medicaid Services (“CMS”) of the United States
2 Department of Health and Human Services (“HHS”) a start-up loan of \$17,080,047, and a “solvency”
3 loan of \$48,820,349, NHC was required to operate as a non-profit, consumer-driven health insurance
4 issuer for the benefit of the public. The CO-OP’s primary business was to provide ACA-compliant
5 health coverage to residents of Nevada, and it operated its business for the benefit of Nevadans within
6 the state, save for certain arrangements to provide nationwide health coverage to Nevadans traveling
7 outside the state in certain circumstances. NHC began selling products on and off the Silver State
8 Health Insurance Exchange (the “Exchange”) on January 1, 2014. Its products include individual,
9 small group, and large group managed care coverages.

10 NHC is an Internal Revenue Code 501(c)(29) Qualified Non-Profit Health Insurance Issuer,
11 entitled to tax exemption by the Internal Revenue Service. It is thus required that no part of NHC’s net
12 earnings should inure to the benefit of any private shareholder or individual, except that the
13 organization is permitted by the ACA to use any profits to lower premiums, improve benefits, or
14 improve the quality of health care delivered to its members. NHC is likewise disallowed, as a
15 condition of its tax exemption, from dedicating a substantial part of its activities towards attempts to
16 influence legislation, or participate or intervene in political campaigns. NHC does not have a corporate
17 parent.

18 A July 2015 report from the HHS Office of Inspector General (“OIG”) revealed that twenty-one
19 of the twenty-three CO-OPs in operation nationwide, including NHC, had incurred net losses as of
20 December 31, 2014. The OIG expressed belief in this report that the conspicuously low rates of
21 enrollment for the CO-OPs, in many cases far lower than initial projections, would limit the ability of
22 these plans to repay the applicable start-up and solvency loans given by CMS. By a letter to members
23 and interested parties dated August 25, 2015, NHC’s executive leadership indicated that it had been
24 decided, via a vote of the Board of Directors (which was held on August 15, 2015), that health
25 insurance policies would no longer be offered after December 31, 2015, and that the CO-OP would
26 voluntarily cease operations after that date. Two of the members of the Board of Directors resigned on
27 September 29, 2015, and the remaining board members consented to NHC being placed in receivership
28 via unanimous vote shortly thereafter.

1 On October 1, 2015, this Court issued its Order Appointing the Acting Insurance
2 Commissioner, Amy L. Parks as Temporary Receiver of NHC Pending Further Orders of the Court and
3 Granting Temporary Injunctive Relief Pursuant to NRS 696B.270 (the "Temporary Receivership
4 Order"). Further, on October 14, 2015, the Receivership Court entered its Permanent Injunction and
5 Order Appointing Commissioner as Permanent Receiver of Nevada Health CO-OP (the "Permanent
6 Receivership Order"), appointing the law firm of CANTILO & BENNETT, L.L.P. as SDR of NHC, in
7 accordance with Chapter 696B of the Nevada Revised Statutes.

8 Via a Notice of Substitution of Receiver dated April 6, 2016, Ms. Joanna N. Grigoriev informed
9 interested parties of the receivership estate of the substitution of Commissioner Barbara D. Richardson
10 in place and stead of former Acting Commissioner Amy L. Parks as the Receiver of Nevada Health
11 CO-OP subsequent to Commissioner Richardson's appointment as Commissioner of Insurance for the
12 State of Nevada.

13 The Receiver and the SDR continue to file quarterly status reports, as ordered by this Court.

14 **II. RECEIVERSHIP ADMINISTRATION**

15 **Continuation of Work on Outstanding Projects and Regulatory Reporting**

16 The last status report was filed on July 6, 2016, and since that date, receivership staff has
17 continued to address NHC's outstanding regulatory and operational responsibilities relating to health
18 plan years 2014 and 2015. Steady progress continues to be made in the accurate and expedient
19 adjudication of claims, and in the addressing of the estate's standing issues related to the integrity of
20 necessary enrollment and medical claims records, which also includes progress on the proper division
21 of medical payment responsibility between the health plans and members in the case that coinsurance
22 or cost-sharing is applicable. As before, and throughout this process, the NHC Provider Care Team has
23 kept interested parties informed, by telephone and by written correspondence, of relevant updates
24 concerning the status of their claims.

25 Receivership staff has addressed those circumstances in which certain members have been
26 threatened with collection actions by health providers or facilities that are unwilling to adhere to the
27 suspension of claim payments described in the Permanent Receivership Order. The Receiver continues
28 to maintain the position that, until such time as NHC's outstanding claims have been recorded,

1 adjudicated, and evaluated for payment against available assets, and the appropriate judicial
2 authorization of payments obtained, such collection actions are in effect in an effort to coerce payment
3 from parties which would not have been responsible for such payments in the first instance.

4 Thus, in the case that the estate discovers efforts by a party to collect from NHC's former
5 members outside of the due course of the receivership, such parties are contacted, typically by
6 telephone and by the mailing of a special notice, informing them of the moratorium on such practices,
7 and the potential for enforcement action by the SDR (with the attending potential remedial actions).
8 However, the SDR is careful not to obstruct providers' rights to collect those amounts which are not
9 covered by an NHC insurance policy.

10 NHC is required to participate in several regulatory reporting processes as part of the statutory
11 framework established by the ACA, in order to secure the estate's right to claim against the several
12 federal receivables programs in place to enhance ACA CO-OP revenues. The CMS reporting programs
13 in which NHC is a participant include, *inter alia*, Cost Sharing Reduction ("CSR") Reconciliation,
14 Federal Transitional Reinsurance, Risk Adjustment, and the Risk Corridors. As discussed in the First
15 Status Report, and alluded to as necessary in subsequent Status Reports, the promised federal
16 receivables attached to these mandatory report submissions form a substantial part of NHC's complete
17 financial picture. The non-receipt of these federal receivables has presented a significant shortfall in
18 assets for the CO-OP, and contributed to the discontinuation of its plan operations.

19 Nevada Health CO-OP submitted risk adjustment and transitional reinsurance data to CMS in
20 advance of the May 2, 2016, final data submission deadline for the 2015 benefit year. The SDR
21 supplemented the required attestation forms with a general disclosure informing CMS of data issues
22 involving the submission. The SDR has researched any discrepancies and made the necessary
23 corrections when requested by CMS. Finally, at the request of CMS, the SDR provided detailed claim
24 data for each reinsurance-eligible claim impacted by potential discrepancies. The SDR believes these
25 issues are now resolved. On June 30, 2016, CMS released its Summary Report on Transactional
26 Reinsurance and Permanent Risk Adjustment Transfers for the 2015 Benefit Year.¹ Per the report, for

27
28 ¹ Available at: <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/June-30-2016-RA-and-RI-Summary-Report-5CR-063016.pdf>.

1 coverage year 2015, the CO-OP is owed a Federal Transitional Reinsurance payment of \$8,842,009.69,
2 and a net Risk Adjustment transfer of \$4,532,560.29.

3 Data submissions relating to the Risk Corridors were reported by the deadline of August 1,
4 2016, and showed a significant receivable for the CO-OP.² CMS has made an initial review of the
5 submission and has requested that the CO-OP make an adjustment to one line item in the report
6 template. This adjustment will have a minor impact on the resulting amount owed to the CO-OP, likely
7 affecting less than one-half of one percent of NHC's Risk Corridors claim, and the SDR will work with
8 CMS to complete this refinement to the submission. In November, CMS is due to release its report on
9 Risk Corridors payment and charge amounts for benefit year 2015. CMS has already announced that,
10 based on its preliminary analysis, ". . . all 2015 benefit year collections will be used towards remaining
11 2014 benefit year risk corridors payments, and no funds will be available at this time for 2015 benefit
12 year risk corridors payments."³ The CO-OP is still owed approximately over \$9.5 million for 2014
13 Risk Corridors payments.⁴

14 The CSR Reconciliation reporting deadline was met on June 3, 2016. This reporting resulted in
15 a net amount owed by NHC to CMS of \$3,579,359.65 for 2014 and 2015 CSRs. At the time of the
16 submission, NHC made a general disclosure informing CMS of data issues involving the submission.
17 NHC is working to resolve any related data discrepancies, which the Receiver expects to result in an
18 updated CSR filing with CMS later this year or early next year.

19 Since the outset of its operations, NHC has timely submitted monthly Advance Premium Tax
20 Credit ("APTC") billing data, pursuant to CMS reporting requirements. To date, NHC has billed CMS

21 ² The estimate that NHC is to expect a significant receivable from CMS is based on NHC's own calculation of the
22 Risk Corridors payments owed. As of the date of filing, NHC has registered a claim with CMS for approximately \$28.8
23 million of Risk Corridors payments for NHC's 2015 individual member business, and approximately \$3.7 million of Risk
24 Corridors payments for NHC's 2015 small group business. Confirmation of the amount that NHC can expect to receive
25 under the Risk Corridors program will be received by the publication of the November CMS report concerning these
26 programs.

27 ³ DEP'T OF HEALTH & HUMAN SERVICES & CENTERS FOR MEDICARE & MEDICAID SERVICES,
28 CCIIO MEMORANDUM, Risk Corridors Payments for 2015 (September 9, 2016) (available at:
<https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Risk-Corridors-for-2015-FINAL.PDF>).

⁴ DEP'T OF HEALTH & HUMAN SERVICES & CENTERS FOR MEDICARE & MEDICAID SERVICES,
CCIIO MEMORANDUM, RISK CORRIDORS PAYMENT AND CHARGE AMOUNTS FOR BENEFIT YEAR 2014 (1,
Table 29) (November 19, 2015) (stating CMS' need to decrease, or "prorate," amounts owed to issuers due to budget
shortfall, providing amounts owed to each issuer) (available at: <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RC-Issuer-level-Report.pdf>).

1 for a total of \$40,241,096.61 in 2015 APTC; however, the cumulative total of payments received from
2 CMS for 2015 APTC is substantially less and the SDR has asserted a claim for the shortfall. CMS has
3 completed a comparison of NHC's 2015 data submitted through the CMS manual payment process to
4 2015 enrollment data in the HHS Federally Facilitated Marketplace ("FFM") database. According to
5 the FFM database, NHC has determined that CMS calculations should result in approximately \$2.1
6 million of APTC being due NHC. The Receiver is now reconciling the CMS APTC data and is likely to
7 make further adjustments to NHC's internal data based upon the updated CMS information. Upon
8 completion of this APTC reconciliation process, NHC may restate internal 2015 data for the APTC. At
9 this time, however, it appears that NHC is owed at least \$2.1 million for 2015 APTC.

10 The Receiver continues to maintain the services of several third-party contractors deemed
11 necessary to resolving the ongoing projects of the receivership estate. The contractors were retained or
12 engaged because their expertise and skillsets are beneficial for the receivership estate.

13 III. THIRD-PARTY CONTRACTORS

14 The following is a list of independent contractors currently assisting the receivership:

- 15 1. Change Healthcare Solutions, LLC, to perform paper claims scanning services.
- 16 2. Eldorado, a division of Mphasis Corporation, to provide a hosting service for claims
17 data and information.
- 18 3. Truven Health Analytics, Inc., to assist with CSR reporting to CMS.
- 19 4. Indegene Healthcare, to serve as the third-party submitter, as required by CMS, of risk
20 adjustment and reinsurance data to the CMS EDGE server.
- 21 5. The Jacobson Group, to provide claims adjustment staffing support to the NHC claims
22 department.
- 23 6. Redcard, to perform check processing and delivery to health care providers, and delivery
24 of Explanation of Benefit disclosures to plan members.

25 As reported in the prior status report, the SDR has already completed the process of
26 internalizing customer service and telephone call answering functions, as well as dedicated enrollment
27 and eligibility staff, to further the administration of claims for members and providers. As the
28 receivership estate has now transitioned from rehabilitation to a liquidation proceeding, and the

1 Receiver conducts the subsequent mail-out of necessary proof of claim forms and notices, the SDR
2 believes that NHC has retained sufficient call handling capacity to address new questions or concerns
3 arising from claimants' receipt of the legally-mandated disclosures.

4 In cases where NHC members are found to be entitled to refunds of premiums they should not
5 have been required to pay (*i.e.*, overpayments of premiums not owed), such as in the case where they
6 have successfully appealed an earlier enrollment determination and have their account status adjusted
7 retroactively, these refunds are being processed and paid to members in due course. The Receiver
8 continues to adjudicate and pay premium overpayments to members as appropriate circumstances arise.
9 As of the date of filing for this Fourth Status Report, the receivership estate has paid approximately
10 \$116,254.08 in premium refunds to members for overpayments since January 1, 2016.

11 As NHC's management had, prior to receivership, elected to discontinue health plan offerings
12 from 2016 onward, the SDR has continued the process of preparing the CO-OP itself for termination at
13 the resolution of receivership business. To this end, the Receiver and SDR have already discontinued
14 those CO-OP operations and associations not strictly essential to furthering receivership goals. As
15 well, the SDR has begun the process of terminating NHC's continued participation in the CO-OP's
16 401(k) retirement plan, and is currently addressing the technical and regulatory processes attendant to
17 an orderly wind down of such plan. The Receiver and SDR have also taken steps to transition the
18 remaining NHC employees (which number sixteen full-time and two part-time as of the date of filing of
19 this Fourth Status Report) to an office space more appropriately sized for NHC's current operations, in
20 order to save administrative expenses for the benefit of the estate's creditors. The Receiver and SDR
21 do not expect that NHC will be able to resume its pre-receivership business operations in any capacity.

22 **Ongoing Receivership Considerations**

23 The Receiver continues, pursuant to the prior authorization entered by the Receivership Court,
24 to evaluate certain medical providers' claims for circumstances of exigency so that *ad hoc* hardship
25 payments can be made, if necessary, on a limited basis. The decision to make these payments in the
26 interest of certain of NHC's providers and members under hardship necessarily takes into account prior
27 correspondence received from CMS which provided notice to the Receiver that CMS was terminating,
28 effective December 21, 2015, the loan agreement held between NHC and CMS. CMS also

1 communicated their intention to accelerate the loan payments, declaring that the remaining unpaid loan
2 balance, together with all interest thereon, fees, costs, and expenses were immediately due and payable
3 by NHC to CMS, without further notice or right to cure.

4 On July 21, 2016, the Receiver filed the Motion for Final Order Finding and Declaring Nevada
5 Health CO-OP to be Insolvent, Placing Nevada Health CO-OP into Liquidation, and Granting Related
6 Relief (the "Liquidation Motion"). The Receiver had determined the need to file the Liquidation
7 Motion on the basis of NHC's continuing hazardous financial condition, the estate's inability to meet
8 obligations to creditors and claimants as they mature, and her good faith belief, supported by evidence,
9 that to continue operating the receivership under the policy of rehabilitation would ultimately be
10 fruitless. As part of the Liquidation Motion, the Receiver sought from the Receivership Court the entry
11 of an Order adjudicating NHC to be insolvent, authorizing the Receiver to liquidate and wind up the
12 business of NHC, establishing a deadline for the submission of proofs of claim by claimants against
13 receivership assets, and authorizing the proposed proof of claim ("POC") notices, forms, and
14 disclosures included as exhibits to the Liquidation Motion.

15 Following a hearing that took place on September 20, 2016, the Receivership Court entered its
16 Final Order Finding and Declaring Nevada Health CO-OP to be Insolvent and Placing Nevada Health
17 CO-OP into Liquidation, which provided most of the relief requested in the Liquidation Motion,
18 specifically the relief requested in the Liquidation Motion relating to transitioning to liquidation,
19 making a finding of insolvency, and fixing claims against the estate. The Receivership Court elected to
20 continue the proceedings relating to the authorization of the proposed POC notices, forms, and
21 disclosures until an in-chambers hearing on September 26, 2016, for a further consideration of those
22 matters.

23 For the September 26, 2016, in-chambers hearing, the Receiver presented the Receivership
24 Court with a draft Order, which, if entered by the Court, would provide the following: (1) approval of
25 the Receiver's proposed POC process, subject to certain additional requirements and conditions
26 designed to ensure, as much as is practicable, that all interested parties are provided certain notices and
27 afforded the opportunity to make their claims against the receivership; (2) a three (3) day extension of
28 the claims filing deadline for receipt of claim forms and documentation sent by U.S. Mail; (3) POCs to

1 be submitted by e-mail with an executed and sworn POC and all supporting documentation; and (4)
2 additional publication notice⁵ to be provided throughout the state of Nevada. The Receiver shall
3 expediently implement the POC process, incorporating the instructions of the Receivership Court when,
4 and if, the aforementioned Order is entered by the Court.

5 **Post-Receivership Hardship Claim Payments Made by the Receiver of NHC**

6 After the institution of these receivership proceedings, the Receiver has thus far paid over
7 \$8,420,065.35 in hardship claim payments to different providers and medical services for necessary
8 pharmacological and psychological care, or in the case of providers evidencing a particularly
9 substantial risk of being placed in a hazardous financial condition if such claims payments could not be
10 made presently. These hardship claim payments to providers and/or members concerned primarily
11 emergency services and vital prescription medicines, as well as protected members from either balance
12 billing or addressed the dire financial circumstances that necessitated these hardship payments.

13 The SDR has developed a procedure to determine under what circumstances such hardship
14 payments may be made, as well as certain disclosures providing necessary information as part of this
15 process. The Receiver is enclosing, as Exhibit 2 attached hereto, disclosures providing a description of
16 the hardship payments evaluation process, as well as examples of the request forms to be submitted by
17 claimants. It is the Receiver's belief that these hardship payments should be permitted to continue, as
18 necessary, during the liquidation phase of the receivership estate. Through this Fourth Status Report,
19 the Receiver respectfully requests that this Court approve and affirm the above-described hardship
20 payments process, and the Receiver's authority to continue making such hardship payments during
21 liquidation.

22 **Post-Receivership Non-hardship Claim Payments to be Made by the Receiver of NHC**

23 Certain members and other providers have called or written receivership staff to inquire as to
24 when non-hardship claim payments will be made, and when the suspension on claims and other general
25 creditor payments will be lifted. There are two reasons why non-hardship claim payments are now
26 suspended and delayed from being paid by NHC in receivership. Both of these reasons are because of

27
28 ⁵ Radio broadcast notice of the claims procedures and deadline will be provided for those Nevada Counties where publication notice in newspapers cannot be provided in a daily or weekly newspaper for each county or city in Nevada.

1 CMS actions and delays that have had a substantial and harmful impact on NHC's ability to pay
2 claims—and the Receiver of NHC would be paying non-hardship claim payments (as currently
3 authorized—or as may be further authorized by this Court) if it were not for these CMS actions.

4 **Reason Number 1 for Suspension and Claims Payment Delay:**

5 NHC received approximately \$65.9 million of loans from CMS before receivership as funds for
6 the start-up and solvency of this health insurer. After receivership began, CMS demanded loan
7 repayment and asserted a superpriority to be repaid on its loans before all other claims of NHC. The
8 Receiver is working with CMS in an attempt to resolve this superpriority issue without resorting to
9 court proceedings. If court proceedings are necessary to resolve the superpriority issues with CMS, it
10 would likely result in very prolonged delays before resolving this priority issue. As a consequence,
11 settlement discussions are still ongoing with CMS in the hopes of resolving the superpriority issues
12 outside of court litigation. Until there is clarity on the superpriority status of CMS loan claims, it has
13 stymied the Receiver's ability to pay non-hardship claim payments in the receivership; thus, this is the
14 first reason for claim suspension and claim payment delays.

15 **Reason Number 2 for Suspension and Claims Payment Delay:**

16 CMS placed a hold on all reimbursements due NHC under the federal receivables program. The
17 CMS reimbursements due NHC are in the tens of millions after the 2015 Risk Corridors claim is
18 evaluated and reported on by CMS in November, and there is more than \$51.8 million presently due
19 from CMS and the federal government.⁶ NHC's claim liabilities are also in the tens of millions, so
20 federal receivables from CMS remain an essential and necessary receipt before the Receiver can make
21 meaningful claims distributions in the receivership. As noted by Reason Number 1 above; however, no
22 payments (not even small ones) may be paid on non-hardship claims without resolution of CMS'
23 assertion of federal superpriority for payment of its loans before all other claims. According to CMS,
24

25 ⁶ The \$51.8 million includes the Risk Corridors claim for 2015 that NHC filed with CMS on August 1, 2016. The
26 \$51.8 million does not include unpaid 2015 APTC, as the amount owed NHC is unsettled. However, it appears that NHC is
27 owed at least \$2.1 million for 2015 APTC. The 2015 Risk Corridors amount was for a combined amount of approximately
28 \$32.5 million. In November 2016, CMS will determine the extent to which it agrees with NHC's Risk Corridors claim for
2015. As previously noted, CMS has deferred payment on a substantial portion of the 2014 Risk Corridors payment due
NHC, and government publications have made clear that it will not pay the 2015 Risk Corridors payments until the 2014
Risk Corridors payments are made. Also, as previously noted, CMS has placed an administrative hold on any payments due
NHC.

1 the placement of the hold on federal receivable reimbursements due NHC is because of the above-
2 mentioned loans that are now claimed due by CMS.

3 **Other Receivership Administrative Matters**

4 Assuming that the draft Order now before the Court is entered, the Receiver will provide notice
5 of the Orders and the approved claims filing deadline, POC process, POC forms, and Receivership
6 Appeal Procedure ("RAP") in the following manners:

- 7 1. by mail notice, to all interested parties of NHC;
- 8 2. by newspaper publication for two consecutive weeks in the Las Vegas Review Journal
9 and the Reno Gazette;
- 10 3. by newspaper publication in a daily or weekly newspaper for each county or city in
11 Nevada;
- 12 4. through the CO-OP's web site;
- 13 5. through a press release to be produced by the Receiver and delivered to those
14 newspapers in which notices will be published; and
- 15 6. in the case that a county does not publish a daily or weekly newspaper, a radio notice to
16 be placed and broadcast in that county for at least once a week between the hours of 8:00 a.m. to 5:00
17 p.m., PST, for two consecutive weeks.

18 The Receiver anticipates an increase in telephone calls to the NHC customer service center once
19 notices have been sent and published. The SDR has conducted multiple detailed training sessions with
20 NHC customer service representatives and other employees to ensure that they are fully capable to
21 assist callers with questions about the Orders, POC process, and RAP.

22 The SDR maintains and regularly updates NHC's internet web site, located at
23 <http://www.nevadahealthcoop.org>, with electronic copies of all major notices, forms, documents, and
24 general disclosures.

25 **Receivership Assets**

26 The Receiver's evaluation of the assets and liabilities of the CO-OP is ongoing, and adjusted
27 periodically to accommodate new authorized payments, receipts, and transfers. Below is an overview
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1 of some key asset matters thus far identified by the Receiver (other than those already mentioned
2 herein):

3 1. The potential amount due from reinsurers and reinsurance programs is necessarily
4 dependent on the receivership estate's continuing adjudication of outstanding claims. As reported in
5 prior status reports, the Receiver believes that substantial amounts may be due the CO-OP from
6 PartnerRe America Insurance Company ("PartnerRe"), its private reinsurer, with a portion of these
7 claims now becoming ripe in light of the recently entered liquidation order. NHC may also receive a
8 refund of as much as 35% of net profits under the PartnerRe reinsurance arrangement, contingent upon
9 a number of conditions.

10 2. The unrestricted cash assets of the CO-OP have fluctuated with post-receivership
11 expenses and claim payments, as well as with the Receiver's receipt of member-related premiums. The
12 unrestricted cash assets of the CO-OP as of August 31, 2016, were approximately \$11,600,903.00. The
13 vast majority of NHC's currently available and liquid assets have been confirmed to consist primarily
14 of bank deposits. The restricted cash assets of NHC (*i.e.*, a special deposit with the Nevada Division of
15 Insurance) are approximately \$764,569.00 as of August 31, 2016. The combined restricted and
16 unrestricted cash assets of NHC total approximately \$12,365,472.00 as of August 31, 2016.

17 3. The financial information of NHC in this Status Report provides estimates. NHC's
18 financials may materially vary depending upon the estate's receipt of the promised federal receivables
19 payments under the various ACA programs described in this Fourth Status Report. These figures will
20 remain estimates until the estate receives clearer indications from CMS and the federal government as
21 to the amount and date of any federal payments. As mentioned, the Receiver is working hard to resolve
22 matters with CMS by out-of-court resolution, which remains a top priority.

23 4. The Receiver is enclosing, as Exhibit 1 attached hereto, a cash flow report for NHC for
24 the time period covering the inception of the receivership through August 31, 2016. This report reflects
25 a summary of disbursements and collections made by NHC during this period.

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1 **CONCLUSION**

2 In compliance with the Receivership Court's instructions for a status report regarding the affairs
3 of the CO-OP, the Receiver has submitted the aforementioned report and remains available to present
4 further on any matters in this report as the Receivership Court may deem necessary. The Receiver
5 requests that the Court approve this Fourth Status Report and the actions taken by the Receiver, as well
6 as approve the interim fees and expenses of professionals and deputies employed by the Receiver
7 throughout the receivership, hereby submitted alongside this Status Report as Exhibit 3.

8 DATED: October 6, 2016.

9 Respectfully submitted:

10 Barbara D. Richardson, Commissioner of
11 Insurance of the State of Nevada, in her Official
12 Capacity as Statutory Receiver of Delinquent
Domestic Insurer

13 By: /s/ Cantilo & Bennett, L.L.P.
14 Special Deputy Receiver
By Its Authorized Representative
Patrick H. Cantilo

15 Respectfully submitted by:

16 ADAM PAUL LAXALT
17 Attorney General

18 By: /s/ Joanna N. Grigoriev
19 JOANNA N. GRIGORIEV
Senior Deputy Attorney General
20 Nevada Bar No. 5649
555 E. Washington Avenue, Suite 3900
Las Vegas, NV 89101
21 P: (702) 486-3101
E-mail: jgrigoriev@ag.nv.gov
22 *Attorney for Barbara D. Richardson,*
Commissioner of Insurance,
23 *as the Permanent Receiver for*
Nevada Health CO-OP