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

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

FORTY-THIRD STATUS REPORT

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

I. INTRODUCTION AND HISTORICAL BACKGROUND

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

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

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

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

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

25 **II. RECEIVERSHIP ADMINISTRATION**

26 **Receivership Administrative Services and Oversight**

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

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

4 **Resolution of Outstanding Receivership Matters**

5 *Tax Matters*

6 The Receiver has filed federal tax returns for NHC for the tax years 2015-2024. The Receiver
7 also filed prompt tax assessment requests with the Internal Revenue Service for NHC’s tax obligations
8 for the tax years 2015-2024. The IRS approved the Receiver’s requests and provided a closing date of
9 February 19, 2026, for the 2015-2021² tax returns. NHC’s tax return years 2015-2021 are closed without
10 any claims from the IRS.

11 The IRS has not yet responded to the Receiver’s 2022 or 2023 prompt assessment requests. The
12 IRS approved the Receiver’s prompt assessment request for 2024 and provided the closing date of March
13 22, 2027. The Receiver is now working on the preparation of the financial information for the fourth

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

16 Certain billings submitted to the Court are appropriate for *in camera* review (as opposed to being made
17 part of a public filing). More particularly, and as discussed in further detail below, certain consultants in this
18 matter are providing expert witness related services. As such, the billing entries relating thereto should be
19 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
21 discovery and are not subject to legal disclosure, as this information may provide indications or context concerning
22 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
23 that billing entries were privileged because they reveal a party’s strategy and the nature of services provided);
24 *Fed. Sav. & Loan Ins. Corp. v. Ferm*, 909 F.2d 372, 374-75 (9th Cir. 1990) (considering whether or not fee
25 information revealed counsel’s mental impressions concerning litigation strategy). Other courts that have
26 addressed this issue have recognized that the “attorney-client privilege embraces attorney time, records and
27 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).

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
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)).

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.

1 quarter of 2025.

2 ***Claims Adjudications & Distributions***

3 Notices of Claim Determination (“NCDs”) were mailed for healthcare claims previously
4 submitted by providers to NHC’s Javelina Claims Processing Database (the “Provider Claims”). The
5 total allowed amount of these approved Provider Claims is approximately \$33.7 million. The NHC
6 members also received NCDs that showed them the amount that the SDR approved to be paid to their
7 providers, and the amount of member responsibility (*i.e.*, the co-pays, deductibles, and coinsurance), if
8 any, that they may owe on their providers’ outstanding claims. On October 16, 2019, the SDR received
9 approval from the Court to make a distribution of certain estate assets for the partial payment (*i.e.*,
10 approximately 14.6% pro rata) of these Provider Claims, which have been classified by the SDR as
11 claims made under NHC policies pursuant to NRS 696B.420(1)(b). After the recovery of CMS
12 Receivables (further described herein), the Receiver filed a Motion requesting approval to distribute
13 additional estate assets for the payment of the Provider Claims. The Motion was approved, and the
14 Receiver is now in the process of making an additional distribution of approximately \$5.1M, which
15 would bring the total pro rata distribution for the Provider Claims to thirty percent (30%). To the extent
16 that funds are not used for these Provider Claims, they retain their classification as general assets of the
17 Receivership available to pay other expenses.

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

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

1 As of April 30, 2026, the Receiver has distributed approximately 53% of the \$10,085,074.19 that
2 has been approved by the Court for distribution. The Receiver has mailed a follow-up notice of
3 distribution to those providers that have not yet responded to the Receiver’s initial notice. The Receiver
4 will also follow-up with those providers that have responded but have not sent complete distribution
5 documentation.

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

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

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

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

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

28 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.

1 assigned priority below Class B.

2 ***Asset Recovery Against the United States for 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 detailed in prior status reports, the
8 Receiver initiated asset recovery litigation against the United States for the recovery of these receivables.
9 As of this report, the matter has concluded with the payment of \$55,504,468.39 million by the United
10 States through the Judgment Fund. Pursuant to the purchase agreement that was previously approved
11 by this Court on October 16, 2019,⁶ NHC distributed \$40,481,336.90 of the judgment to the purchaser
12 of the Risk Corridors receivable (*i.e.*, CM Squared RC IV, LLC) and NHC retained \$15,023,131.99 of
13 the total judgment proceeds. The recovery of these assets has allowed the SDR to make further claim
14 payments to estate creditors—to include the above-referenced provider claim distributions.

15 **Engagement of Additional Legal Counsel**

16 The Receiver has engaged the law firm of Greenberg Traurig LLP (“Greenberg Traurig”), as
17 outside counsel in various litigation matters. As reported in the prior status report, the Receiver has
18 retained the Womble Bond Dickinson firm⁷ as conflicts counsel and to address other matters that may
19 arise in which Greenberg Traurig does not represent the receivership estate.

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

22 As previously reported by the Receiver, the Asset Recovery Action has now been fully settled
23 among all parties, and the action by the Receiver is now closed. Those interested should refer to
24 previously filed status reports (available at www.nevadahealthcoop.org) for historical information about
25

26 ⁵ NHC sold a portion, but not all, of its interest in the Risk Corridors receivables, as detailed in the
27 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.

28 ⁶ This purchase agreement is further detailed in the Receiver’s Seventeenth Status Report to this Court.

⁷ As of January 1, 2025, Lewis Roca merged with Womble Bond Dickinson.

1 the Asset Recovery Action.

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

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

12 On April 17, 2024, WellHealth filed for bankruptcy (the “WellHealth Bankruptcy Case”) under
13 Chapter 7 of Title 7 of the United States Code in the United States Bankruptcy Court for the District of
14 Nevada (Case No. 24-11839-nmc). Due to the bankruptcy filing, the parties agreed that until the
15 bankruptcy court lifts the automatic stay under 11 U.S.C. § 362, this case and any pending hearings (such
16 as the May 21, 2024, hearing) may not proceed. Based on this, the Court did not decide the Receiver’s
17 *Motion for Partial Summary Judgment*, and later vacated the May 21, 2024, hearing that had been set on
18 the Receiver’s *Motion for Leave to Amend* the original complaint.⁸

19 The WellHealth Bankruptcy Case is in progress. A creditors meeting was held on May 20, 2024.
20 On June 6, 2024, the Receiver filed a Proof of Claim in the WellHealth Bankruptcy Case. The
21 WellHealth Bankruptcy Case remains pending, and the bankruptcy stay has not been lifted for the State
22 Court Case. On June 23, 2025, the Chapter 7 Trustee in the WellHealth Bankruptcy Case filed a notice
23 of removal of the Receiver’s complaint (*i.e.*, Case No. A-21-845440-B and Case No. A-22-860744-C in
24 the Nevada Eighth Judicial District Court) to the United States Bankruptcy Court. On September 2,
25 2025, the Trustee filed a motion to substitute in for the Receiver and for leave to file a second amended
26 complaint to add an alter ego claim and omit the claims against the debtor. The Bankruptcy Court
27

28 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.

1 granted the motion by order dated March 9, 2026. The Trustee thereafter filed and served the second
2 amended complaint. The case is in its initial stage of discovery.

3 **Current Receivership Assets**

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

7 1. The currently available, unrestricted cash assets of the CO-OP as of March 31, 2026, were
8 approximately \$8,905,343. The majority of NHC's currently available and liquid assets are held in bank
9 deposits or short-term investments.

10 2. The financial information of NHC in this Status Report provides estimates. NHC's
11 financials may materially vary depending upon the estate's receipt of future litigation recoveries and the
12 payment of claims.

13 3. The Receiver is including, as **Exhibit 2** attached hereto, a cash flow report for NHC for
14 the period covering the inception of the receivership through March 31, 2026. This report reflects a
15 summary of disbursements and collections made by NHC during this period.

16 **CONCLUSION**

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

20 DATED this 5th day of May 2026.

21 Respectfully submitted:

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

25 By: */s/ Cantilo & Bennett, L.L.P.*

26 Special Deputy Receiver
27 By Its Authorized Representative
28 MARK F. BENNETT

1 Respectfully submitted by:
GREENBERG TRAURIG, LLP

2 */s/ Donald L. Prunty*

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8 *Counsel for Ned Gaines,*
9 *Acting Commissioner of Insurance, as the*
10 *Permanent Receiver for Nevada Health CO-*
11 *OP*

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