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

13 STATE OF NEVADA, EX REL.) CASE NO. A-15-725244-C
14 COMMISSIONER OF INSURANCE, IN HIS)
15 OFFICIAL CAPACITY AS STATUTORY) DEPARTMENT 21
16 RECEIVER FOR DELINQUENT DOMESTIC)
17 INSURER,)
18)
19)
20)
Plaintiff,)
vs.)
NEVADA HEALTH CO-OP,)
Defendant.)

21 **FORTY-FIRST STATUS REPORT**

22 COME NOW, Commissioner of Insurance Ned Gaines in his capacity as Receiver of Nevada
23 Health CO-OP (“NHC,” or the “CO-OP”), and CANTILO & BENNETT, L.L.P., Special Deputy Receiver
24 (“SDR” - SDR and the Commissioner as Receiver are referred to collectively herein as “Receiver”) and
25 file this Receiver’s Status Report in the above-captioned receivership.

26 **I. INTRODUCTION AND HISTORICAL BACKGROUND**

27 The CO-OP was a state-licensed health insurer, formed in 2012 as a Health Maintenance
28 Organization, with a Certificate of Authority granted by the State of Nevada Division of Insurance
29 effective January 2, 2013. NHC was an Internal Revenue Code 501(c)(29) Qualified Non-Profit Health

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2 Insurance Issuer, entitled to tax exemption by the Internal Revenue Service. NHC was formed under a
3 provision of the Patient Protection and Affordable Care Act (“ACA”) providing for the formation of
4 Consumer Operated and Oriented Plans. Having received from the Centers for Medicare and Medicaid
5 Services (“CMS”) of the United States Department of Health and Human Services (“HHS”) a start-up
6 loan of \$17,080,047, and a “solvency” loan of \$48,820,349, NHC was required to operate as a non-
7 profit, consumer-driven health insurance issuer for the benefit of the public. The CO-OP’s primary
8 business was to provide ACA-compliant health coverage to residents of Nevada, and it operated its
9 business for the benefit of Nevadans within the state, save for certain arrangements to provide nationwide
10 health coverage to Nevadans traveling outside the state in certain circumstances. NHC began selling
11 products on and off the Silver State Health Insurance Exchange (the “Exchange”) on January 1, 2014.
12 Its products included individual, small group, and large group health care coverages.

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

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

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

26 **II. RECEIVERSHIP ADMINISTRATION**

27 **Receivership Administrative Services and Oversight**

28 CANTILO & BENNETT, L.L.P., as SDR of NHC, manages the receivership estate and conducts its
29 affairs. PALOMAR FINANCIAL, LC (“Palomar”), an affiliate of the SDR, performs administration,

2 information technology, and other related services for the Receiver under the supervision of the SDR.
3 The Receiver has included an informational copy, as **Exhibit 1** to this Status Report of the invoices
4 approved or paid to the SDR and other receivership consultants since the last status report to this Court.¹

5 **Resolution of Outstanding Receivership Matters**

6 ***Tax Matters***

7 The Receiver has filed federal tax returns for NHC for the tax years 2015-2024. The Receiver
8 also filed prompt tax assessment requests with the Internal Revenue Service for NHC's tax obligations
9 for the tax years 2015-2024. On October 4, 2024, the IRS approved the Receiver's requests and provided
10 a closing date of February 19, 2026, for the 2015-2021² tax returns. The IRS has not yet responded to
11 the Receiver's 2022, 2023, or 2024 prompt assessment requests.

12 ***Claims Adjudications & Distributions***

13 Notices of Claim Determination ("NCDs") were mailed for healthcare claims previously
14 submitted by providers to NHC's Javelina Claims Processing Database (the "Provider Claims"). The
15 total allowed amount of these approved Provider Claims is approximately \$33.7 million. The NHC

16 ¹ The *in camera* materials are being submitted in a separate envelope that reflect approved or paid
17 invoices.

18 Certain billings submitted to the Court are appropriate for *in camera* review (as opposed to being made
19 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 confidential and/or otherwise not subject to discovery.

20 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
21 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
22 that 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
23 information 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
24 statements to the extent 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).

25 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
26 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
27 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
28 particular areas of law," are protected from disclosure) (quoting *Clarke v. Am. Commerce Nat'l Bank*, 974 F.2d
127, 129 (9th Cir. 1992)).

29 ² Due to an apparent typo in the IRS closing date notice, the tax year 2017 was excluded ("2018" was
referenced twice, and it appears one of these references should have instead read "2017"). The Receiver will
clarify and confirm with the IRS that the closing date provided also applies to the 2017 tax year.

2 members also received NCDs that showed them the amount that the SDR approved to be paid to their
3 providers, and the amount of member responsibility (*i.e.*, the co-pays, deductibles, and coinsurance), if
4 any, that they may owe on their providers' outstanding claims. On October 16, 2019, the SDR received
5 approval from the Court to make a distribution of certain estate assets for the partial payment (*i.e.*,
6 approximately 14.6% pro rata) of these Provider Claims, which have been classified by the SDR as
7 claims made under NHC policies pursuant to NRS 696B.420(1)(b). After the recent recovery of CMS
8 Receivables (further described herein), the Receiver filed a Motion requesting approval to distribute
9 additional estate assets for the payment of the Provider Claims. The Motion was approved, and the
10 Receiver is now in the process of making an additional distribution of approximately \$5.1M, which
11 would bring the total pro rata distribution for the Provider Claims to thirty percent (30%). To the extent
12 that funds are not used for these Provider Claims, they retain their classification as general assets of the
13 Receivership available to pay other expenses.

14 As previously reported, the SDR must collect certain necessary documentation from the
15 providers in advance of making any claim payments. For the first distribution that was approved by the
16 Court in 2019, many providers either did not respond to the SDR's request for the needed documentation
17 or sent back defective paperwork. The Receiver in his discretion did not pay these claims for lack of the
18 proper documentation.

19 As approval to make a second distribution has been granted, such claimants will now have
20 another opportunity to submit the necessary paperwork to obtain both their initial unpaid distribution
21 amount, along with the second approved distribution payment. The Receiver has already mailed notices
22 to the claimants of the second distribution, is processing the responsive distribution paperwork submitted
23 by the claimants, and is mailing distribution checks on an ongoing basis to those claimants who have
24 submitted the required documentation.

25 As of November 3, 2025, the Receiver has distributed approximately 51% of the \$10,085,074.19
26 that has been approved by the Court for distribution. The Receiver has mailed a follow-up notice of
27 distribution to those providers that have not yet responded to the Receiver's initial notice. The Receiver
28 will also follow-up with those providers that have responded but have not sent complete distribution
29 documentation.

2 The Receiver is seeking further litigation recoveries to enable additional provider claim
3 distributions and anticipates further payment for these provider claims next year, subject to receiving
4 proper documentation.

5 The SDR also mailed NCDs for those Proofs of Claim submitted to the SDR relating to Policy
6 Claims (*i.e.*, Class B claims pursuant to NRS 696B.420(1)(b)). The total allowed amount for the
7 members' claims, \$5,102.64, is subject to a potential small increase as two NCD objections have been
8 filed and remain pending.

9 Including the two member objections described above, there were twenty-eight (28) objections
10 sent by NHC members of the NCDs that were mailed pertaining to outstanding healthcare claims
11 submitted by providers to NHC's Javelina Claims Processing Database.³ On March 24, 2025, the
12 Receiver filed his Motion Requesting Procedure for and Hearings of Claimant Objections Pursuant to
13 NRS 696B.330(8). This motion was granted at a hearing held on April 23, 2025.

14 Hearings were scheduled for the objections, and the Receiver notified claimants of the time and
15 date for their hearings pursuant to the Court's order. The Court held hearings for the objections in groups
16 on September 17, 2025 (Group 1), and October 22, 2025 (Group 2). The Court entered its order as to
17 those objections in Group 1 on October 17, 2025, and the Receiver has allowed additional amounts for
18 those objections which were sustained, as directed by the Court. After an order is entered by the Court
19 relating to the Group 2 objections, the Receiver will take further action as directed by the Court to resolve
20 the remaining objections.

21 There are fifty-one proofs of claim ("POC") assigned to a priority Class "C" (*i.e.*,
22 NRS 696B.420(1)(c)) or lower.⁴ The SDR has now issued NCDs to nearly all of these claimants. It
23 appears unlikely at this time that the estate will have sufficient assets to make distributions to claims
24 assigned priority below Class B.

25
26
27 ³ Members received a copy of the claim determinations that were sent to their providers, so that the
28 members could see any denied claims, and the deductible, co-pay, and coinsurance that was applied to each of the
29 allowed provider claims (*i.e.*, the amount of the member's responsibility on each claim) and have an opportunity
to appeal.

⁴ This does not include a claim by the U.S. Department of Health and Human Services, which the SDR
has previously reported to this Court. The government did not file an appeal of the SDR's determination of its
claim.

2 ***CMS Receivables***

3 As explained in prior status reports, and throughout the pendency of the receivership, the
4 Receiver has worked to resolve certain outstanding matters relating to the collection of amounts due
5 under the various federal receivables programs, of which the CO-OP was a participant, and which are
6 administered primarily by CMS.

7 NHC was owed over \$55 million for CMS Receivables.⁵ As described below, the Receiver
8 initiated asset recovery litigation against the United States for the recovery of these receivables. As of
9 this report, the matter has concluded with the payment of over \$55 million by the United States through
10 the Judgment Fund. The recovery of these assets has allowed the SDR to make further claim payments
11 to estate creditors—to include the above-referenced provider claim distributions.

12 **Engagement of Additional Legal Counsel**

13 The Receiver has engaged the law firm of Greenberg Traurig LLP (“Greenberg Traurig”), as
14 outside counsel in various litigation matters. As reported in the prior status report, the Receiver has
15 retained the Womble Bond Dickinson firm⁶ as conflicts counsel and to address other matters that may
16 arise in which Greenberg Traurig does not represent the receivership estate.

17 **Asset Recovery Action Against Various Professionals and Other Firms Who Performed Services
18 for and on Behalf of NHC**

19 As previously reported by the Receiver, the Asset Recovery Action has now been fully settled
20 among all parties, and the action by the Receiver is now closed. Those interested should refer to
21 previously filed status reports (available at www.nevadahealthcoop.org) for historical information about
22 the Asset Recovery Action.

23 **Opinion and Order in the Action Against the United States in the Court of Federal Claims**

24 Only an abbreviated summary of the conclusion to this matter is included in this report. A
25 detailed timeline of this litigation from its inception is provided in the prior 37th Status Report.

26 On November 8, 2018, the Receiver filed a Complaint in the United States Court of Federal
27

28 ⁵ NHC sold a portion, but not all, of its interest in the Risk Corridors receivables, as detailed in the
29 Receiver’s Seventeenth Status Report to this Court. After the sale, a portion of the total Risk Corridors receivables
remained due NHC, as well as the full portion of non-Risk Corridors receivables owed by CMS.

⁶ As of January 1, 2025, Lewis Roca merged with Womble Bond Dickinson.

2 Claims (“CFC Complaint”) against the United States for monetary amounts owed to NHC under the
3 Consumer Operated and Oriented Plan program organized pursuant to the ACA. On August 9, 2024,
4 the Federal Circuit affirmed in part and vacated in part the decision of the U.S. Court of Federal Claims
5 in favor of NHC. On November 6, 2024, NHC received payment of the total judgment in the amount of
6 \$55,504,468.39 from the United States Department of Treasury (*i.e.*, the Judgment Fund). Pursuant to
7 the purchase agreement that was previously approved by this Court on October 16, 2019,⁷ NHC
8 distributed \$40,481,336.90 of the judgment to the purchaser of the Risk Corridors receivable (*i.e.*, CM
9 Squared RC IV, LLC) and NHC retained \$15,023,131.99 of the total judgment proceeds.

10 The Receiver filed an application for attorney fees and expenses under the Equal Access to
11 Justice Act (“EAJA”). The Government opposed the application. On February 14, 2025, the Federal
12 Circuit denied the Receiver’s application for attorney fees and expenses.

13 **Civil Action Against WellHealth Medical Associates, Medsource, and Certain Persons**

14 On December 14, 2021, the Receiver filed a complaint in the Eighth Judicial District Court, Case
15 No. A-21-845440-B, against WellHealth Medical Associates, PLLC (“WellHealth”), Medsource
16 Management Group, LLC (“Medsource”), and certain individual persons or estates of persons formerly
17 or currently in positions of authority and responsibility within these organizations (the “State Court
18 Case”), for the recovery of amounts which NHC alleges is owed in connection with certain prohibited
19 transactions which took place with NHC in health plan years 2014 and 2015, as well as certain related
20 improper business transactions which involved the transfer of CO-OP funds to persons, and through
21 mechanisms, which did not comply with the relevant laws and regulations. However, as explained
22 below, the case is currently stayed.

23 On April 17, 2024, WellHealth filed for bankruptcy (the “WellHealth Bankruptcy Case”) under
24 Chapter 7 of Title 7 of the United States Code in the United States Bankruptcy Court for the District of
25 Nevada (Case No. 24-11839-nmc). Due to the bankruptcy filing, the parties agreed that until the
26 bankruptcy court lifts the automatic stay under 11 U.S.C. § 362, this case and any pending hearings (such
27 as the May 21, 2024, hearing) may not proceed. Based on this, the Court did not decide the Receiver’s
28 *Motion for Partial Summary Judgment*, and later vacated the May 21, 2024, hearing that had been set on
29

⁷ This purchase agreement is further detailed in the Receiver’s Seventeenth Status Report to this Court.

2 the Receiver’s *Motion for Leave to Amend* the original complaint.⁸

3 The WellHealth Bankruptcy Case is in progress. A creditors meeting was held on May 20, 2024.
4 On June 6, 2024, the Receiver filed a Proof of Claim in the WellHealth Bankruptcy Case. The
5 WellHealth Bankruptcy Case remains pending, and the bankruptcy stay has not been lifted for the State
6 Court Case. On June 23, 2025, the Chapter 7 Trustee in the WellHealth Bankruptcy Case filed a notice
7 of removal of the Receiver’s complaint (*i.e.*, Case No. A-21-845440-B and Case No. A-22-860744-C in
8 the Nevada Eighth Judicial District Court) to the United States Bankruptcy Court. On September 2,
9 2025, the Chapter 7 Trustee filed a motion to substitute for the Receiver and to amend the Receiver’s
10 Complaint to add an alter ego claim. This motion was heard on October 9, 2025, and is pending decision.

11 **Current Receivership Assets**

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

15 1. The currently available, unrestricted cash assets of the CO-OP as of
16 September 30, 2025, were approximately \$9,515,390. The majority of NHC’s currently available
17 and liquid assets are held in bank deposits.

18 2. The financial information of NHC in this Status Report provides estimates.
19 NHC’s financials may materially vary depending upon the estate’s receipt of future litigation
20 recoveries and the payment of claims.

21 3. The Receiver is including, as **Exhibit 2** attached hereto, a cash flow report for
22 NHC for the period covering the inception of the receivership through September 30, 2025. This
23 report reflects a summary of disbursements and collections made by NHC during this period.

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29 ⁸ Please refer to prior status reports for additional information about the timeline of this case and the pleadings filed prior to the WellHealth bankruptcy and the resulting stay of the litigation.

CONCLUSION

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

DATED this 18th day of November 2025.

Respectfully submitted:

Ned Gaines, Acting Commissioner of Insurance of the State of Nevada, in his Official Capacity as Statutory Receiver of Delinquent Domestic Insurer

By: */s/ Cantilo & Bennett, L.L.P.*
Special Deputy Receiver
By Its Authorized Representative
MARK F. BENNETT

Respectfully submitted by:
GREENBERG TRAUIG, LLP

/s/ Donald L. Prunty

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Exhibits may be requested by contacting the Special Deputy Receiver at 512-478-6000