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15 *Commissioner of Insurance,*
16 *as the Permanent Receiver for*
17 *Nevada Health CO-OP*

11 **IN THE EIGHTH JUDICIAL DISTRICT COURT**
12 **CLARK COUNTY, NEVADA**

14 STATE OF NEVADA, EX REL.)	Case No. A-15-725244-C
15 COMMISSIONER OF INSURANCE, IN HER)	
16 OFFICIAL CAPACITY AS STATUTORY)	Dept. No. 1
17 RECEIVER FOR DELINQUENT DOMESTIC)	
18 INSURER,)	
)	
19 Plaintiff,)	
)	
20 vs.)	
)	
21 NEVADA HEALTH CO-OP,)	
)	
22 Defendant.)	

22 **ELEVENTH STATUS REPORT**

23 COME NOW, Commissioner of Insurance Barbara D. Richardson in her capacity as
24 Receiver of Nevada Health CO-OP ("NHC," or the "CO-OP"), and CANTILO & BENNETT, L.L.P.,
25 Special Deputy Receiver ("SDR" - SDR and the Commissioner as Receiver are referred to
26 collectively herein as "Receiver") and file this Eleventh Status Report in the above-captioned
27 receivership.

1 substitution of Receiver was subsequent to Commissioner Richardson’s appointment as
2 Commissioner of Insurance for the State of Nevada.

3 This Court, through its Final Order Finding and Declaring Nevada Health CO-OP to be
4 Insolvent and Placing Nevada Health CO-OP into Liquidation (the “Final Order”) dated
5 September 20, 2016, adjudged NHC to be insolvent on grounds that it is unable to meet
6 obligations as they mature. The Final Order also authorized the Receiver to liquidate the
7 business of NHC and wind up its ceased operations pursuant to applicable Nevada law. The
8 Receiver has since transitioned the receivership estate from rehabilitation to liquidation.

9 The Receiver continues to file quarterly status reports as ordered by this Court.

10 II. RECEIVERSHIP ADMINISTRATION

11 Receivership Administrative Services and Oversight

12 CANTILO & BENNETT, L.L.P., as SDR of NHC, manages the receivership estate and
13 conducts its affairs. PALOMAR FINANCIAL, LC (“Palomar”), an affiliate of the SDR, performs
14 administration, information technology, and other related services for the Receiver under the
15 supervision of the SDR. The Receiver has included an informational copy, as Exhibit 1 to this
16 Eleventh Status Report, of the invoices paid to the SDR, Palomar, and other receivership
17 consultants since the last status report to this Court.¹

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19 ¹ The portions of billing entries that are being filed/submitted for *in camera* inspection are specifically
identified by Bates number herein. The *in camera* materials are being submitted in a separate envelope.

20 Certain billings submitted to the Court are appropriate for *in camera* review (as opposed to being made
21 part of a public filing). More particularly, and as discussed in further detail below, certain consultants in this matter
are providing expert witness related services. As such, the billing entries relating thereto should be considered
22 confidential and/or otherwise not subject to discovery.

23 In this regard, courts have held that the bills of legal counsel and experts may be withheld from legal
discovery and are not subject to legal disclosure, as this information may provide indications or context concerning
24 potential litigation strategy and the nature of the expert services being provided. See, e.g., *Avnet, Inc. v. Avana
Technologies Inc.*, No. 2:13-cv-00929- GMN-PAL, 2014 WL 6882345, at *1 (D. Nev. Dec. 4, 2014) (finding that
25 billing entries were privileged because they reveal a party’s strategy and the nature of services provided); *Fed.
Sav. & Loan Ins. Corp. v. Ferm*, 909 F.2d 372, 374-75 (9th Cir. 1990) (considering whether or not fee information
26 revealed counsel’s mental impressions concerning litigation strategy). Other courts that have addressed this issue
have recognized that the “attorney-client privilege embraces attorney time, records and statements to the extent
27 that they reveal litigation strategy and the nature of the services provided.” *Real v. Cont’l Grp., Inc.*, 116 F.R.D.
211, 213 (N.D. Cal. 1986).

28 The *in-camera* review should apply not only to documentation concerning attorneys’ fees, but it also
extends to “details of work revealed in [an] expert’s work description [which] would relate to tasks for which she
[or he] was compensated[,]” a situation which is “analogous to protecting attorney-client privileged information

1 **Resolution of Outstanding Receivership Matters**

2 ***Pre-Liquidation Claims Adjudications and Claims Solidification***

3 NHC's staff continues the process of claims adjudications. At this point, new claims are
4 only accepted for review if the claimant can show proof of timely filing (*i.e.*, proof that the claim
5 was previously submitted in advance of the Receiver's Claims Filing Deadline).

6 The Receiver has coordinated with those plan members who were reported to collection
7 agencies by healthcare providers and facilities, or who were being sought for payment based
8 on the receivership estate's obligations. In cases where collection efforts have taken place in
9 violation of the Permanent Receivership Order, NHC staff members contact those providers
10 and any related collection agencies to inform them of the Permanent Receivership Order and
11 its moratorium on the payment of health claims. When necessary, the SDR has also sent
12 letters to such providers to advise them that their direct collection actions violate the Permanent
13 Receivership Order and may justify receivership remedies against them.

14 ***Continuation of Mandatory Regulatory Reporting to CMS***

15 As explained in prior status reports, the Receiver and SDR have submitted essential
16 data for the various regulatory reporting processes required for CO-OPs under the ACA, and
17 NHC fulfills ongoing requirements as may be applicable. The Receiver is working to resolve
18 CMS matters to collect amounts due under the various federal receivables programs.

19 NHC is owed payments relating to several such programs, including: Cost Sharing
20 Reduction ("CSR") Reconciliation, Federal Transitional Reinsurance, Risk Adjustment, and
21 Risk Corridors. The expected receipt of these federal receivables may be a key part of any
22 future claim payments by NHC. The non-receipt of substantially all federal accounts payable
23 for plan year 2015, and a material portion of accounts payable for plan year 2014, has greatly
24 diminished NHC's assets and, therefore, its claims-paying ability to make any distributions.

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contained in counsel's bills describing work performed." See *DaVita Healthcare Partners, Inc. v. United States*,
128 Fed. Cl. 584, 592-93 (2016); see also *Chaudhry v. Gallerizzo*, 174 F.3d 394, 402 (4th Cir. 1999) (recognizing
that "correspondence, bills, ledgers, statements, and time records which also reveal the motive of the client in
seeking representation, litigation strategy, or the specific nature of the services provided, such as researching
particular areas of law," are protected from disclosure) (quoting *Clarke v. Am. Commerce Nat'l Bank*, 974 F.2d
127, 129 (9th Cir. 1992)).

1 CMS has maintained the position that any monies deemed owed to NHC (*i.e.*, the
2 receivership estate) are to be set off against the amounts CMS asserts it is owed under the
3 start-up loan to NHC. CMS has so far made offsets against accounts payable to NHC against
4 much of the outstanding balance of the start-up loan. The SDR sent a letter to CMS to request
5 a detailed, cumulative accounting of all offsets applied to date so that the SDR could review
6 CMS' accounting of charges and offsets applied to NHC's accounts payable. The SDR
7 received such an accounting and reviewed it in detail. The SDR sent a follow-up letter to CMS,
8 via counsel at the Department of Justice, to request clarification of several items in the prior
9 accounting, as well as to request an updated accounting (to include any subsequent offsets).
10 The SDR has recently received a response from CMS, including an updated cumulative
11 accounting of all offsets applied to date. The SDR is currently reviewing these materials.

12 ***Updates as to Current Status of Regulatory Submissions Projects***

13 NHC Risk Adjustment and Federal Transitional Reinsurance data was submitted to CMS
14 on May 2, 2016. On June 30, 2016, CMS released its Summary Report on Transactional
15 Reinsurance and Permanent Risk Adjustment Transfers for the 2015 Benefit Year.² Per the
16 report, for coverage year 2015, the CO-OP is owed a Federal Transitional Reinsurance
17 payment of \$8,842,009.69 and net Risk Adjustment transfer of \$4,532,560.29. The 2015
18 Federal Transitional Reinsurance payment amount increased by \$4,601.65 to \$8,846,611.34
19 in the December 6, 2016, Amendment to the Summary Report on Transitional Reinsurance
20 Payments and Permanent Risk Adjustment Transfers for the 2015 Benefit Year.³

21 In 2016, the reporting related to the CSR Reconciliation program resulted in a net
22 amount owed by NHC to CMS of \$3,579,359.65 for 2014 and 2015 CSRs. At the beginning of
23 June 2017, the SDR submitted amended filings to CMS of the 2014 and 2015 CSRs, resulting
24 in NHC owing an adjusted balance to CMS of \$482,948.54 rather than \$3,579,359.65—or a
25 reduction in NHC liability of \$3,096,411.11. CMS has accepted this adjustment.

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27 ² 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>.

28 ³ Available at: https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/DDC_RevisedJune30thReport_v2_5CR_120516.pdf.

1 Regarding the 2015 Risk Corridors, CMS has confirmed that NHC is owed \$29.9 million
2 for its individual market and \$3.75 million for its small group market.⁴ However, CMS claims to
3 have no funds available to pay 2015 Risk Corridors at this time, and it has announced that all
4 2015 and 2016 benefit year collections will be used towards remaining 2014 benefit year risk
5 corridors balances.⁵ Due to a shortfall in risk corridor collections, CMS was initially able to pay
6 only a prorated 12.6% of all 2014 Risk Corridors payments due to issuers. In November 2016,
7 CMS announced an additional expected payment toward NHC's 2014 Risk Corridor of
8 \$355,443.99. Likewise, in November 2017, CMS announced an additional expected payment
9 toward NHC's 2014 Risk Corridor of \$93,079.06. The CO-OP is still owed over \$9.4 million for
10 unpaid 2014 Risk Corridors.

11 The receipt of the aforementioned federal receivables, and specifically the Risk Corridor
12 amounts, has likely been forestalled by the recent decision rendered by a judicial panel of the
13 United States Court of Appeals for the Federal Circuit in the case of Moda Health Plan, Inc. v.
14 United States, No. 2017-1994 (Decided June 14, 2018). The effect and implications of this
15 decision are discussed in the below section of this Status Report addressing the Receiver's
16 own litigation against HHS/CMS.

17 **Use of Third-Party Contractors as Part of Business Operations**

18 The Receiver utilizes the services of several third-party contractors that had been
19 engaged before commencement of the receivership, and some of them (*i.e.*, Eldorado,
20 Redcard, and Indegene) were engaged after the receivership commenced to assist in
21 management of NHC's affairs. The Receiver has also subsequently engaged the services of
22 some third-party contractors (*i.e.*, Jacobson and ADP) to perform administrative and support
23 services to assist the administration of the Company.

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

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26 ⁴ DEP'T OF HEALTH & HUMAN SERVICES & CENTERS FOR MEDICARE & MEDICAID SERVICES
27 ("CMS"), CCIIO MEMORANDUM, RISK CORRIDORS PAYMENT AND CHARGE AMOUNTS FOR THE 2015
28 BENEFIT YEAR (November 18, 2016) (available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2015-RC-Issuer-level-Report-11-18-16-FINAL-v2.pdf>).

⁵ *Id.*; CMS, CCIIO MEMORANDUM, RISK CORRIDORS PAYMENT AND CHARGE AMOUNTS FOR
THE 2016 BENEFIT YEAR (November 15, 2017) (available at <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Risk-Corridors-Amounts-2016.pdf>).

1 1. Eldorado, a division of Mphasis Corporation, to provide a hosting service for
2 claims data and information.

3 2. The Jacobson Group, to provide claims and customer service staffing support.

4 3. Redcard, to perform check processing and delivery to health care providers, and
5 delivery of Explanation of Benefit disclosures to providers and plan members.

6 4. ADP, to provide payroll support and processing for employee compensation and
7 benefits.

8 5. Indegene Healthcare, LLC to provide analytical and data services for 2014 and
9 2015 risk adjustment calculations.

10 **Consulting Expert Retained**

11 The Receiver has retained D'Antonio Technologies ("D'Antonio") to provide information
12 technology consulting expert services for the tracking and sorting of data, assembling of data
13 for electronic discovery, and other consulting services involving the Company's technology
14 systems. Thus far, the Receiver has paid \$16,550 for D'Antonio's consulting services. It is
15 anticipated that D'Antonio's services will be necessary during the duration of the pending
16 litigation involving NHC. Depending on the length and complexity of NHC's litigation with other
17 parties, D'Antonio's total costs may range from another \$50,000 to \$175,000. This cost
18 projection is a very rough estimate that may change depending on factors that are beyond the
19 Receiver's control, including issues with the quality of data, issues with analyzing data, and
20 issues with retrieving data for discovery requests. The Receiver will continue to evaluate
21 D'Antonio's services and may further revise these projections based on new developments and
22 circumstances.

23 **Internal Administrative Matters Related to Wind Down**

24 NHC maintains staff to address calls from interested parties regarding the proof of claim
25 ("POC") process, other claim matters, and the collection of assets for the receivership. The
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1 Receiver has refunded premium overpayments to members since such overpayments were
2 not funds to which NHC was entitled and are therefore outside the normal claim process.

3 The wind down of NHC's 401(k) retirement plan is nearly complete, with the distribution
4 of funds to participating employees having taken place over the first half of 2018. The assets
5 have either been transferred to the former participants' accounts at their election, or, in the
6 case that a participant neglected to elect a distribution option, have been placed into Individual
7 Retirement Accounts with Principal Bank, outside of NHC's retirement plan. The SDR, having
8 received from the IRS the necessary determination letter advising that the wind-down process
9 does not implicate federal tax obligations, will soon file the 2017 Form 5500 annual return with
10 the IRS.

11 The Receiver also maintains an office for NHC's essential office staff.⁶

12 **Commencement of Action Against Various Professionals and Other Firms Who**
13 **Performed Services for and on Behalf of NHC**

14 On August 25, 2017, Counsel for the Receiver filed in Clark County District Court a
15 complaint (Case No. A-17-760558-C in Department No. 18) against various persons, third-
16 party vendors, and professional service firms which are alleged to have contributed to NHC's
17 current hazardous financial condition by, among other things, failing to adhere to applicable
18 standards of professional care and requirements imposed by law, misrepresentation
19 concerning quality and standard of care for services performed, and breaches of contract, duty,
20 and implied covenants of good faith and fair dealing.

21 The complaint names, among others, NHC's former actuaries, accountants, auditors,
22 and providers of certain business operations and utilization review services, as well as those
23 individuals who specifically performed, or who were in the role of supervising the performance
24 of, those services. The Complaint also names several of NHC's former directors and executive
25 management.

26 On September 14, 2017, Counsel for the Receiver filed with this Court a Motion to
27 Coordinate Cases, seeking a coordination of that case and the overarching receivership action

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⁶ Currently, NHC maintains fifteen full-time employees and one part-time employee.

1 being supervised by this Court on grounds that the case constitutes an asset recovery action,
2 an integral part of the resolution of the receivership that merits continued supervision by this
3 Court. An opposition to the Motion to Coordinate Cases was filed by Milliman, and
4 subsequently joined by Nevada Health Solutions, InsureMonkey, Larson, and many of the
5 former directors and officers of NHC. By an order dated December 8, 2017, this Court denied
6 Plaintiff's Motion to Coordinate Cases.

7 A request to reassign this case to the Business Court on the grounds that the action
8 involves the alleged commission of torts related to business was filed September 28, 2017.
9 Ultimately, Judge Kathleen Delaney has been assigned the case.

10 Milliman filed its Motion to Compel Arbitration on November 6, 2017, a motion which
11 was challenged by the December 11, 2017, filing of Plaintiff's Opposition to Milliman's Motion
12 to Compel Arbitration. The hearing to address this issue was scheduled for December 12,
13 2017, but had been reset for a hearing on January 9, 2018. Milliman would again state its
14 bases to compel arbitration of those matters raised in the instant litigation via a reply dated
15 January 3, 2018. This motion and related briefing were heard by Judge Kathleen Delaney on
16 January 9, 2018. The related Order Granting Milliman's Motion to Compel Arbitration, dated
17 March 12, 2018, held that a requirement to arbitrate in the pre-receivership agreements
18 between NHC and Milliman did apply to the Receiver's claims against Milliman. The Receiver
19 has filed a Motion for Reconsideration of the Milliman arbitration ruling, dated March 29, 2018.

20 The Motion for Reconsideration sought review of the prior judgment compelling
21 arbitration on various grounds.

22 Via an Opposition to Plaintiff's Motion for Reconsideration filed April 16, 2018, Milliman
23 sought to challenge the Receiver's effort to avoid compelled arbitration, largely restating the
24 grounds set forth in Milliman's original November 6, 2017, Motion to Compel Arbitration. The
25 Receiver filed her Reply in Support of Motion for Reconsideration on April 24, 2018. On May
26 1, 2018, argument on the Motion for Reconsideration was heard by Judge Delaney, who
27 subsequently ordered the proceedings continued to May 29, 2018, and requested more briefing
28 from the parties on the most relevant legal questions underlying the Motion for Reconsideration.

1 This further requested briefing has since been submitted, and as of the date of filing of this
2 Eleventh Status Report, a hearing has been reset to July 10, 2018.

3 Millennium filed a Motion to Dismiss on October 26, 2017, and an opposition to such
4 motion was filed by the Receiver on December 18, 2017. The hearing on that Motion to Dismiss
5 was scheduled for December 12, 2017, but this was later rescheduled to January 9, 2018, on
6 stipulation of the parties, and then later rescheduled to be heard on January 16, 2018, by
7 another stipulation. Millennium restated its bases for dismissing several claims in the litigation
8 against it in its Reply in Support of its Motion to Dismiss dated January 9, 2018. The related
9 hearing on these matters was conducted by Judge Elizabeth Gonzalez on January 16, 2018,
10 who denied the Motion in all respects.

11 The six NHC former directors and officers named specifically in the Original Petition
12 joined together in filing their January 16, 2018, Motion to Dismiss, Alternatively for More Definite
13 Statement, seeking to have the Court dismiss all claims against them for intentional
14 misrepresentation and fraud, negligent misrepresentation, constructive fraud, unjust
15 enrichment, and civil conspiracy, on the basis that the Receiver had not sufficiently articulated
16 her claims under such causes of action in the Original Petition. Counsel for InsureMonkey and
17 Alex Rivlin filed a Limited Joinder to the aforementioned Motion to Dismiss on January 23,
18 2018, stating essentially similar grounds to justify a dismissal of the claims based on
19 “impermissibly vague allegations” relating to them. The hearing on this Motion and its related
20 matters was initially scheduled to occur on February 20, 2018, but was later rescheduled to
21 March 20, 2018, via a stipulation reached between the parties. As litigation has continued on
22 this Motion, the Court has granted several stipulations between the parties to reset the date of
23 the hearing, which is now scheduled for July 24, 2018.

24 InsureMonkey and Mr. Rivlin filed their Motion for Summary Judgment and Declaratory
25 Relief on June 5, 2018, claiming that all of the Receiver’s tort claims against both InsureMonkey
26 and Alex Rivlin are time-barred pursuant to Nevada law and by private contract. Further,
27 InsureMonkey and Rivlin argue that certain contractual provisions limit any potential recovery
28 against them to twice the total expected value of fees paid by the CO-OP. On June 22, 2018,

1 the Receiver filed Plaintiff's Opposition to InsureMonkey, Inc. and Alex Rivlin's Motion for
2 Summary Judgment and Declaratory Relief, setting forth the legal and factual grounds for
3 rejecting InsureMonkey and Rivlin's position. A hearing on this Motion by Judge Kathleen
4 Delaney is currently scheduled for July 10, 2018.

5 The Parties had their mandatory pre-trial conference under Nevada Rule of Civil
6 Procedure 16 on January 23, 2018, in order to establish the applicable deadlines for finalizing
7 discovery, participating in a mandatory settlement conference, and setting forth the provisional
8 schedule for trial. Until otherwise modified, parties have until October 22, 2018, to file motions
9 to amend pleadings or add parties and to designate experts, until November 21, 2018, to
10 designate rebuttal experts, until January 25, 2019, to complete discovery, and until February
11 22, 2019, to file Motions in Limine or other Dispositive Motions. The mandatory settlement
12 conference was scheduled to occur, and did occur, on June 8, 2018, and the jury trial is to
13 begin on May 20, 2019. No settlements were reached during the settlement conference. Pre-
14 trial memoranda are to be filed no later than May 6, 2019, with a calendar call on May 14, 2019.
15 Motions for approval of an ESI Protocol and a Protective Order were filed on orders shortening
16 time. They were scheduled for a hearing on April 3, 2018, and were subsequently approved
17 by judicial order dated May 16, 2018.

18 **Moda Health Plan, Inc. v. United States**

19 On June 14, 2018, in the case entitled Moda Health Plan, Inc. v. United States, case
20 number 2017-1994, a judicial panel of the United States Court of Appeals for the Federal Circuit
21 rendered judgment against Moda Health Plan, another ACA CO-OP, and its claims against the
22 federal government under section 1342 of the ACA, which specifically provides for the
23 payments of certain calculated amounts under the CO-OP Risk Corridors program. In that
24 Court's words, "the government contends that appropriations riders on the fiscal years in which
25 payments from the risk corridors program came due limited the government's obligation to the
26 amount of payments in." That Court further held that "[a]lthough we agree with Moda that
27 section 1342 obligated the government to pay the full amount of risk corridors payments
28 according to the formula it set forth, we hold that the riders on the relevant appropriations

1 effected a suspension of that obligation for each of the relevant years.” Moda Health Plan, Inc.
2 v. United States, No. 2017-1994, 2018 WL 2976278, at *6 (Fed. Cir. June 14, 2018).

3 The implications of this decision may be far reaching on NHC’s own risk corridors claims
4 against the federal government. Although NHC was not a party to the litigation in Moda, the
5 decision establishes adverse precedent upon which the federal government will rely in any
6 future suit against them in the Court of Federal Claims for any Risk Corridors amounts. It is
7 anticipated that Moda will appeal this adverse decision. The Receiver is carefully reviewing
8 this decision in making her determinations for future litigation, if any, against HHS/CMS.

9 **Resolution of POCs, Provision of NCDs, Appeals**

10 The Receiver has implemented the POC process approved by this Court in its Final
11 Order and has already conducted general mailings and publication of necessary notices to
12 claimants and other interested parties.

13 The Claims Filing Deadline was April 28, 2017, and the SDR received 141 POCs. Many
14 of these are incomplete or unable to be adjudicated for various other reasons, and the SDR
15 has notified various claimants of claim deficiencies. The SDR will continue adjudicating POCs
16 and developing NCDs in expectation of mailing such determinations after obtaining the
17 necessary approval from this Court.

18 **Claims for Which There Are Currently Insufficient Assets to Pay**

19 It does not appear now that there will be sufficient assets to pay claims beyond those
20 assigned a Class B priority pursuant to NRS 696B.420(1)(b). The SDR has received several
21 POCs that should be assigned to priority classes C through L, pursuant to NRS 696B.420(1)(c)-
22 (l). In such instances, the SDR will send claimants NCDs that determine the priority of their
23 claims is no higher than NRS § 696B.420(1)(c) (“Class C”), which determination will be subject
24 to appeal under the Receivership Appeal Procedure (“RAP”). To conserve the assets of the
25 estate, and per NRS696B.330(4), the SDR of NHC will refrain from reaching the merits of these
26 claims until such time it appears that assets will be available for distribution to that class. If
27 additional assets later become available for distribution to these claimants, the SDR will make
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1 a second claim determination as to the merits of each claim and notify the claimants of such
2 determination.

3 **Claims Asserted Against the Estate by Providers**

4 Health care providers are not required to use the POC form to submit their claims,
5 because NHC already has a pre-existing process for receiving and processing such claims,
6 having thousands of such processed claims already in its claim processing system. Providers
7 were required to use (and most did use) the pre-existing claims process to submit their claims
8 before the Claims Filing Deadline.

9 The SDR will be preparing NCDs to send providers for their claims. After reporting claim
10 determinations to the Court, the SDR will begin mailing providers' NCDs. Providers may appeal
11 NCDs in accordance with the RAP.

12 **Current Receivership Assets**

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

17 1. Before year-end 2016, the Receiver submitted a reinsurance claim to Partner Re
18 based on 2015 claims information. In April and May 2017, Partner Re paid the Receiver a total
19 of \$787,352.41 in satisfaction of NHC's reinsurance claims, but ultimately adjusted this amount
20 by \$2,196.11 in Partner Re's favor. NHC does not expect to present further such claims.

21 2. The unrestricted cash assets of the CO-OP have fluctuated with post-
22 receivership expenses and claim payments, as well as with the Receiver's receipt of member
23 premiums. The currently-available, unrestricted cash assets of the CO-OP as of May 31, 2018,
24 were approximately \$3,622,864. The majority of NHC's currently available and liquid assets
25 have been invested in a bond mutual fund, with the remainder of such assets held in bank
26 deposits.

27 3. The financial information of NHC in this Eleventh Status Report provides
28 estimates. NHC's financials may materially vary depending upon the estate's receipt of the

1 promised federal receivables payments under the various ACA programs described in this
2 report and future litigation recoverables. These figures will remain estimates until the estate
3 receives clearer indications from CMS and the federal government as to the amount and timing
4 of any federal payments or future appropriations, as well as the final disposition of CMS
5 receivable balances in which CMS has placed an administrative hold and asserted rights to
6 setoff.

7 4. The Receiver is enclosing, as Exhibit 2 attached hereto, a cash flow report for
8 NHC for the period covering the inception of the receivership through May 31, 2018. This
9 report reflects a summary of disbursements and collections made by NHC during this period.

10 **CONCLUSION**

11 The Receiver has submitted this report in compliance with the Receivership Court's
12 instructions for a status report on NHC. The Receiver requests that the Court approve this
13 Eleventh Status Report and the actions taken by the Receiver.

14 DATED this 2nd day of July 2018.

15 Respectfully submitted:

16 Barbara D. Richardson, Commissioner of
17 Insurance of the State of Nevada, in her
18 Official Capacity as Statutory Receiver of
Delinquent Domestic Insurer

19 By: /s/ CANTILO & BENNETT, L.L.P.
20 Special Deputy Receiver
21 By Its Authorized Representative
Patrick H. Cantilo

22 Respectfully submitted by:

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