

Case No. _____

IN THE SUPREME COURT OF NEVADA

UNITE HERE HEALTH, a multi-employer health and welfare ERISA Section 3(37); and NEVADA HEALTH SOLUTIONS, LLC, a Nevada limited liability company,

Petitioners,

vs.

EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN
AND FOR THE COUNTY OF CLARK, THE HONORABLE TARA CLARK
NEWBERRY, DISTRICT COURT JUDGE,

Respondent,

- and -

STATE OF NEVADA EX REL. COMMISSIONER OF INSURANCE,
BARBARA D. RICHARDSON, IN HER OFFICIAL CAPACITY AS
STATUTORY RECEIVER FOR DELINQUENT DOMESTIC INSURER,
NEVADA HEALTH CO-OP; and GREENBERG TRAURIG, LLP,

Real Parties in Interest.

District Court Case No. A-15-725244-C, Department XXI

**APPENDIX TO PETITION FOR EXTRAORDINARY WRIT RELIEF
VOLUME 9 OF 19**

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February 25, 2021

APPENDIX TO PETITION FOR EXTRAORDINARY WRIT RELIEF
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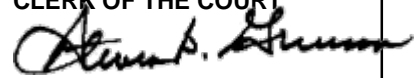
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TAB 23

TAB 23



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

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

Plaintiff,

vs.

NEVADA HEALTH CO-OP,

Defendant.

Case No. A-15-725244-C

Dept. No. 1

SIXTEENTH STATUS REPORT

COME NOW, Commissioner of Insurance Barbara D. Richardson in her 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 Sixteenth Status Report in the above-captioned receivership.

I. INTRODUCTION AND HISTORICAL BACKGROUND

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

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

Via a Notice of Substitution of Receiver dated April 6, 2016, Ms. Joanna N. Grigoriev informed interested parties of the substitution of Commissioner Barbara D. Richardson, in place and stead of former Acting Commissioner Amy L. Parks, as the Receiver of NHC. This substitution of Receiver was subsequent to Commissioner Richardson’s appointment as Commissioner of Insurance for the State of Nevada.

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

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

II. RECEIVERSHIP ADMINISTRATION

Receivership Administrative Services and Oversight

CANTILO & BENNETT, L.L.P., as SDR of NHC, manages the receivership estate and conducts its affairs. PALOMAR FINANCIAL, LC, an affiliate of the SDR, performs administration, information technology, and other related services for the Receiver under the supervision of the SDR. The Receiver has included an informational copy, as Exhibit 1 to this Sixteenth Status Report, of the invoices either deferred or paid to the SDR and other receivership consultants since the last status report to this Court.¹

¹ The *in camera* materials are being submitted in a separate envelope that reflect paid or deferred invoices. The Receiver has elected to defer certain administrative expenses until a later date when further assets become available to the Receiver. The Receiver has included copies of all invoices that have been approved but deferred as to the payment of fee amounts only.

Certain billings submitted to the Court are appropriate for *in camera* review (as opposed to being made 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.

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 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 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 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 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).

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,

Resolution of Outstanding Receivership Matters

Claims Adjudications

As the SDR reported in its Fifteenth Status Report to this Court, Notices of Claim Determination (“NCDs”) have been finalized and mailed for healthcare claims previously submitted by providers to NHC’s Javelina Claims Processing Database. The total allowed amount of these approved claims is approximately \$33.7 million.

The SDR has also mailed the majority of the NCDs for those proofs of claim submitted to the SDR relating to Policy Claims (*i.e.*, Class B claims pursuant to NRS 696B.420(1)(b)). As of the prior status report, the total allowed amount for these claims was approximately \$20,836.91. However, this amount is subject to a potential small change as NCDs have not yet been sent for four (4) of these claims, and twenty (20) of the NCDs that have been mailed are still subject to potential appeal. The SDR will keep the Court apprised of the resolution of these matters, and a resolution of these remaining claims is expected very soon. The Receiver has included as Exhibit 2 to this Sixteenth Status Report, an updated report showing the determinations of the Receiver on each claim approved in whole or in part to date.²

The SDR is continuing to evaluate outstanding appeals and anticipates that such appeals will be resolved soon. Once all appeal deadlines have run, and all appeals have been reviewed by the SDR, the SDR will inform the Receivership Court of any unresolved appeals so that a hearing or hearings may be set.

There are approximately \$3.36M in outstanding proofs of claim which have been assigned to a priority Class ‘C’ (*i.e.*, NRS 696B.420(1)(c)) or lower.³ The SDR has not reached the merits of these

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 The *in camera* Exhibit 2 claim report is being submitted in a separate envelope. The Receiver has elected, out of an abundance of caution, to keep confidential the names of the individual claimants (including NHC plan members) and the amounts that have been approved for their claims.

³ 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. That claim was denied in full by the SDR, and the government did not file an appeal of the SDR’s determination. This determination is now final and non-appealable.

claims, and may not do so until it appears that there may be assets available for distribution to these classes of claims, per NRS 696B.330(4).

CMS Receivables

As explained in prior status reports, and throughout the pendency of the receivership, the Receiver is working to resolve certain outstanding matters relating to the collection of amounts due under the various federal receivables programs, of which the CO-OP was a participant, and which are administered primarily by CMS. Considering the size of these federal receivables in relation to the CO-OP's potential total liabilities, the receipt of these funds by the receivership estate represents a key component of the largest expected portion of future claim payments by NHC – as is the legal determination of the government's asserted right to be paid ahead of all other creditors in the estate (including providers and members). CMS has maintained the position that any monies deemed owed to NHC (and thus the receivership estate) are to be offset against the amounts CMS asserts it is owed under the start-up loan awarded to NHC. To date, CMS has offset approximately \$12.9 million against the start-up loan that, the Receiver maintains, should have instead been paid to NHC. When the full amount of 2014 - 2015 Risk Corridors payments (*i.e.*, not just the prorated amount⁴) are included in the total, NHC is owed over \$55 million by CMS.

As of the date of filing of this Sixteenth Status Report, the Receiver asserts that the CO-OP, according to the various formulae applicable to Qualified Health Plans under the ACA, and notwithstanding prior attempts by CMS to offset these receivables against start-up loan funds in contravention of Nevada's laws relating to the regulation of insurer solvency, is owed over \$12.9M more in promised payments under various other CMS programs. The Receiver reserves the right to revise,

⁴ Due to a shortfall in risk corridor collections, CMS asserts it can only pay a prorated percentage of issuers' 2014 Risk Corridors payments and it will use all collections in subsequent years towards the 2014 payments (*i.e.*, they are unable to make payments for the subsequent years at all). DEP'T OF HEALTH & HUMAN SERVICES & CENTERS FOR MEDICARE & MEDICAID SERVICES ("CMS"), CCHIO MEMORANDUM, RISK CORRIDORS PAYMENT AND CHARGE AMOUNTS FOR THE 2015 BENEFIT YEAR (November 18, 2016) (available at <https://www.cms.gov/CCHIO/Resources/Regulations-and-Guidance/Downloads/2015-RC-Issuer-level-Report-11-18-16-FINAL-v2.pdf>); CMS, CCHIO MEMORANDUM, RISK CORRIDORS PAYMENT AND CHARGE AMOUNTS FOR THE 2016 BENEFIT YEAR (November 15, 2017) (available at <https://www.cms.gov/CCHIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Risk-Corridors-Amounts-2016.pdf>).

1 adjust, or otherwise restate her basis for the CMS receivables claims as new information is received and
2 litigation progresses with CMS.

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

4 The Receiver utilized the services of several third-party contractors that had been engaged before
5 commencement of the receivership, and some that were engaged after the receivership commenced to
6 assist in management of NHC's affairs. As part of its efforts to wind-down the operations of the company
7 and reduce administrative expenses of the estate, the Receiver has now terminated the services of all
8 remaining third-party vendors.

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

10 Based on the current needs of the receivership, the Receiver has trimmed existing staff to one
11 part-time staff member who now works on a contract basis. The Receiver may contract to use the
12 services of certain former employees for specific, limited-term receivership projects. The Receiver
13 completed the wind down and closure of NHC's administrative office this spring. The Receiver has
14 reduced the Information Technology needs of the CO-OP to reduce estate expenses, and will continue
15 to do so as ongoing receivership responsibilities permit.

16 **Continuation of Action Against Various Professionals and Other Firms Who Performed Services 17 for and on Behalf of NHC**

18 On August 25, 2017, Counsel for the Receiver filed in Clark County District Court a complaint
19 (Case No. A-17-760558-C in Department No. 18) against various persons, third-party vendors, and
20 professional service firms which are alleged to have contributed to NHC's losses by, among other things,
21 failing to adhere to applicable standards of professional care and requirements imposed by law,
22 misrepresentation concerning quality and standard of care for services performed, and breaches of
23 contract, duty, and implied covenants of good faith and fair dealing. The complaint names, among
24 others, NHC's former actuaries, accountants, auditors, and providers of certain business operations and
25 utilization review services, as well as those individuals who specifically performed, or who were in the
26 role of supervising the performance of, those services. The complaint also names several NHC former
27 directors and executive management.

1 Via Plaintiff's Motion to Amend Complaint, filed on July 17, 2018, the Receiver sought an order
2 granting leave to amend the August 25, 2017, complaint against certain of NHC's various directors,
3 officers, and third-party contractors, citing the discovery of additional facts in support of assertions made
4 in the first complaint, as well as the need to add a new defendant to the existing proceedings. This
5 Motion to Amend Complaint was filed in judicial department number 16, in line with the terms of
6 contemporaneous Notice of Department Reassignment assigning the proceedings to Judge Timothy C.
7 Williams. The Motion to Amend Complaint was approved via an order entered on September 18, 2018.

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

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

Judge Delaney on July 24, 2018. Through an order dated August 7, 2018, Judge Delaney denied Plaintiff's Motion for Reconsideration of that Court's March 12, 2018, order granting Milliman's Motion to Compel Arbitration.

The Receiver then determined it was necessary to file, and did file on December 17, 2018, a Petition under Nevada Rule of Appellate Procedure 21 for Writ of Mandamus in the Supreme Court of the State of Nevada (the "Petition for Writ"). The Petition for Writ requests that the Supreme Court of Nevada "issue a writ of mandamus directing the District Court to exercise subject matter jurisdiction over the claims raised by Petitioner against Real Parties in Interest." In response, and on March 20, 2019, Milliman filed its Response of Real Parties in Interest to Petition for Writ of Mandamus, asserting *inter alia* its rights to compel arbitration in this action. The Receiver filed her Reply in Support of Petition for Writ of Mandamus on May 1, 2019, after having received an earlier extension of filing deadlines. The Petition for Writ remains pending.

The Receiver's claims are ongoing against Milliman, Inc. (and individually named Milliman defendants), NHC's former directors and officers, InsureMonkey and Alex Rivlin, Larson & Company (and individually named Larson defendants), Nevada Health Solutions, LLC, and Unite Here Health. Discovery is underway, and the following deadlines have been set by Judge Timothy C. Williams, per the May 1, 2019, 2nd Amended Order Setting Civil Jury Trial, Pre-Trial, Calendar Call, and Deadlines Motions; Amended Discovery Scheduling Order:

1. **July 30, 2019:** Motions to Amend Pleadings or add parties; and Designation of Experts Pursuant to NRCP 16.1(a)(2)
2. **August 29, 2019:** Designation of Rebuttal Experts Pursuant to NRCP 16.1(a)(2) is due
3. **October 28, 2019:** Discovery Cut-Off
4. **November 27, 2019:** Motions in Limine or other Dispositive Motions
5. **January 8, 2019:** Pre-Trial Memorandum filing deadline
6. **January 9, 2020:** Pre-trial conference/calendar call
7. **January 27, 2020:** Case is set to be tried to a jury on a five-week stack

1 As of the date of filing of this Status Report, no new scheduling orders have been issued
2 extending these deadlines, although such an extension may yet be formally granted by the court in this
3 matter in line with the court's decision made in the related August 27, 2019, hearing to extend certain
4 expert designation deadlines to December 2, 2019, which will likely be moved to December 5, 2019, by
5 agreement of the parties.

6 Through the filing on July 18, 2019, of a Stipulation and Order Regarding Expert Disclosure
7 Deadlines, the counsel for the Receiver, the NHC former directors and officers, Larson, Unite Here
8 Health, and Nevada Health Solutions sought to extend the deadline for Defendants' designation of initial
9 witnesses from July 30, 2019, to August 29, 2019, and Plaintiff's designation of rebuttal witnesses from
10 August 29, 2019, to September 30, 2019. This Stipulation was approved via entry of an order the
11 following Monday.

12 The Receiver has settled its claims against Millennium, and the settlement agreement was
13 approved by the Court. Millennium has made two of the required settlement progress payments, and all
14 payments to date were timely made.

15 Defendants Unite Here Health and Nevada Health Solutions filed, on August 21, 2019, their
16 Motion to Stay on Order Shortening Time (the "Motion to Stay"), requesting that the court in Case No.
17 A-17-760558-C stay all pending proceedings on the basis, as described below, of the decision of the
18 Supreme Court of the United States to grant certiorari to review decisions rendered by the United States
19 Court of Federal Claims ("CFC") in *Moda Health Plan, Inc. v. United States*, *Land of Lincoln Mutual*
20 *Insurance Company v. United States*, and *Maine Community Health Options v. United States*
21 (collectively, "Supreme Court Appeal Cases"). The Supreme Court Appeal Cases all concern lawsuits
22 against the federal government for amounts owed to ACA-compliant CO-OPs under the "Risk Corridor"
23 federal receivables program, of which this Court has been noticed throughout the term of this
24 receivership.

25 The Motion to Stay's primary argument is that the damages model articulated in the Receiver's
26 instant suit against NHC's former directors, officers, vendors, and others depends in part upon
27 establishing that the United States was required to make full "Risk Corridors" payments, and therefore
28

1 the decision in the Supreme Court Appeal Cases would therefore substantially affect the Defendants’
2 overall extent of liability by tens of millions of dollars. As Defendants’ arguments in the Motion to Stay
3 assert, if the United States were not liable to NHC, for one reason or another, to make Risk Corridors
4 payments, then Defendants cannot be liable for damaging NHC’s right to collect such amounts.

5 The Receiver filed her Plaintiff’s Opposition to the Motion to Stay on August 26, 2019, on the
6 basis that delay of the proceedings in the instant litigation sought by the Defendants represented an
7 unwarranted attempt to forestall other aspects of the litigation not directly tied to the legal questions
8 being considered on appeal. The Opposition to the Motion to Stay asserts that none of the Receiver’s
9 claims and state-law causes of action against the Defendants in the instant litigation are bound up in the
10 United States Supreme Court’s review of the decision in the Supreme Court Appeal Cases, and that the
11 outcome of these cases will not seriously affect how the parties in the instant litigation will prepare for
12 trial.

13 The Motion to Stay and the Opposition to same were heard by Judge Timothy C. Williams on
14 August 27, 2019, and were continued on that date to permit for additional supplemental briefing on
15 essential questions of law. On September 10, 2019, Defendants Unite Here Health and Nevada Health
16 Solutions filed their Supplemental Brief in support of their Motion to Stay, providing additional legal
17 authorities. The Receiver responded with her own Supplemental Brief in Response to the Motion to
18 Stay on September 24, 2019. The matter was heard again before Judge Williams on October 1, 2019,
19 and the matter has been continued for another hearing until November 6, 2019.

20 Defendants Unite Here Health and Nevada Health Solutions also filed, on August 21, 2019, a
21 Motion to Extend Expert Disclosure Deadlines on Order Shortening Time (the “Motion to Extend”),
22 seeking to extend the (August 29, 2019) deadlines for designating initial and rebuttal expert reports. The
23 Motion to Extend asserts that Defendants Unite Here Health and Nevada Health Solutions, joined by
24 other defendants in the instant litigation, required more time to provide a competent rebuttal to the
25 conclusions reached by the Receiver’s four designated expert reports, as well as the SDR’s report
26 concerning NHC’s causation and damages theories. The Motion to Extend asserts both that the existing
27 volume of records produced requires more time than would be available by the deadline, and that the
28

Receiver should be made to provide an even more extensive production of potentially relevant documents in order to allow Defendants to provide a more complete rebuttal. The Receiver filed her Opposition to the Motion to Extend on August 26, 2019, asserting that such Motion to Extend incorrectly alleged that relied-upon documents were not produced, that the reports alleged by Defendants as “improperly disclosed” were not in fact expert reports, and that the additional documents alleged by the Motion to Extend as being essential to Defendants’ provision of a complete defense were documents to which Defendants’ were not entitled. The discovery deadlines have been extended by the Court until December 2, 2019, and the parties have agreed by stipulation to extend the Defendants’ expert report deadline date until December 5, 2019.

Pending Action Against the United States in the Court of Federal Claims

On November 8, 2018, the Receiver filed a Complaint in the United States Court of Federal Claims (“CFC Complaint”) against the United States for monetary amounts owed to NHC under the Consumer Operated and Oriented Plan program organized pursuant to the ACA. The Receiver determined that such litigation was necessary in order to advance the interests of the receivership estate’s various creditors, and to protect and conserve assets that rightfully belong to the estate.

In Counts I through IV, the CFC Complaint prays for relief in the form of an award of damages and monetary relief equal to the difference between the amount NHC actually received in payments under Sections 1342, 1341, 1343, and 1401 of the ACA – the statutes which describe and enact the Risk Corridors, transitional reinsurance, risk adjustment, and cost sharing reduction programs respectively – and the amount NHC should have received under those laws. Count IV also seeks an award of damages and monetary relief equal to the difference between what NHC actually received in premium tax credits for 2015 under Section 1401 and the amount it should have received (however, subsequent communications with CMS have resulted in the Receiver determining that no premium tax credits are still owed, such that the Receiver will no longer pursue that particular claim).

The CFC Complaint’s Count V (breach of contract by offset) and Count VI (illegal exaction) plead alternate theories for recovery of money damages resulting from the United States, through its

agents at HHS and CMS, offsetting payments that CMS owed to NHC against funds NHC allegedly owed to the government pursuant to the terms of the CO-OP start-up loan.

On March 7, 2019, the United States filed a motion to dismiss the CFC Complaint's ("Motion to Dismiss") argument that none of Counts I through VI state claims upon which relief can be granted. NHC's deadline for responding to the Motion to Dismiss was July 9, 2019. However, on June 24, 2019, the United States Supreme Court granted certiorari in three Risk Corridors appeals, *i.e.*, the Supreme Court Appeal Cases.

Subsequent to a Motion for Enlargement of Time to Respond to Government's Motion to Dismiss, filed on June 28, 2019, the Receiver filed her Opposition to Motion to Dismiss, and Cross-Motion for Final Partial Summary Judgment on July 31, 2019, which sought from the CFC, *inter alia*, an adjudication in favor of the Receiver regarding that Counts II through IV of the CFC Complaint, the counts not taken up by the United States Supreme Court for review. The Cross-Motion for Partial Summary Judgment predicated its arguments on the basis that the United States had already admitted prior liability and damages concerning the amounts sought by the CFC Complaints under counts II-IV (*i.e.*, the Federal Transitional Reinsurance program, the Risk Adjustment program, and the Cost-Sharing Reduction programs provided for explicitly by ACA statutes), save for their affirmative defense of offset, and that the affirmative defense of offset must fail as a matter of law as the circumstances provided for in applicable federal law and regulation permitting an offset of amounts owed under the ACA receivables programs were not satisfied in this case.

On August 7, 2019, the United States filed with the CFC its Motion to Stay, or in the Alternative, for an Enlargement of Time, asserting that the interrelated issues of fact and law at the center of the CFC litigation, alongside countervailing concerns of judicial economy, justified a general suspension of proceedings during the pendency of the United States Supreme Court's review of the legal and constitutional questions in the Supreme Court Appeal Cases, notwithstanding the theoretical separability of the various federal receivables programs under which NHC presented its claims. The CFC granted the United States' Motion to Stay on August 12, 2019.

Prospective Sale of Risk Corridors Receivable

On September 16, 2019, the Receiver filed with the Receivership Court her Motion for Determination of Good Faith Sale of Interest in Receivables by Plaintiff, Order Approving Sale and Permitting Distribution of Certain Funds (the “Motion for Sale and Disbursement”) in connection with a contemplated sale transaction between NHC and CM Squared RC IV, LLC, a prospective purchaser of NHC’s interest in the aforementioned Risk Corridors receivable at issue in the litigation between the Receiver and the United States. The Motion for Sale and Disbursement, among other things, seeks judicial approval for NHC to sell most of its interest in any recoveries made against the United States in connection with the Risk Corridors receivable to the prospective purchaser in exchange for an initial payment of \$10,000,000, and certain subsequent funds retained as part of NHC retaining a minority interest in litigation recoveries as received. The exact nature of the transaction is more completely described in the proposed agreement documents attached as exhibits to that Motion. The Motion for Sale and Disbursement also seeks judicial authorization to disburse as much as \$5 million from the funds obtained from this sale to estate claimants in the order provided by law. On September 25, 2019, United Here Health filed an Opposition with the Receivership Court seeking to block the sale on the basis of insufficient evidence of due diligence by the Receiver, potential conflict of interest concerns, and the difference between the contemplated initial payment and the ultimate value of the receivable.

Current Receivership Assets

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

1. The unrestricted cash assets of the CO-OP have fluctuated with post-receivership expenses and claim payments, as well as with the Receiver’s receipt of member premiums. The currently available, unrestricted cash assets of the CO-OP as of August 21, 2019, were approximately \$322,530. The majority of NHC’s currently available and liquid assets have been invested in a bond mutual fund, with the remainder of such assets held in bank deposits.

2. The financial information of NHC in this Sixteenth Status Report provides estimates. NHC's financials may materially vary depending upon the estate's receipt of the promised federal receivables payments under the various ACA programs described in this report, and future litigation recoverables. These figures will remain estimates until the estate receives clearer indications from CMS and the federal government as to the amount and timing of any federal payments or future appropriations, as well as the final disposition of CMS receivable balances in which CMS has placed an administrative hold and asserted rights to setoff, many of these matters are being litigated currently.

3. The Receiver is including, as Exhibit 3 attached hereto, a cash flow report for NHC for the period covering the inception of the receivership through August 31, 2019. This report reflects a summary of disbursements and collections made by NHC during this period.

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 Sixteenth Status Report and the actions taken by the Receiver.

DATED this 7th day of October 2019.

Respectfully submitted:

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

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

Respectfully submitted by:

/s/ Eric W. Swanis

MARK E. FERRARIO, ESQ. (NSB 1625)

ERIC W. SWANIS, ESQ. (NSB 6840)

GREENBERG TRAURIG, LLP

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Las Vegas, Nevada 89135

*Counsel for Barbara D. Richardson, Commissioner of Insurance,
as the Permanent Receiver for Nevada Health CO-OP*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on the 7th day of October 2019, and pursuant to NEFCR 9, NRCP 5(b), and EDCR 7.26, I served this **SIXTEENTH STATUS REPORT** on all parties receiving service in this action through electronic transmission via this Court's electronic filing system to:

E-Service Master List

For Case

State of Nevada, ex rel. Commissioner of Insurance, Plaintiff(s) vs. Nevada Health CO-OP, Defendant(s)

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/s/ Andrea Lee Rosehill

An employee of Greenberg Traurig, LLP

EXHIBIT “1”

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July 24, 2019

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

May 1 - May 31, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
May 2019	23534- 23544	\$90,481.25	\$1,365.53	\$91,846.78
Totals (1)		\$90,481.25	\$1,365.53	\$91,846.78

Cantilo & Bennett, L.L.P.

**NEVADA HEALTH CO-OP
TIMEKEEPER SUMMARY REPORT
5/1/19 - 5/31/19**

		Billable Hours	Billable Rate	May 2019 Billing
1	Timekeeper - Patrick H. Cantilo	0.00	\$450.00	\$0.00
2	Timekeeper - Mark F. Bennett	58.80	\$375.00	\$22,050.00
3	Timekeeper - Kristen W. Johnson	19.00	\$175.00	\$3,325.00
4	Timekeeper - Josh O. Lively	112.25	\$175.00	\$19,643.75
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	4.80	\$200.00	\$960.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	92.60	\$100.00	\$9,260.00
10	TimeKeeper - Pierre Riou	155.80	\$225.00	\$35,055.00
11	TimeKeeper - Jeffrey L. Collins	1.50	\$125.00	\$187.50
	GRAND TOTAL	444.75		\$90,481.25

Work Date 05/01/2019:05/31/2019
Client ID 70750
Bill Date 7/2/19

Staff ID	Cost Code	Units	Amount	Write Down	Total
	FD1A	0.00	78.73	0.00	78.73
	MT1A	0.00	191.75	0.00	191.75
	PO1E	0.00	8.15	0.00	8.15
	TL2E	0.00	1,086.90	0.00	1,086.90
	Sub Total ()	0.00	1,365.53	0.00	1,365.53
	Grand Total	0.00	1,365.53	0.00	1,365.53

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August 8, 2019

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

June 1 - June 30, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
June 2019	23636- 23645	\$45,578.75	\$3,393.59	\$48,972.34
Totals (1)		\$45,578.75	\$3,393.59	\$48,972.34

Cantilo & Bennett, L.L.P.

NEVADA HEALTH CO-OP
TIMEKEEPER SUMMARY REPORT
6/1/19 - 6/30/19

		Billable Hours	Billable Rate	June 2019 Billing
1	Timekeeper - Patrick H. Cantilo	2.00	\$450.00	\$900.00
2	Timekeeper - Mark F. Bennett	88.00	\$375.00	\$33,000.00
3	Timekeeper - Kristen W. Johnson	13.00	\$175.00	\$2,275.00
4	Timekeeper - Josh O. Lively	0.00	\$175.00	\$0.00
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	0.30	\$200.00	\$60.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	5.90	\$100.00	\$590.00
10	TimeKeeper - Pierre Riou	47.10	\$225.00	\$10,597.50
11	TimeKeeper - Jeffrey L. Collins	1.25	\$125.00	\$156.25
	GRAND TOTAL	157.55		\$47,578.75

Work Date 5/15/19:06/30/2019
Client ID 70750
Bill Date 8/8/19

Staff ID	Cost Code	Units	Amount	Write Down	Total
	BM1A BUSINESS MEALS	0.00	350.75	0.00	350.75
	FD1A FEDERAL EXPRESS	0.00	36.44	0.00	36.44
	MT1A MISCELLANEOUS	0.00	910.27	0.00	910.27
	PK1A PARKING	0.00	120.00	0.00	120.00
	PO1E POSTAGE	0.00	4.00	0.00	4.00
	TA1A TRAVEL-AIRFARE	0.00	669.44	0.00	669.44
	TE1A TRANSPORTATION EXPENSE	0.00	287.11	0.00	287.11
	TH1A TRAVEL-HOTEL	0.00	468.64	0.00	468.64
	TL2E TELEPHONE	0.00	546.94	0.00	546.94
	Sub Total ()	0.00	3,393.59	0.00	3,393.59
	Grand Total	0.00	3,393.59	0.00	3,393.59

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August 30, 2019

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

July 1 - July 31, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
July 2019	23686 - 23698	\$120,653.75	\$2,701.11	\$123,354.86
Totals (1)		\$120,653.75	\$2,701.11	\$123,354.86

Client ID 70750
Work Date 7/1/2019:7/31/2019

TimeKeeper		Hours	Fees	NC Hours	NC Fees
MFB MARK F. BENNETT					
70750002	Legal	1.50	562.50	0.00	0.00
70750004	Financial Matters	3.00	1,125.00	0.00	0.00
70750007	Member Issues	1.50	562.50	0.00	0.00
70750008	Company Administration	2.30	862.50	0.00	0.00
70750010	CMS	3.80	1,425.00	0.00	0.00
70750100	Asset Recovery	73.50	27,562.50	0.00	0.00
70750102	NHC vs. CMS Litigation	55.25	20,718.75	0.00	0.00
	Sub Total (MFB)	140.85	52,818.75	0.00	0.00*
ABS ARATI BHATTACHARYA					
70750100	Asset Recovery	1.40	280.00	0.00	0.00
	Sub Total (ABS)	1.40	280.00	0.00	0.00*
PHC PATRICK H. CANTILO					
70750102	NHC vs. CMS Litigation	17.00	7,650.00	0.00	0.00
	Sub Total (PHC)	8.50	3,825.00	0.00	0.00
		25.50	11,475.00	0.00	0.00*
JLC JEFFREY L. COLLINS					
	Sub Total (JLC)	12.10	1,512.50	0.00	0.00
		12.10	1,512.50	0.00	0.00*
KWJ KRISTEN W. JOHNSON					
70750000	General	6.50	1,137.50	0.00	0.00
70750002	Legal	6.90	1,207.50	0.00	0.00
70750003	Claims	0.50	87.50	0.00	0.00
70750100	Asset Recovery	26.90	4,707.50	0.00	0.00
	Sub Total (KWJ)	40.80	7,140.00	0.00	0.00*
JOL JOSHUA O. LIVELY					
70750008	Company Administration	3.00	525.00	0.00	0.00
70750100	Asset Recovery	120.00	21,000.00	0.00	0.00
	Sub Total (JOL)	123.00	21,525.00	0.00	0.00*
PJR PIERRE J. RIOU					
70750102	NHC vs. CMS Litigation	109.50	24,637.50	0.00	0.00
	Sub Total (PJR)	109.50	24,637.50	0.00	0.00*
IXS ISAIAH SAMANIEGO					
70750008	Company Administration	12.65	1,265.00	0.00	0.00
	Sub Total (IXS)	12.65	1,265.00	0.00	0.00*
Grand Total		465.80	120,653.75	0.00	0.00

Cantilo & Bennett, L.L.P.

**NEVADA HEALTH CO-OP
TIMEKEEPER SUMMARY REPORT
7/1/19 - 7/31/19**

		Billable Hours	Billable Rate	July 2019 Billing
1	Timekeeper - Patrick H. Cantilo	25.50	\$450.00	\$11,475.00
2	Timekeeper - Mark F. Bennett	140.85	\$375.00	\$52,818.75
3	Timekeeper - Kristen W. Johnson	40.80	\$175.00	\$7,140.00
4	Timekeeper - Josh O. Lively	123.00	\$175.00	\$21,525.00
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	1.40	\$200.00	\$280.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	12.65	\$100.00	\$1,265.00
10	TimeKeeper - Pierre Riou	109.50	\$225.00	\$24,637.50
11	TimeKeeper - Jeffrey L. Collins	12.10	\$125.00	\$1,512.50
	GRAND TOTAL	465.80		\$120,653.75

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October 7, 2019

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

August 1 - August 31, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
August 2019	23824 - 23842	\$ 49,461.25	\$1,158.12	\$ 50,619.37
Totals (1)		\$ 49,461.25	\$1,158.12	\$ 50,619.37

Cantilo & Bennett, L.L.P.

**NEVADA HEALTH CO-OP
TIMEKEEPER SUMMARY REPORT
8/1/19 - 8/31/19**

		Billable Hours	Billable Rate	August 2019 Billing
1	Timekeeper - Patrick H. Cantilo	11.00	\$450.00	\$4,950.00
2	Timekeeper - Mark F. Bennett	88.50	\$375.00	\$33,187.50
3	Timekeeper - Kristen W. Johnson	25.10	\$175.00	\$4,392.50
4	Timekeeper - Josh O. Lively	19.50	\$175.00	\$3,412.50
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	0.00	\$200.00	\$0.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	3.20	\$100.00	\$320.00
10	TimeKeeper - Pierre Riou	13.80	\$225.00	\$3,105.00
11	TimeKeeper - Jeffrey L. Collins	0.75	\$125.00	\$93.75
	GRAND TOTAL	161.85		\$49,461.25

Client ID 70750
Work Date 8/1/19:08/31/2019

TimeKeeper		Hours	Fees	NC Hours	NC Fees
MFB	MARK F. BENNETT				
70750002	Legal	0.75	281.25	0.00	0.00
70750004	Financial Matters	1.00	375.00	0.00	0.00
70750007	Member Issues	3.30	1,237.50	0.00	0.00
70750008	Company Administration	5.90	2,212.50	0.00	0.00
70750010	CMS	53.80	20,175.00	0.00	0.00
70750100	Asset Recovery	15.00	5,625.00	0.00	0.00
70750102	NHC vs. CMS Litigation	8.75	3,281.25	0.00	0.00
	Sub Total (MFB)	88.50	33,187.50	0.00	0.00*
PHC	PATRICK H. CANTILO				
70750100	Asset Recovery	11.00	4,950.00	0.00	0.00
	Sub Total (PHC)	11.00	4,950.00	0.00	0.00*
JLC	JEFFREY L. COLLINS				
70750102	NHC vs. CMS Litigation	0.75	93.75	0.00	0.00
	Sub Total (JLC)	0.75	93.75	0.00	0.00*
KWJ	KRISTEN W. JOHNSON				
70750000	General	0.60	105.00	0.00	0.00
70750003	Claims	1.60	280.00	0.00	0.00
70750008	Company Administration	3.50	612.50	0.00	0.00
70750100	Asset Recovery	19.40	3,395.00	0.00	0.00
	Sub Total (KWJ)	25.10	4,392.50	0.00	0.00*
JOL	JOSHUA O. LIVELY	19.50	3,412.50	0.00	0.00
	Sub Total (JOL)	19.50	3,412.50	0.00	0.00*
PJR	PIERRE J. RIOU				
70750102	NHC vs. CMS Litigation	13.80	3,105.00	0.00	0.00
	Sub Total (PJR)	13.80	3,105.00	0.00	0.00*
IXS	ISAIAH SAMANIEGO				
70750008	Company Administration	3.20	320.00	0.00	0.00
	Sub Total (IXS)	3.20	320.00	0.00	0.00*
Grand Total		161.85	49,461.25	0.00	0.00

Staff ID	Cost Code	Units	Amount	Write Down	Total
	BM1A BUSINESS MEALS	0.00	76.25	0.00	76.25
	E124 Other	0.00	172.52	0.00	172.52
	FF1E FILING FEES	0.00	50.00	0.00	50.00
	PK1A PARKING	0.00	30.00	0.00	30.00
	PO1E POSTAGE	0.00	5.65	0.00	5.65
	TA1A TRAVEL-AIRFARE	0.00	75.99	0.00	75.99
	TE1A TRANSPORTATION EXPENSE	0.00	88.98	0.00	88.98
	TH1A TRAVEL-HOTEL	0.00	65.19	0.00	65.19
	TL2E TELEPHONE	0.00	593.54	0.00	593.54
	Sub Total ()	0.00	1,158.12	0.00	1,158.12
Grand Total		0.00	1,158.12	0.00	1,158.12

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PALOMAR FINANCIAL, LC

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June 27, 2019

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

May 1, 2019 – May 31, 2019

Matter No. and Description	Fees	Costs	Total
May 2019 Non-IT Services	\$10,400.00	\$0.00	\$10,400.00
IT Services Flat Fee (05/13/19-05/31/19)	3,064.51	0.00	3,064.51
Totals	\$13,464.51	\$0.00	\$13,464.51

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD MAY 2019

		Billable Hours	Billable Rate	May 2019 Billing
1	TIME KEEPER - Nicole Wilkins	10.70	\$250.00	\$2,675.00
2	TIME KEEPER - Robert Stebel	1.25	\$160.00	\$200.00
3	TIME KEEPER - Maria Wilder	20.00	\$150.00	\$3,000.00
4	TIME KEEPER - Neda Khalaf	21.25	\$160.00	\$3,400.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	7.50	\$150.00	\$1,125.00
	GRAND TOTAL	60.70		\$10,400.00

Palomar Financial, LC
05/01/2019-05/31/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	2.70	\$ 675.00
		Payroll & Employee Benefits	2.80	\$ 700.00
		Accounts Payable and Receivable	2.40	\$ 600.00
		Bank Account Administration/Reconciliation	0.50	\$ 125.00
		Sub Total (NMW)	10.70	\$ 2,675.00
RNS	Robert Stebel	Regulatory Responses/Compliance	1.25	\$ 200.00
		Sub Total (RNS)	1.25	\$ 200.00
MW	Maria Wilder	General Ledger Accounting	13.50	\$ 2,025.00
		Payroll & Employee Benefits	6.50	\$ 975.00
		Sub Total (MW)	20.00	\$ 3,000.00
NK	Neda Khalaf	Accounts Payable and Receivable	21.25	\$ 3,400.00
		Sub Total (NK)	21.25	\$ 3,400.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Accounts Payable and Receivable	7.50	\$ 1,125.00
		Sub Total (GS)	7.50	\$ 1,125.00
	Grand Total		60.70	\$ 10,400.00

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August 8, 2019

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

June 1, 2019 – June 30, 2019

Matter No. and Description	Fees	Costs	Total
June 2019 Non-IT Services	\$7,775.00	\$0.00	\$7,775.00
June 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$12,775.00	\$0.00	\$12,775.00

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD JUNE 2019

		Billable Hours	Billable Rate	June 2019 Billing
1	TIME KEEPER - Nicole Wilkins	9.25	\$250.00	\$2,312.50
2	TIME KEEPER - Robert Stebel	2.50	\$160.00	\$400.00
3	TIME KEEPER - Maria Wilder	2.75	\$150.00	\$412.50
4	TIME KEEPER - Neda Khalaf	22.50	\$160.00	\$3,600.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	7.00	\$150.00	\$1,050.00
	GRAND TOTAL	44.00		\$7,775.00

Palomar Financial, LC
06/01/2019-06/30/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	4.05	\$ 1,012.50
		Payroll & Employee Benefits	2.10	\$ 525.00
		Investment Accounting/Support	0.20	\$ 50.00
		Accounts Payable and Receivable	1.90	\$ 475.00
		Bank Account Administration/Reconciliation	1.00	\$ 250.00
		Sub Total (NMW)	9.25	\$ 2,312.50
RNS	Robert Stebel	Investment Accounting/Support	1.50	\$ 240.00
		Regulatory Responses/Compliance	1.00	\$ 160.00
		Sub Total (RNS)	2.50	\$ 400.00
MW	Maria Wilder	Payroll & Employee Benefits	2.75	\$ 412.50
		Sub Total (MW)	2.75	\$ 412.50
NK	Neda Khalaf	Accounts Payable and Receivable	22.50	\$ 3,600.00
		Sub Total (NK)	22.50	\$ 3,600.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Accounts Payable and Receivable	7.00	\$ 1,050.00
		Sub Total (GS)	7.00	\$ 1,050.00
Grand Total			44.00	\$ 7,775.00

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August 23, 2019

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

July 1, 2019 – July 31, 2019

Matter No. and Description	Fees	Costs	Total
July 2019 Non-IT Services	\$6,082.50	\$0.00	\$6,082.50
July 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$11,082.50	\$0.00	\$11,082.50

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD JULY 2019

		Billable Hours	Billable Rate	July 2019 Billing
1	TIME KEEPER - Nicole Wilkins	12.45	\$250.00	\$3,112.50
2	TIME KEEPER - Robert Stebel	2.25	\$160.00	\$360.00
3	TIME KEEPER - Kelly Reed	2.00	\$150.00	\$300.00
4	TIME KEEPER - Neda Khalaf	13.50	\$160.00	\$2,160.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	1.00	\$150.00	\$150.00
	GRAND TOTAL	31.20		\$6,082.50

Palomar Financial, LC
07/01/2019-07/31/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	1.25	\$ 312.50
		General Ledger Accounting	8.65	\$ 2,162.50
		Payroll & Employee Benefits	0.20	\$ 50.00
		Investment Accounting/Support	0.20	\$ 50.00
		Accounts Payable and Receivable	0.95	\$ 237.50
		Bank Account Administration/Reconciliation	0.90	\$ 225.00
		Taxes and Tax Planning	0.30	\$ 75.00
		Sub Total (NMW)	12.45	\$ 3,112.50
RNS	Robert Stebel	Taxes & Tax Planning	1.75	\$ 280.00
		Regulatory Responses/Compliance	0.50	\$ 80.00
		Sub Total (RNS)	2.25	\$ 360.00
KJR	Kelly Reed	Accounts Payable and Receivable	2.00	\$ 300.00
		Sub Total (KJR)	2.00	\$ 300.00
NK	Neda Khalaf	Accounts Payable and Receivable	13.50	\$ 2,160.00
		Sub Total (NK)	13.50	\$ 2,160.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Accounts Payable and Receivable	1.00	\$ 150.00
		Sub Total (GS)	1.00	\$ 150.00
Grand Total			31.20	\$ 6,082.50

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PALOMAR FINANCIAL, LC

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September 19, 2019

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

August 1, 2019 – August 31, 2019

Matter No. and Description	Fees	Costs	Total
August 2019 Non-IT Services	\$6,850.00	\$0.00	\$6,850.00
August 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$11,850.00	\$0.00	\$11,850.00

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD AUGUST 2019

		Billable Hours	Billable Rate	August 2019 Billing
1	TIME KEEPER - Nicole Wilkins	10.15	\$250.00	\$2,537.50
2	TIME KEEPER - Robert Stebel	0.00	\$160.00	\$0.00
3	TIME KEEPER - Kelly Reed	0.00	\$150.00	\$0.00
4	TIME KEEPER - Neda Khalaf	22.50	\$160.00	\$3,600.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	4.75	\$150.00	\$712.50
	GRAND TOTAL	37.40		\$6,850.00

Palomar Financial, LC
08/01/2019-08/31/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	2.40	\$ 600.00
		General Ledger Accounting	1.00	\$ 250.00
		Payroll & Employee Benefits	1.10	\$ 275.00
		Accounts Payable and Receivable	2.25	\$ 562.50
		Bank Account Administration/Reconciliation	3.20	\$ 800.00
		Taxes and Tax Planning	0.20	\$ 50.00
		Sub Total (NMW)	10.15	\$ 2,537.50
RNS	Robert Stebel	Taxes & Tax Planning	0.00	\$ -
		Regulatory Responses/Compliance	0.00	\$ -
		Sub Total (RNS)	0.00	\$ -
KJR	Kelly Reed	Accounts Payable and Receivable	0.00	\$ -
		Sub Total (KJR)	0.00	\$ -
NK	Neda Khalaf	Accounting Reports/Receivership Team Support	11.50	\$ 1,840.00
		Accounts Payable and Receivable	11.00	\$ 1,760.00
		Sub Total (NK)	22.50	\$ 3,600.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Accounts Payable and Receivable	4.75	\$ 712.50
		Sub Total (GS)	4.75	\$ 712.50
Grand Total			37.40	\$ 6,850.00

Invoice No.: 5121918
File No. : 170678.010100
Bill Date : July 17, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through June 30, 2019:

Total Fees: \$ 129,407.50

Expenses:

Filing Fees	7.00
Parking Charges	9.00
Off-site Printing and Copying	30.00

Charges

Professional & Legal	91.20
UPS Charges	17.92

Total Expenses: \$ 155.12

Total Current Invoice: \$ 129,562.62

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5121926
File No. : 170678.010300
Bill Date : July 17, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through June 30, 2019:

Total Fees: \$ 45,895.00

Total Current Invoice: \$ 45,895.00

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5152328
File No. : 170678.010100
Bill Date : August 27, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through July 31, 2019:

Total Fees: \$ 166,574.50

Expenses:

Filing Fees 14.00

Messenger/Courier Services 255.50

Total Expenses: \$ 269.50

Total Current Invoice: \$ 166,844.00

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5151456
File No. : 170678.010300
Bill Date : August 27, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through July 31, 2019:

Total Fees: \$ 54,395.00

Total Current Invoice: \$ 54,395.00

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5151457
File No. : 170678.010500
Bill Date : August 27, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through July 31, 2019:

Total Fees: \$ 950.00

Total Current Invoice: \$ 950.00

MEF:TKK
Tax ID: 13-3613083

Invoice No. : 5154941
File No. : 170678.010100
Bill Date : September 23, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through August 31, 2019:

Total Fees: \$ 101,454.00

Expenses:

Messenger/Courier Services
Parking Charges

45.00
20.00

Total Expenses: \$ 65.00

Total Current Invoice: \$ 101,519.00

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5154968
File No. : 170678.010300
Bill Date : September 23, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through August 31, 2019:

Total Fees: \$ 5,897.50

Total Current Invoice: \$ 5,897.50

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5154969
File No. : 170678.010500
Bill Date : September 23, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through August 31, 2019:

Total Fees: \$ 28,305.00

Total Current Invoice: \$ 28,305.00

MEF:TKK
Tax ID: 13-3613083

EXHIBIT “3”

NEVADA HEALTH CO-OP

Cash Flow Analysis

Oct 2015 - August 2019

Sources & Uses

Beginning Cash on October 1, 2015

\$ 5,352,417

SOURCES:

Premium Revenue	17,756,567
CSR Recoveries	2,347,121
Rx Rebates	-
Claims Overpayment Recoveries	720,133
PartnerRe 2014 Premium Refund	374,513
Traditional Reins Recoveries	787,352
FTR Reins Recoveries	735,747
Risk Corridor 2014	1,163,872
Federal Receivables Bridge Loan	-
Restricted Cash became Unrestricted	768,517
Other	736,063
TOTAL SOURCES:	25,389,886

USES:

Medical Claims Q4 2015 and Post 2015 Adj	(176,660)
Rx Claims Q4 2015	(7,599,195)
Risk Adjustment 2015	-
Medical PMPMs Q4	(43,967)
FTR Reinsurance Premium	(898,687)
Traditional Reins Premium Q4 2015	(547,319)
Premium Tax	(294,665)
Other Admin	(12,550,051)
9010 ACA Fee / 720 PCORI Fee	(161,242)
Professional Services	(8,147,986)

TOTAL USES: (30,419,773)

Net cash increase for period

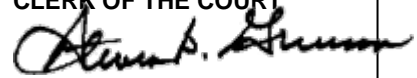
(5,029,887)

Ending Cash at end of August 31, 2019

\$ 322,530

TAB 24

TAB 24



1 **SR**

2 MARK E. FERRARIO, ESQ.

3 Nevada Bar No. 1625

4 ERIC W. SWANIS, ESQ.

5 Nevada Bar No. 6840

6 GREENBERG TRAURIG, LLP

7 10845 Griffith Peak Drive, Suite 600

8 Las Vegas, Nevada 89135

9 Telephone: (702) 792-3773

10 Facsimile: (702) 792-9002

11 Email: swanise@gtlaw.com

12 *Counsel for Barbara D. Richardson, Commissioner of Insurance,*
13 *as the Permanent Receiver for Nevada Health CO-OP*

14 **IN THE EIGHTH JUDICIAL DISTRICT COURT**

15 **CLARK COUNTY, NEVADA**

16 STATE OF NEVADA, EX REL.
17 COMMISSIONER OF INSURANCE, IN HER
18 OFFICIAL CAPACITY AS STATUTORY
19 RECEIVER FOR DELINQUENT DOMESTIC
20 INSURER,

21 Plaintiff,

22 v.

23 NEVADA HEALTH CO-OP,

24 Defendant.

CASE NO. A-15-725244-C
Department 1

25 **SEVENTEENTH STATUS REPORT**

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

///

I. INTRODUCTION AND HISTORICAL BACKGROUND

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

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

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///

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1 Via a Notice of Substitution of Receiver dated April 6, 2016, Deputy Attorney General
2 Joanna N. Grigoriev informed interested parties of the substitution of Commissioner Barbara
3 D. Richardson, in place and stead of former Acting Commissioner Amy L. Parks, as the
4 Receiver of NHC. This substitution of Receiver was subsequent to Commissioner
5 Richardson's appointment as Commissioner of Insurance for the State of Nevada.

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

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

13 **II. RECEIVERSHIP ADMINISTRATION**

14 **Receivership Administrative Services and Oversight**

15 CANTILO & BENNETT, L.L.P., as SDR of NHC, manages the receivership estate and
16 conducts its affairs. PALOMAR FINANCIAL, LC, an affiliate of the SDR, performs
17 administration, information technology, and other related services for the Receiver under the
18 supervision of the SDR. The Receiver has included an informational copy, as Exhibit 1 to
19 this Seventeenth Status Report, of the invoices either deferred or paid to the SDR and other
20 receivership consultants since the last status report to this Court.¹

21
22 ¹ The *in camera* materials are being submitted in a separate envelope that reflect paid or
23 deferred invoices. The Receiver has elected to defer certain administrative expenses until a later date
24 when further assets become available to the Receiver. The Receiver has included copies of all
invoices that have been approved but deferred as to the payment of fee amounts only.

25 Certain billings submitted to the Court are appropriate for *in camera* review (as opposed to
26 being made part of a public filing). More particularly, and as discussed in further detail below, certain
27 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.

28 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 potential litigation strategy and the nature of the expert services

Resolution of Outstanding Receivership Matters

Claims Adjudications & Distributions

As the SDR reported in its Sixteenth Status Report to this Court, Notices of Claim Determination (“NCDs”) have been finalized and mailed for healthcare claims previously submitted by providers to NHC’s Javelina Claims Processing Database. The total allowed amount of these approved claims is approximately \$33.7 million. The NHC members also received NCDs that showed them the amount that the SDR has approved to be paid to their providers and the amount of member responsibility (*i.e.*, the co-pays, deductibles, and coinsurance), if any, that they may owe on their providers’ outstanding claims. The SDR has received approval from the Court to make a distribution of certain estate assets for the partial payment of these providers’ claims, which have been classified by the SDR as claims made under NHC policies pursuant to NRS 696B.420(1)(b)).² The SDR is collecting IRS W-9 forms and other necessary documentation from the providers in advance of making any claim

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 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 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 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).

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 See, *infra* section titled “Sale of Risk Corridors Receivable.”

1 payments, to assure that the estate can meet any mandatory federal tax reporting
2 requirements.

3 The SDR has also mailed all of the NCDs for those proofs of claim submitted to the
4 SDR relating to Policy Claims (*i.e.*, Class B claims pursuant to NRS 696B.420(1)(b)). The
5 total allowed amount for these claims is \$5,102.64. The SDR recently mailed checks to the
6 members for the partial payment of these policy claims. The Court, on December 6, 2019,
7 granted the SDR's Motion for Order Authorizing Satisfaction of Hardship Claims, which
8 allows these member claims to be paid in full.³ The SDR is preparing to mail the remainder
9 payments to the members (*i.e.*, for the \$5,102.64 in approved claims of members). The total
10 allowed amount for the members' claims is subject to a potential small increase as two (2) of
11 the NCDs that have been mailed to members are still subject to potential appeal and two other
12 NCD appeals have been filed and remain pending. The SDR will keep the Court apprised of
13 the resolution of these matters, and a resolution of these remaining claims is expected very
14 soon. The Receiver will provide an updated report showing the determinations of the
15 Receiver on each claim approved in whole or in part to date.

16 The SDR is continuing to evaluate outstanding appeals and anticipates that such
17 appeals will be resolved soon. Once all appeal deadlines have run, and all appeals have been
18 reviewed by the SDR, the SDR will inform the Receivership Court of any unresolved appeals
19 so that a hearing or hearings may be set.

20 There are approximately \$3.36M in outstanding proofs of claim which have been
21 assigned to a priority Class 'C' (*i.e.*, NRS 696B.420(1)(c)) or lower.⁴ The SDR has not
22
23

24 ³ The SDR also received approval to pay in full the provider claims submitted under the
25 hardship payment request procedure, and will make these payments once the appropriate tax forms
26 and documentation have been collected from the providers as discussed *supra*.

27 ⁴ This does not include a claim by the U.S. Department of Health and Human Services,
28 which the SDR has previously reported to this Court. That claim was denied in full by the SDR,
and the government did not file an appeal of the SDR's determination. This determination is now
final and non-appealable.

1 reached the merits of these claims, and may not do so until it appears that there may be assets
2 available for distribution to these classes of claims, per NRS 696B.330(4).

3 ***CMS Receivables***

4 As explained in prior status reports, and throughout the pendency of the receivership,
5 the Receiver is working to resolve certain outstanding matters relating to the collection of
6 amounts due under the various federal receivables programs, of which the CO-OP was a
7 participant, and which are administered primarily by CMS. Considering the size of these
8 federal receivables in relation to the CO-OP's potential total liabilities, the receipt of these
9 funds by the receivership estate represents a key component of the largest expected portion
10 of future claim payments by NHC – as is the legal determination of the government's asserted
11 right to be paid ahead of all other creditors in the estate (including providers and members).
12 CMS has maintained the position that any monies deemed owed to NHC (and thus the
13 receivership estate) are to be offset against the amounts CMS asserts it is owed under the
14 start-up loan awarded to NHC. To date, CMS has offset approximately \$12.9 million against
15 the start-up loan that, the Receiver maintains, should have instead been paid to NHC. When
16 the full amount of 2014 - 2015 Risk Corridors payments (*i.e.*, not just the prorated amount⁵)
17 are included in the total, NHC is owed over \$55 million by CMS.⁶

18 As of the date of filing of this Seventeenth Status Report, the Receiver asserts that the
19 CO-OP, according to the various formulae applicable to Qualified Health Plans under the
20 ACA, and notwithstanding prior attempts by CMS to offset these receivables against start-up
21

22 ⁵ Due to a shortfall in risk corridor collections, CMS asserts it can only pay a prorated
23 percentage of issuers' 2014 Risk Corridors payments and it will use all collections in subsequent
24 years towards the 2014 payments (*i.e.*, they are unable to make payments for the subsequent years
25 at all). DEP'T OF HEALTH & HUMAN SERVICES & CENTERS FOR MEDICARE &
26 MEDICAID SERVICES ("CMS"), CCIIO MEMORANDUM, RISK CORRIDORS PAYMENT
27 AND CHARGE AMOUNTS FOR THE 2015 BENEFIT YEAR (November 18, 2016) (available
28 at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2015-RC-Issuer-level-Report-11-18-16-FINAL-v2.pdf>); 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>).

⁶ See "Sale of Risk Corridors Receivable" discussion later herein.

1 loan funds in contravention of Nevada's laws relating to the regulation of insurer solvency,
2 is owed over \$12.9M more in promised payments under various other CMS programs. The
3 Receiver reserves the right to revise, adjust, or otherwise restate her basis for the CMS
4 receivables claims as new information is received and litigation progresses with CMS. As
5 described further below in this report, the Supreme Court of the United States heard oral
6 argument on December 10, 2019, in the case of *Maine Community Health Options v. United*
7 *States*, No. 18-1023, in order to address the legal status and collectability of amounts owed
8 to CO-OPs by CMS and the federal government under the Risk Corridors program. A
9 decision in that case is pending.

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

11 The Receiver utilized the services of several third-party contractors that had been
12 engaged before commencement of the receivership, and some that were engaged after the
13 receivership commenced to assist in management of NHC's affairs. As part of its efforts to
14 wind-down the operations of the company and reduce administrative expenses of the estate,
15 the Receiver has now terminated the services of all remaining third-party vendors.

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

17 Based on the current needs of the receivership, the Receiver has trimmed existing staff
18 to one part-time staff member who now works on a contract basis. The Receiver may contract
19 to use the services of certain former employees for specific, limited-term receivership
20 projects. The Receiver completed the wind down and closure of NHC's administrative office
21 this spring. The Receiver has reduced the Information Technology needs of the CO-OP to
22 reduce estate expenses, and will continue to do so as ongoing receivership responsibilities
23 permit.

24 **Continuation of Action Against Various Professionals and Other Firms Who Performed** 25 **Services for and on Behalf of NHC**

26 On August 25, 2017, Counsel for the Receiver filed in Clark County District Court a
27 complaint (Case No. A-17-760558-C in Department No. 18) against various persons, third-
28 party vendors, and professional service firms which are alleged to have contributed to NHC's

1 losses by, among other things, failing to adhere to applicable standards of professional care
2 and requirements imposed by law, misrepresentation concerning quality and standard of care
3 for services performed, and breaches of contract, duty, and implied covenants of good faith
4 and fair dealing. The complaint names, among others, NHC's former actuaries, accountants,
5 auditors, and providers of certain business operations and utilization review services, as well
6 as those individuals who specifically performed, or who were in the role of supervising the
7 performance of, those services. The complaint also names several NHC former directors and
8 executive management.

9 Via Plaintiff's Motion to Amend Complaint, filed on July 17, 2018, the Receiver
10 sought an order granting leave to amend the August 25, 2017, complaint against certain of
11 NHC's various directors, officers, and third-party contractors, citing the discovery of
12 additional facts in support of assertions made in the first complaint, as well as the need to add
13 a new defendant to the existing proceedings. This Motion to Amend Complaint was filed in
14 judicial department number 16, in line with the terms of contemporaneous Notice of
15 Department Reassignment assigning the proceedings to Judge Timothy C. Williams. The
16 Motion to Amend Complaint was approved via an order entered on September 18, 2018.

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

1 Via an Opposition to Plaintiff's Motion for Reconsideration filed April 16, 2018,
2 Milliman sought to challenge the Receiver's effort to avoid compelled arbitration, largely
3 restating the grounds set forth in Milliman's original November 6, 2017, Motion to Compel
4 Arbitration. The Receiver filed her Reply in Support of Motion for Reconsideration on
5 April 24, 2018. On May 1, 2018, argument on the Motion for Reconsideration was heard by
6 Judge Delaney, who subsequently ordered the proceedings continued to May 29, 2018, and
7 requested more briefing from the parties on the most relevant legal questions underlying the
8 Motion for Reconsideration. The Receiver filed her Sur-Reply in Support of Motion for
9 Reconsideration on June 29, 2018, elaborating on the relevant choice-of-law and forum
10 selection questions at issue in the dispute. Hearing was held on the Motion for
11 Reconsideration before Judge Delaney on July 24, 2018. Through an order dated August 7,
12 2018, Judge Delaney denied Plaintiff's Motion for Reconsideration of that Court's March 12,
13 2018, order granting Milliman's Motion to Compel Arbitration.

14 The Receiver then determined it was necessary to file, and did file on December 17,
15 2018, a Petition under Nevada Rule of Appellate Procedure 21 for Writ of Mandamus in the
16 Supreme Court of the State of Nevada (the "Petition for Writ"). The Petition for Writ requests
17 that the Supreme Court of Nevada "issue a writ of mandamus directing the District Court to
18 exercise subject matter jurisdiction over the claims raised by Petitioner against Real Parties
19 in Interest." In response, and on March 20, 2019, Milliman filed its Response of Real Parties
20 in Interest to Petition for Writ of Mandamus, asserting *inter alia* its rights to compel
21 arbitration in this action. The Receiver filed her Reply in Support of Petition for Writ of
22 Mandamus on May 1, 2019, after having received an earlier extension of filing deadlines.
23 On December 19, 2019, the Nevada Supreme Court ruled against intervening to overturn the
24 order to compel arbitration regarding Milliman.

25 The Receiver's claims are ongoing against Milliman, Inc. (and individually named
26 Milliman defendants), NHC's former directors and officers, InsureMonkey and Alex Rivlin,
27 Larson & Company (and individually named Larson defendants), Nevada Health Solutions,
28 LLC, and Unite Here Health. Discovery is underway, and the following deadlines have been

1 set by Judge Timothy C. Williams, per the November 19, 2019, 3rd Amended Order Setting
2 Civil Jury Trial, Pre-Trial, Calendar Call, and Deadlines Motions; Amended Discovery
3 Scheduling Order:

- 4 1. **April 8, 2020:** Motions to Amend Pleadings or add parties
- 5 2. **February 8, 2020:** Designation of Experts Pursuant to NRCP 16.1(a)(2)
6 (initially April 8, 2020, per the 3rd Amended Order, later moved via the Amended
7 Discovery Scheduling Order dated November 26, 2019)
- 8 3. **April 8, 2020:** Designation of Rebuttal Experts Pursuant to
9 NRCP 16.1(a)(2) (initially May 8, 2020, later moved via the Order dated
10 November 26, 2019)
- 11 4. **July 7, 2020:** Discovery Cut Off
- 12 5. **August 6, 2020:** Motions in Limine or other Dispositive Motions
- 13 6. **October 2, 2020:** Pre-Trial Memorandum filing deadline
- 14 7. **September 17, 2020:** Pre-trial conference/calendar call
- 15 8. **October 5, 2020:** Case is set to be tried to a jury on a five-week stack

16 As of the date of filing of this Status Report, no new scheduling orders have been
17 issued extending these deadlines, although certain expert reporting dates may be amended by
18 stipulation of the parties in the near future if deemed necessary and approved by the court.

19 The Receiver has settled its claims against Millennium, and the settlement agreement
20 was approved by the Court. Millennium has made three of the required settlement progress
21 payments, and all payments to date were timely made.

22 Defendants Unite Here Health and Nevada Health Solutions filed, on August 21, 2019,
23 their Motion to Stay on Order Shortening Time (the “Motion to Stay”), requesting that the
24 court in Case No. A-17-760558-C stay all pending proceedings on the basis, as described
25 below, of the decision of the Supreme Court of the United States to grant certiorari to review
26 decisions rendered by the United States Court of Federal Claims (“CFC”) in *Moda Health*
27 *Plan, Inc. v. United States*, *Land of Lincoln Mutual Insurance Company v. United States*, and
28 *Maine Community Health Options v. United States* (collectively, “Supreme Court Appeal

1 Cases”). The Supreme Court Appeal Cases all concern lawsuits against the federal
2 government for amounts owed to ACA-compliant CO-OPs under the “Risk Corridor” federal
3 receivables program, of which this Court has been noticed throughout the term of this
4 receivership.

5 The Motion to Stay’s primary argument is that the damages model articulated in the
6 Receiver’s instant suit against NHC’s former directors, officers, vendors, and others depends
7 in part upon establishing that the United States was required to make full “Risk Corridors”
8 payments, and therefore the decision in the Supreme Court Appeal Cases would therefore
9 substantially affect the Defendants’ overall extent of liability by tens of millions of dollars.
10 As Defendants’ arguments in the Motion to Stay assert, if the United States were not liable
11 to NHC, for one reason or another, to make Risk Corridors payments, then Defendants cannot
12 be liable for damaging NHC’s right to collect such amounts.

13 The Receiver filed her Plaintiff’s Opposition to the Motion to Stay on August 26,
14 2019, on the basis that delay of the proceedings in the instant litigation sought by the
15 Defendants represented an unwarranted attempt to forestall other aspects of the litigation not
16 directly tied to the legal questions being considered on appeal. The Opposition to the Motion
17 to Stay asserts that none of the Receiver’s claims and state-law causes of action against the
18 Defendants in the instant litigation are bound up in the United States Supreme Court’s review
19 of the decision in the Supreme Court Appeal Cases, and that the outcome of these cases will
20 not seriously affect how the parties in the instant litigation will prepare for trial.

21 The Motion to Stay and the Opposition to same were heard by Judge Timothy C.
22 Williams on August 27, 2019, and were continued on that date to permit for additional
23 supplemental briefing on essential questions of law. On September 10, 2019, Defendants
24 Unite Here Health and Nevada Health Solutions filed their Supplemental Brief in support of
25 their Motion to Stay, providing additional legal authorities. The Receiver responded with her
26 own Supplemental Brief in Response to the Motion to Stay on September 24, 2019. The
27 matter was heard again before Judge Williams on October 1, 2019, and the matter was
28 continued for another hearing until November 6, 2019. On October 23, 2019, the court

1 approved certain defendants' Motion for Leave to file supplemental briefing in connection
2 with the Motion to Stay. As discussed just above, the court in this matter has not approved
3 the Motion to Stay the litigation, and under the terms of the 3rd Amended Order Setting Civil
4 Jury Trial, the proceedings shall continue as previously scheduled.

5 On September 30, 2019, counsel for defendants InsureMonkey and Alex Rivlin filed
6 a Motion for Summary Judgment and Declaratory Relief, seeking summary judgment on the
7 Receiver's claims against them, *inter alia*, on the basis that such claims are based on conduct
8 since August 1, 2014, and are thus barred by the one-year contractual period of limitations
9 contained in that document. Further, defendants assert that all of the Receiver's claims based
10 on conduct prior to August 1, 2014, are barred by the applicable statute of limitations, except
11 the breach of contract claims. This September 30, 2019, Motion for Summary Judgment and
12 Declaratory Relief also maintains, and seeks a judicial determination, that all damages for the
13 Receiver's claim for breach of contract are limited by the 2013 agreement between
14 InsureMonkey/Rivlin and NHC to twice the expected total value of fees at the time of
15 execution. Following an October 15, 2019, Stipulation and Order extending time for
16 response, the Receiver filed her Opposition to that Motion on October 17, 2019, disputing
17 the limitations on liability.

18 On October 29, 2019, the NHC former directors and officers filed their Motion in
19 Limine No. 1, seeking to exclude trial testimony from eleven persons, including members of
20 the Nevada Division of Insurance, the Special Deputy Receiver, the CO-OP, and NHC's
21 former counsel. The Motion in Limine sought to exclude such testimony on the basis that
22 such individuals identified by the Receiver as witnesses were in fact improperly disclosed,
23 non-retained experts who are competent only to testify as to matters of lay opinion, and
24 seeking to limit any such testimony these persons may give to lay matters outside the scope
25 of expert review. On November 8, 2019, the Receiver filed her Opposition to that Motion in
26 Limine, disputing the former directors and officers characterization of the expertise of the
27 designated witnesses, and asserting that such persons are permitted to offer their opinions and
28 inferences as an extension of the particularized knowledge they have obtained concerning the

1 insurance industry generally, and NHC specifically. The Opposition further asserted that the
2 Motion in Limine was impermissibly overbroad in what it sought to exclude, and that the
3 remaining time available in the discovery period could be utilized by defendants to obtain a
4 clear understanding of the opinions likely to be offered by such witnesses at trial. Per a
5 December 3, 2019, Stipulation and Order, the October 29, 2019, Motion in Limine was
6 withdrawn.

7 **Pending Action Against the United States in the Court of Federal Claims**

8 On November 8, 2018, the Receiver filed a Complaint in the United States Court of
9 Federal Claims (“CFC Complaint”) against the United States for monetary amounts owed to
10 NHC under the Consumer Operated and Oriented Plan program organized pursuant to the
11 ACA. The Receiver determined that such litigation was necessary in order to advance the
12 interests of the receivership estate’s various creditors, and to protect and conserve assets that
13 rightfully belong to the estate.

14 In Counts I through IV, the CFC Complaint prays for relief in the form of an award
15 of damages and monetary relief equal to the difference between the amount NHC actually
16 received in payments under Sections 1342, 1341, 1343, and 1401 of the ACA – the statutes
17 which describe and enact the Risk Corridors, transitional reinsurance, risk adjustment, and
18 cost sharing reduction programs respectively – and the amount NHC should have received
19 under those laws. Count IV also seeks an award of damages and monetary relief equal to the
20 difference between what NHC actually received in premium tax credits for 2015 under
21 Section 1401 and the amount it should have received (however, subsequent communications
22 with CMS have resulted in the Receiver determining that no premium tax credits are still
23 owed, such that the Receiver will no longer pursue that particular claim).

24 The CFC Complaint’s Count V (breach of contract by offset) and Count VI (illegal
25 exaction) plead alternate theories for recovery of money damages resulting from the United
26 States, through its agents at HHS and CMS, offsetting payments that CMS owed to NHC
27 against funds NHC allegedly owed to the government pursuant to the terms of the CO-OP
28 start-up loan.

1 On March 7, 2019, the United States filed a motion to dismiss the CFC Complaint's
2 ("Motion to Dismiss") argument that none of Counts I through VI state claims upon which
3 relief can be granted. NHC's deadline for responding to the Motion to Dismiss was July 9,
4 2019. However, on June 24, 2019, the United States Supreme Court granted certiorari in
5 three Risk Corridors appeals, *i.e.*, the Supreme Court Appeal Cases.

6 Subsequent to a Motion for Enlargement of Time to Respond to Government's
7 Motion to Dismiss, filed on June 28, 2019, the Receiver filed her Opposition to Motion to
8 Dismiss, and Cross-Motion for Final Partial Summary Judgment on July 31, 2019, which
9 sought from the CFC, *inter alia*, an adjudication in favor of the Receiver regarding that
10 Counts II through IV of the CFC Complaint, the counts not taken up by the United States
11 Supreme Court for review. The Cross-Motion for Partial Summary Judgment predicated its
12 arguments on the basis that the United States had already admitted prior liability and damages
13 concerning the amounts sought by the CFC Complaints under counts II-IV (*i.e.*, the Federal
14 Transitional Reinsurance program, the Risk Adjustment program, and the Cost-Sharing
15 Reduction programs provided for explicitly by ACA statutes), save for their affirmative
16 defense of offset, and that the affirmative defense of offset must fail as a matter of law as the
17 circumstances provided for in applicable federal law and regulation permitting an offset of
18 amounts owed under the ACA receivables programs were not satisfied in this case.

19 On August 7, 2019, the United States filed with the CFC its Motion to Stay, or in the
20 Alternative, for an Enlargement of Time, asserting that the interrelated issues of fact and law
21 at the center of the CFC litigation, alongside countervailing concerns of judicial economy,
22 justified a general suspension of proceedings during the pendency of the United States
23 Supreme Court's review of the legal and constitutional questions in the Supreme Court
24 Appeal Cases, notwithstanding the theoretical separability of the various federal receivables
25 programs under which NHC presented its claims. The CFC granted the United States'
26 Motion to Stay on August 12, 2019. As discussed previously in this Status Report, the United
27 States Supreme Court has, as of December 10, 2019, heard oral argument on the relevant
28 legal questions at issue in the Motion to Stay, and will likely render a dispositive decision on

1 the matter(s) therein some time in 2020. It is likely that these proceedings will be stayed until
2 that decision is made and entered, whereupon the Receiver shall evaluate and direct the
3 litigation as circumstances warrant.

4 **Sale of Risk Corridors Receivable**

5 On September 16, 2019, the Receiver filed with the Receivership Court her Motion
6 for Determination of Good Faith Sale of Interest in Receivables by Plaintiff, Order Approving
7 Sale and Permitting Distribution of Certain Funds (the “Motion for Sale and Disbursement”) in
8 connection with a contemplated sale transaction between NHC and CM Squared RC IV,
9 LLC, the prospective purchaser of NHC’s interest in the aforementioned Risk Corridors
10 receivable at issue in the litigation between the Receiver and the United States. The Motion
11 for Sale and Disbursement, among other things, sought judicial approval for NHC to sell most
12 of its interest in any recoveries made against the United States in connection with the Risk
13 Corridors receivable to the prospective purchaser in exchange for an initial payment of
14 \$10,000,000, and certain subsequent funds retained as part of NHC retaining a minority
15 interest in litigation recoveries as received. The exact nature of the transaction is more
16 completely described in the proposed agreement documents attached as exhibits to that
17 Motion. The Motion for Sale and Disbursement also sought judicial authorization to disburse
18 as much as \$5 million from the funds obtained from this sale to estate claimants in the order
19 provided by law. On October 16, 2019, a hearing on the Motion was held and the Court
20 entered its Order Approving Sale of Receivables Interest and Permitting Distribution of
21 Certain Funds, which approved the requests made in that Motion in all relevant respects. The
22 Receiver has thus undertaken to begin the process of making disbursements to claimants of
23 the estate using the funds so obtained from that sale, and expects to make partial payments to
24 all claimants within the priority level specified under NRS 696B.420(1)(b). In addition to
25 those hardship claimants (discussed prior in the report) approved via Court order for payment
26 at 100% of approved amounts, the Receiver’s evaluation of available estate assets currently
27 supports making a *pro rata* payment of approximately fourteen percent of approved amounts
28

1 to claimants in “class (b).” The Receiver shall continue reviewing NHC’s finances to
2 determine when this *pro rata* share may be increased.

3 **Current Receivership Assets**

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

8 1. The unrestricted cash assets of the CO-OP have fluctuated with post-
9 receivership expenses and claim payments, as well as with the Receiver’s receipt of member
10 premiums. The currently available, unrestricted cash assets of the CO-OP as of
11 November 30, 2019, were approximately \$10,114,363. The majority of NHC’s currently
12 available and liquid assets not otherwise marked for disbursement have been invested, or
13 shall be soon invested, in a bond mutual fund, with the remainder of such assets held in bank
14 deposits.

15 2. The financial information of NHC in this Seventeenth Status Report
16 provides estimates. NHC’s financials may materially vary depending upon the estate’s
17 receipt of the promised federal receivables payments under the various ACA programs
18 described in this report, and future litigation recoverables. These figures will remain
19 estimates until the estate receives clearer indications from CMS and the federal government
20 as to the amount and timing of any federal payments or future appropriations, as well as the
21 final disposition of CMS receivable balances in which CMS has placed an administrative
22 hold and asserted rights to setoff, many of these matters are being litigated currently.

23 3. The Receiver is including, as Exhibit 2 attached hereto, a cash flow
24 report for NHC for the period covering the inception of the receivership through
25 November 30, 2019. This report reflects a summary of disbursements and collections made
26 by NHC during this period.

27 ///

28 ///

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 Seventeenth Status Report and the actions taken by the Receiver.

DATED this 6TH day of January 2020.

Respectfully submitted:

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

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

Respectfully submitted by:

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Receiver for Nevada Health CO-OP*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on the **6th day of January 2020**, and pursuant to NEFCR 9, NRCP 5(b), and EDCR 7.26, I served this **SEVENTEENTH STATUS REPORT** on all parties receiving service in this action through electronic transmission via this Court's electronic filing system to:

E-Service Master List

For Case

State of Nevada, ex rel. Commissioner of Insurance, Plaintiff(s) vs. Nevada Health CO-OP, Defendant(s)

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/s/ Evelyn Escobar-Gaddi
 An employee of Greenberg Traurig, LLP

EXHIBIT 1

Summaries

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November 11, 2019

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

September 1, 2019 – September 30, 2019

Matter No. and Description	Fees	Costs	Total
September 2019 Non-IT Services	\$6,152.50	\$0.00	\$6,152.50
September 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$11,152.50	\$0.00	\$11,152.50

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD SEPTEMBER 2019

		Billable Hours	Billable Rate	September 2019 Billing
1	TIME KEEPER - Nicole Wilkins	9.35	\$250.00	\$2,337.50
2	TIME KEEPER - Robert Stebel	0.25	\$160.00	\$40.00
3	TIME KEEPER - Kelly Reed	0.00	\$150.00	\$0.00
4	TIME KEEPER - Neda Khalaf	21.25	\$160.00	\$3,400.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	2.50	\$150.00	\$375.00
	GRAND TOTAL	33.35		\$6,152.50

Palomar Financial, LC
09/01/2019-09/30/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Financial Statement Preparation/Planning	0.30	\$ 75.00
		Accounting Reports/Receivership Team Support	5.20	\$ 1,300.00
		General Ledger Accounting	2.25	\$ 562.50
		Payroll & Employee Benefits	0.30	\$ 75.00
		Accounts Payable and Receivable	0.65	\$ 162.50
		Bank Account Administration/Reconciliation	0.65	\$ 162.50
		Sub Total (NMW)	9.35	\$ 2,337.50
RNS	Robert Stebel	Regulatory Responses/Compliance	0.25	\$ 40.00
		Sub Total (RNS)	0.25	\$ 40.00
KJR	Kelly Reed	Accounts Payable and Receivable	0.00	\$ -
		Sub Total (KJR)	0.00	\$ -
NK	Neda Khalaf	Accounting Reports/Receivership Team Support	15.25	\$ 2,440.00
		Accounts Payable and Receivable	6.00	\$ 960.00
		Sub Total (NK)	21.25	\$ 3,400.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Accounts Payable and Receivable	2.50	\$ 375.00
		Sub Total (GS)	2.50	\$ 375.00
Grand Total			33.35	\$ 6,152.50

Invoice No.: 5194385
File No. : 170678.010100
Bill Date : October 11, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through September 30, 2019:

Total Fees: \$ 80,301.00

Expenses:

Filing Fees	10.50
Messenger/Courier Services	55.00
Transcript Charges	329.42
UPS Charges	36.12

Total Expenses: \$ 431.04

Total Current Invoice: \$ 80,732.04

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5194386
File No. : 170678.010300
Bill Date : October 11, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through September 30, 2019:

Total Fees: \$ 380.00

Total Current Invoice: \$ 380.00

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5194387
File No. : 170678.010500
Bill Date : October 11, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through September 30, 2019:

Total Fees: \$ 17,100.00

Total Current Invoice: \$ 17,100.00

MEF:TKK
Tax ID: 13-3613083



Forensic and Litigation Consulting

August 14, 2019

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

Re: Nevada Health CO-OP in Receivership
FTI Job No. 425623.0005

Enclosed is our invoice for professional services rendered in connection with the above referenced matter. This invoice covers professional fees through July 31, 2019.

Please do not hesitate to call me to discuss this invoice or any other matter.

Sincerely yours,

Paul Braithwaite
Senior Managing Director

Enclosures



Invoice Remittance

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

August 14, 2019
FTI Invoice No. 7520404
FTI Job No. 425623.0005
Terms NET 30
Federal I.D. No. 52-1261113
Currency: USD

Re: Nevada Health CO-OP in Receivership

Current Invoice Period: Charges Posted through July 31, 2019

Amount Due This Period

Professional Services.....	\$111,585.00
Expenses	<u>\$666.96</u>
Amount Due this Period.....	<u>\$112,251.96</u>

Previous Balance Due

Date	Invoice #	Amount	Payments	
06/13/2019	7514911	\$17,662.50	\$0.00	\$17,662.50
07/10/2019	7517284	\$14,287.50	\$0.00	<u>\$14,287.50</u>
Previous Balance Due.....				<u>\$31,950.00</u>
Total Amount Due				<u><u>\$144,201.96</u></u>



Forensic and Litigation Consulting

September 20, 2019

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

Re: Nevada Health CO-OP in Receivership
FTI Job No. 425623.0005

Enclosed is our invoice for professional services rendered in connection with the above referenced matter. This invoice covers professional fees from August 1, 2019 through August 31, 2019.

Please do not hesitate to call me to discuss this invoice or any other matter.

Sincerely yours,

Paul Braithwaite
Senior Managing Director

Enclosures



Invoice Remittance

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

September 20, 2019
FTI Invoice No. 7523765
FTI Job No. 425623.0005
Terms NET 30
Federal I.D. No. 52-1261113
Currency: USD

Re: Nevada Health CO-OP in Receivership

Current Invoice Period: Charges Posted through August 31, 2019

Amount Due This Period

Professional Services.....	\$2,250.00
Expenses.....	<u>\$0.00</u>
Amount Due this Period.....	<u>\$2,250.00</u>

Previous Balance Due

Date	Invoice #	Amount	Payments	
08/14/2019	7520404	\$112,251.96	\$0.00	<u>\$112,251.96</u>
Previous Balance Due.....				<u>\$112,251.96</u>
Total Amount Due				<u><u>\$114,501.96</u></u>



Forensic and Litigation Consulting

October 14, 2019

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

Re: Nevada Health CO-OP in Receivership
FTI Job No. 425623.0005

Enclosed is our invoice for professional services rendered in connection with the above referenced matter. This invoice covers professional fees from September 1, 2019 through September 30, 2019.

Please do not hesitate to call me to discuss this invoice or any other matter.

Sincerely yours,

Paul Braithwaite
Senior Managing Director

Enclosures



Invoice Remittance

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

October 14, 2019
FTI Invoice No. 7526195
FTI Job No. 425623.0005
Terms NET 30
Federal I.D. No. 52-1261113
Currency: USD

Re: Nevada Health CO-OP in Receivership

Current Invoice Period: Charges Posted through September 30, 2019

Amount Due This Period

Professional Services.....	\$1,425.00
Expenses	<u>\$0.00</u>
Amount Due this Period.....	\$1,425.00

Previous Balance Due

Date	Invoice #	Amount	Payments	
08/14/2019	7520404	\$112,251.96	\$0.00	\$112,251.96
09/20/2019	7523765	\$2,250.00	\$0.00	<u>\$2,250.00</u>
Previous Balance Due.....				\$114,501.96
Total Amount Due				<u>\$115,926.96</u>

EXHIBIT 3

Cash Flow

NEVADA HEALTH CO-OP

Cash Flow Analysis

Oct 2015 - November 2019

Sources & Uses

Beginning Cash as of October 1, 2015

\$ 5,352,417

SOURCES:

Premium Revenue	17,756,567
CSR Recoveries	2,347,121
Rx Rebates	-
Claims Overpayment Recoveries	720,133
PartnerRe 2014 Premium Refund	374,513
Traditional Reins Recoveries	787,352
FTR Reins Recoveries	735,747
Risk Corridor 2014	1,163,872
Federal Receivables Bridge Loan	-
Restricted Cash became Unrestricted	768,517
Sale of Risk Corridor Receivable Interest	10,000,000
Other	744,164
TOTAL SOURCES:	35,397,987

USES:

Medical Claims Q4 2015 and Post 2015 Adj	(176,660)
Rx Claims Q4 2015	(7,599,195)
Risk Adjustment 2015	-
Medical PMPMs Q4	(43,967)
FTR Reinsurance Premium	(898,687)
Traditional Reins Premium Q4 2015	(547,319)
Premium Tax	(294,665)
Other Admin	(12,585,332)
9010 ACA Fee / 720 PCORI Fee	(161,242)
Professional Services	(8,328,974)

TOTAL USES:

(30,636,041)

Net cash increase for period

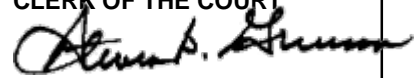
4,761,946

Ending Cash as of November 30, 2019

\$ 10,114,363

TAB 25

TAB 25



1 **SR**

2 MARK E. FERRARIO, ESQ.
3 Nevada Bar No. 1625
4 ERIC W. SWANIS, ESQ.
5 Nevada Bar No. 6840
6 GREENBERG TRAURIG, LLP
7 10845 Griffith Peak Drive
8 Suite 600
9 Las Vegas, Nevada 89135
10 Telephone: (702) 792-3773
11 Facsimile: (702) 792-9002
12 Emails: ferrariom@gtlaw.com
13 swanise@gtlaw.com

14 *Counsel for Barbara D. Richardson, Commissioner of Insurance,*
15 *as the Permanent Receiver for Nevada Health CO-OP*

16 **IN THE EIGHTH JUDICIAL DISTRICT COURT**

17 **CLARK COUNTY, NEVADA**

18 STATE OF NEVADA, EX REL.)	Case No. A-15-725244-C
19 COMMISSIONER OF INSURANCE, IN HER)	
20 OFFICIAL CAPACITY AS STATUTORY)	Dept. No. 1
21 RECEIVER FOR DELINQUENT DOMESTIC)	
22 INSURER,)	
23)	
24 Plaintiff,)	
25)	
26 vs.)	
27)	
28 NEVADA HEALTH CO-OP,)	
29)	
30 Defendant.)	
31)	

32 **EIGHTEENTH STATUS REPORT**

33 COME NOW, Commissioner of Insurance Barbara D. Richardson in her capacity as
34 Receiver of Nevada Health CO-OP ("NHC," or the "CO-OP"), and CANTILO & BENNETT, L.L.P.,
35 Special Deputy Receiver ("SDR" - SDR and the Commissioner as Receiver are referred to
36 collectively herein as "Receiver") and file this Eighteenth Status Report in the above-captioned
37 receivership.

38 ///

39 ///

I. INTRODUCTION AND HISTORICAL BACKGROUND

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

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

Via a Notice of Substitution of Receiver dated April 6, 2016, Deputy Attorney General Joanna N. Grigoriev informed interested parties of the substitution of Commissioner Barbara D. Richardson, in place and stead of former Acting Commissioner Amy L. Parks, as the Receiver of NHC. This substitution of Receiver was subsequent to Commissioner Richardson's appointment as Commissioner of Insurance for the State of Nevada.

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

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

8 II. RECEIVERSHIP ADMINISTRATION

9 Receivership Administrative Services and Oversight

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

17 ¹ The *in camera* materials are being submitted in a separate envelope that reflect paid 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
20 are providing expert witness related services. As such, the billing entries relating thereto should be considered
21 confidential and/or otherwise not subject to discovery.

22 In this regard, courts have held that the bills of legal counsel and experts may be withheld from legal
23 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
27 have recognized that the “attorney-client privilege embraces attorney time, records and statements to the extent
28 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).

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

Resolution of Outstanding Receivership Matters

Claims Adjudications & Distributions

Notices of Claim Determination (“NCDs”) were mailed for healthcare claims previously submitted by providers to NHC’s Javelina Claims Processing Database (the “Provider Claims”). The total allowed amount of these approved Provider Claims is approximately \$33.7 million. The NHC members also received NCDs that showed them the amount that the SDR has approved to be paid to their providers, and the amount of member responsibility (*i.e.*, the co-pays, deductibles, and coinsurance), if any, that they may owe on their providers’ outstanding claims. The SDR has received approval from the Court to make a distribution of certain estate assets for the partial payment of these Provider Claims, which have been classified by the SDR as claims made under NHC policies pursuant to NRS 696B.420(1)(b)).² At this time, based on the available assets in the estate, NHC is able to distribute payments of approximately 14.6% of the total approved amount of each Class B provider claim.

The SDR must collect U.S. Internal Revenue Service (“IRS”) W-9 forms and other necessary documentation from the providers in advance of making any claim payments, to assure that the estate can meet any mandatory federal tax reporting requirements. The SDR is being diligent in collecting the required documentation to avoid any IRS penalties to the estate that could be caused by inaccurate Tax Identification Number (“TIN”) reporting by providers. There are over 1,500 providers owed money for their Class B Provider Claims.³ The SDR sent letters to these providers, requesting a current W-9 Form. Additionally, the SDR requires the provider’s affidavit attesting to both the accuracy of the W-9, and the provider’s understanding that the SDR will rely on the information in the form to (a) report payments to the IRS, and (b) issue and mail payment to the providers. The SDR has received responsive documentation from around 665 providers, and Palomar is processing this documentation.

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 See *infra* section titled “Sale of Risk Corridors Receivable.”

³ Nearly 1,800 providers received a Notice of Claim Determination, but a number of these notices were effectively claim denials as they showed zero dollars owed by NHC to the provider. There are 1,549 providers owed a payment by the estate. Some of these payments will be very small but the SDR has not set any minimum amount under which the claim would be deemed *de minimus* and not eligible to receive a payment.

1 Numerous providers sent documentation that was defective in some way and this has required
2 Palomar to follow up and retrieve corrected documents from the providers.

3 The “NCD ID” listed on each provider NCD sent by the Receiver was the same number
4 as the TIN that each provider gave to NHC when submitting its claims. A number of providers
5 are no longer using the TIN associated with their NHC claims (*i.e.*, the TIN shown on the NCD).⁴
6 The SDR is working with these providers to collect the necessary attestations, forms, and
7 documentation to establish their right to legal successorship to the prior TIN—and the
8 percentage of the NHC distribution which they have a right to be paid. Once satisfactory
9 documentation has been approved by the SDR, distribution payments will be issued to these
10 providers as well.

11 Palomar has begun issuing payments to those providers that have sent in their complete
12 paperwork. The SDR also mailed NCDs for those Proofs of Claim submitted to the SDR
13 relating to Policy Claims (*i.e.*, Class B claims pursuant to NRS 696B.420(1)(b)). The total
14 allowed amount for these claims is \$5,102.64, and every allowed claim was submitted by an
15 NHC member. The SDR initially mailed checks to the members for the partial payment of these
16 policy claims. After the Court granted the SDR’s Motion for Order Authorizing Satisfaction of
17 Hardship Claims on December 6, 2019, the SDR mailed the remaining payments to the
18 members along with a cover letter explaining to each of the claimants that their claim against
19 the estate has now been paid in full. The total allowed amount for the members’ claims is
20 subject to a potential small increase as two NCD appeals have been filed and remain pending.
21 For one of these appeals, a hearing will be needed as set out in the attached Exhibit 2.⁵ For
22 the other appeal, the SDR believes that a hearing may not be necessary as the NHC member
23 may only require the SDR’s assistance with certain provider collection activities.⁶ The SDR
24

25 ⁴ In one common scenario, the TIN shown on the NCD is inactive because the facility associated with that
26 TIN has since been acquired by a larger provider facility and is now doing business under the acquiring company’s
TIN.

27 ⁵ The *in camera* Exhibit 2 claim report is being submitted in a separate envelope. The Receiver has
28 elected, out of an abundance of caution, to keep confidential the names of the individual claimants (including NHC
plan members) and the amounts that have been approved for their claims.

1 will keep the Court apprised of the resolution of these matters, and a resolution of these
2 remaining claims is expected very soon.

3 In addition to the two member appeals described above, there are forty-two (42)
4 outstanding appeals sent by NHC members of the NCDs that were mailed for outstanding
5 healthcare claims submitted by providers to NHC's Javelina Claims Processing Database.⁷
6 The SDR is not requesting that hearings be set on these appeals at this time, but may do so in
7 the near future (*i.e.*, upon the resolution of COVID-19 issues – which in addition to preventing
8 in-person appearances could also make it difficult for claimants to prepare for hearings). The
9 SDR believes that a number of these appeals may still be resolved without the need for a
10 hearing (*i.e.*, through communication and through education about plan benefits and
11 deductibles) and will keep working to that end in the meantime. The SDR is continuing to
12 evaluate outstanding appeals and anticipates that such appeals will be resolved soon. Once
13 all appeals have been reviewed by the SDR, the SDR will inform the Receivership Court of any
14 unresolved appeals so that a hearing or hearings may be set.

15 There are approximately \$3.36M in outstanding proofs of claim which have been
16 assigned to a priority Class "C" (*i.e.*, NRS 696B.420(1)(c)) or lower.⁸ The SDR has not reached
17 the merits of these claims, and may not do so until a later date.

18 ***CMS Receivables***

19 As explained in prior status reports, and throughout the pendency of the receivership,
20 the Receiver is working to resolve certain outstanding matters relating to the collection of
21 amounts due under the various federal receivables programs, of which the CO-OP was a
22 participant, and which are administered primarily by CMS. Considering the size of these federal
23 receivables in relation to the CO-OP's potential total liabilities, the receipt of these funds by the

24 ⁶ The SDR will follow up with the member to attempt to resolve the member's issues and assist in any
25 way possible. If a hearing is needed after all, we will recommend to the Court that a hearing should be set.

26 ⁷ Members received a copy of the claim determinations that were sent to their providers, so that the
27 members could see any denied claims, and the deductible, co-pay, and coinsurance that was applied to each of
the allowed provider claims (*i.e.*, the amount of the member's responsibility on each claim) and have an opportunity
to appeal.

28 ⁸ 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. That claim was denied in full by the SDR, and the government did not file
an appeal of the SDR's determination. This determination is now final and non-appealable.

1 receivership estate represents a large portion of future claim payments by NHC – as is the
2 legal determination of the government’s asserted right to be paid ahead of all other creditors in
3 the estate (including providers and members). CMS has maintained the position that any
4 monies deemed owed to NHC (and thus the receivership estate) are to be offset against the
5 amounts CMS asserts it is owed under the start-up loan awarded to NHC. To date, CMS has
6 offset approximately \$12.9 million against the start-up loan that, the Receiver maintains, should
7 have instead been paid to NHC. When the full amount of 2014 - 2015 Risk Corridors payments
8 (*i.e.*, not just the prorated amount⁹) are included in the total, NHC is owed over \$55 million by
9 CMS.¹⁰

10 As of the date of filing of this Eighteenth Status Report, the Receiver asserts that the
11 CO-OP, according to the various formulae applicable to Qualified Health Plans under the ACA,
12 and notwithstanding prior attempts by CMS to offset these receivables against start-up loan
13 funds in contravention of Nevada’s laws relating to the regulation of insurer solvency, is owed
14 over \$12.9M more in promised payments under various other CMS programs. The Receiver
15 reserves the right to revise, adjust, or otherwise restate her basis for the CMS receivables
16 claims as new information is received and litigation progresses with CMS. As described further
17 below in this report, the Supreme Court of the United States heard oral argument on December
18 10, 2019, in the case of *Maine Community Health Options v. United States*, No. 18-1023, in
19 order to address the legal status and collectability of amounts owed to CO-OPs by CMS and
20 the federal government under the Risk Corridors program. A decision in that case is pending.

21
22
23
24 ⁹ Due to a shortfall in risk corridor collections, CMS asserts it can only pay a prorated percentage of
25 issuers’ 2014 Risk Corridors payments and it will use all collections in subsequent years towards the 2014
26 payments (*i.e.*, they are unable to make payments for the subsequent years at all). DEP’T OF HEALTH & HUMAN
27 SERVICES & CENTERS FOR MEDICARE & MEDICAID SERVICES (“CMS”), CCIIO MEMORANDUM, RISK
28 CORRIDORS PAYMENT AND CHARGE AMOUNTS FOR THE 2015 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>); 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>).

¹⁰ See “Sale of Risk Corridors Receivable” discussion later herein.

Use of Third-Party Contractors as Part of Business Operations

The Receiver utilized the services of several third-party contractors that had been engaged before commencement of the receivership, and some that were engaged after the receivership commenced to assist in management of NHC's affairs. As part of its efforts to wind-down the operations of the company and reduce administrative expenses of the estate, the Receiver has now terminated the services of all remaining third-party vendors.

Internal Administrative Matters Related to Wind Down

Based on the current needs of the receivership, the Receiver has trimmed existing staff to one part-time staff member who now works on a very limited contract basis. The Receiver may contract to use the services of certain former employees for specific, limited-term receivership projects. The Receiver completed the wind down and closure of NHC's administrative office in 2019. The Receiver has reduced the Information Technology needs of the CO-OP to reduce estate expenses and will continue to do so as ongoing receivership responsibilities permit.

Continuation of Action Against Various Professionals and Other Firms Who Performed Services for and on Behalf of NHC

On August 25, 2017, Counsel for the Receiver filed in Clark County District Court a complaint (Case No. A-17-760558-C in Department No. 18) against various persons, third-party vendors, and professional service firms which are alleged to have contributed to NHC's losses by, among other things, failing to adhere to applicable standards of professional care and requirements imposed by law, misrepresentation concerning quality and standard of care for services performed, and breaches of contract, duty, and implied covenants of good faith and fair dealing. The complaint names, among others, NHC's former actuaries, accountants, auditors, and providers of certain business operations and utilization review services, as well as those individuals who specifically performed, or who were in the role of supervising the performance of, those services. The complaint also names several NHC former directors and executive management.

///

1 Via Plaintiff's Motion to Amend Complaint, filed on July 17, 2018, the Receiver sought
2 an order granting leave to amend the August 25, 2017, complaint against certain of NHC's
3 various directors, officers, and third-party contractors, citing the discovery of additional facts in
4 support of assertions made in the first complaint, as well as the need to add a new defendant
5 to the existing proceedings. This Motion to Amend Complaint was filed in judicial department
6 number 16, in line with the terms of contemporaneous Notice of Department Reassignment
7 assigning the proceedings to Judge Timothy C. Williams. The Motion to Amend Complaint was
8 approved via an order entered on September 18, 2018.

9 Milliman filed its Motion to Compel Arbitration on November 6, 2017, a motion which
10 was challenged by the December 11, 2017, filing of Plaintiff's Opposition to Milliman's Motion
11 to Compel Arbitration. The related Order Granting Milliman's Motion to Compel Arbitration,
12 dated March 12, 2018, held that a requirement to arbitrate the pre-receivership agreements
13 between NHC and Milliman did apply to the Receiver's claims against Milliman. The Receiver
14 filed a Motion for Reconsideration of the Milliman arbitration ruling, dated March 29, 2018. The
15 Motion for Reconsideration sought review of the prior judgment compelling arbitration on
16 various grounds. On December 19, 2019, the Nevada Supreme Court ruled against intervening
17 to overturn the order to compel arbitration regarding Milliman.

18 The Receiver's claims are ongoing against NHC's former directors and officers,
19 InsureMonkey and Alex Rivlin, Larson & Company (and individually named Larson
20 defendants), Nevada Health Solutions, LLC, and Unite Here Health. Discovery is underway,
21 and the following deadlines have been set by Judge Timothy C. Williams, per the November
22 19, 2019, 3rd Amended Order Setting Civil Jury Trial, Pre-Trial, Calendar Call, and Deadlines
23 Motions; Amended Discovery Scheduling Order, and later revised via the January 14, 2020,

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Second Amended Discovery Scheduling Order, the March 4, 2020, Stipulation and Order to Extend Discovery Deadlines, and the most recent Stipulation and Order filed March 23, 2020:

1. **July 24, 2020:** Motions to Amend Pleadings or Add Parties
2. **February 7, 2020:** Plaintiff's designation of initial experts pursuant to NRCP 16.1(a)(2) (initially April 8, 2020, per the 3rd Amended Order, later moved via, *inter alia*, the Amended Discovery Scheduling Order dated November 26, 2019)
3. **June 9, 2020:** Defendant's designation of initial experts
4. **June 26, 2020:** Defendant's designation of rebuttal experts
5. **August 24, 2020:** Plaintiff's designation of rebuttal experts (initially May 8, 2020, later moved via the Orders dated November 26, 2019, and March 4 and 23, 2020)
6. **August 31, 2020:** Discovery Cut Off (for non-expert discovery)
7. **September 25, 2020:** Discovery Cut Off (for expert discovery)
8. **October 2, 2020:** Motions *in Limine* or other Dispositive Motions
9. **October 5, 2020:** Case is set to be tried to a jury on a five-week stack.

As of the date of filing of this Status Report, no later scheduling orders have been issued extending these deadlines, although certain deadlines may be amended by stipulation of the parties in the near future if deemed necessary and approved by the Court. On March 25, 2020, the Court issued its Notice of Scheduling Status Check Hearing, providing therein as follows:

...The Stipulation and Order efiled on March 25, 2020 should have read that the trial date of October 5, 2020 may (not will) need to be vacated and continued to the January 19, 2021 five-week stack....

The telephonic status check hearing will be held on April 30, 2021.

The Receiver has settled its claims against Millennium, and the settlement agreement was approved by the Court. Millennium has thus far made the settlement progress payments required under the settlement agreement.

Defendants Unite Here Health and Nevada Health Solutions filed, on August 21, 2019, their Motion to Stay on Order Shortening Time (the "Motion to Stay"), requesting that the court in Case No. A-17-760558-C stay all pending proceedings on the basis, as described below, of

1 the decision of the Supreme Court of the United States to grant certiorari to review decisions
2 rendered by the United States Court of Federal Claims (“CFC”) in *Moda Health Plan, Inc. v.*
3 *United States*, *Land of Lincoln Mutual Insurance Company v. United States*, and *Maine*
4 *Community Health Options v. United States* (collectively, “Supreme Court Appeal Cases”). The
5 Supreme Court Appeal Cases all concern lawsuits against the federal government for amounts
6 owed to ACA-compliant CO-OPs under the “Risk Corridor” federal receivables program, of
7 which this Court has been noticed throughout the term of this receivership.

8 The Receiver filed her Plaintiff’s Opposition to the Motion to Stay on August 26, 2019,
9 on the basis that delay of the proceedings in the instant litigation sought by the Defendants
10 represented an unwarranted attempt to forestall other aspects of the litigation not directly tied
11 to the legal questions being considered on appeal. The court in this matter has not approved
12 the Motion to Stay the litigation, though under the terms of the 3rd Amended Order Setting Civil
13 Jury Trial and later orders, most recently the March 23, 2020, Stipulation and Order, the
14 proceedings shall progress according to the schedule described above.

15 On September 30, 2019, counsel for defendants InsureMonkey and Alex Rivlin filed a
16 Motion for Summary Judgment and Declaratory Relief, seeking summary judgment on the
17 Receiver’s claims against them, *inter alia*, on the basis that such claims are based on conduct
18 since August 1, 2014, and are thus barred by the one-year contractual period of limitations
19 contained in that document. Further, defendants assert that all of the Receiver’s claims based
20 on conduct prior to August 1, 2014, are barred by the applicable statute of limitations, except
21 the breach of contract claims. This September 30, 2019, Motion for Summary Judgment and
22 Declaratory Relief also maintains, and seeks a judicial determination, that all damages for the
23 Receiver’s claim for breach of contract are limited by the 2013 agreement between
24 InsureMonkey/Rivlin and NHC to twice the expected total value of fees at the time of execution.
25 Following an October 15, 2019, Stipulation and Order extending time for response, the
26 Receiver filed her Opposition to that Motion on October 17, 2019, disputing the limitations on
27 liability. The Court, subsequent to a hearing which occurred on January 29, 2020, denied the
28 Motion for Summary Judgment and Declaratory Relief without prejudice.

Pending Action Against the United States in the Court of Federal Claims

On November 8, 2018, the Receiver filed a Complaint in the United States Court of Federal Claims (“CFC Complaint”) against the United States for monetary amounts owed to NHC under the Consumer Operated and Oriented Plan program organized pursuant to the ACA. The Receiver determined that such litigation was necessary in order to advance the interests of the receivership estate’s various creditors, and to protect and conserve assets that rightfully belong to the estate.

In Counts I through IV, the CFC Complaint prays for relief in the form of an award of damages and monetary relief equal to the difference between the amount NHC actually received in payments under Sections 1342, 1341, 1343, and 1401 of the ACA – the statutes which describe and enact the Risk Corridors, transitional reinsurance, risk adjustment, and cost sharing reduction programs respectively – and the amount NHC should have received under those laws. Count IV also seeks an award of damages and monetary relief equal to the difference between what NHC actually received in premium tax credits for 2015 under Section 1401 and the amount it should have received (however, subsequent communications with CMS have resulted in the Receiver determining that no premium tax credits are still owed, such that the Receiver will no longer pursue that particular claim).

The CFC Complaint’s Count V (breach of contract by offset) and Count VI (illegal exaction) plead alternate theories for recovery of money damages resulting from the United States, through its agents at HHS and CMS, offsetting payments that CMS owed to NHC against funds NHC allegedly owed to the government pursuant to the terms of the CO-OP start-up loan. On March 7, 2019, the United States filed a motion to dismiss the CFC Complaint’s (“Motion to Dismiss”) argument that none of Counts I through VI state claims upon which relief can be granted. NHC’s deadline for responding to the Motion to Dismiss was July 9, 2019. However, on June 24, 2019, the United States Supreme Court granted certiorari in three Risk Corridors appeals, *i.e.*, the Supreme Court Appeal Cases.

Subsequent to a Motion for Enlargement of Time to Respond to Government’s Motion to Dismiss, filed on June 28, 2019, the Receiver filed her Opposition to Motion to Dismiss, and

1 Cross-Motion for Final Partial Summary Judgment on July 31, 2019, which sought from the
2 CFC, *inter alia*, an adjudication in favor of the Receiver regarding that Counts II through IV of
3 the CFC Complaint, the counts not taken up by the United States Supreme Court for review.
4 The Cross-Motion for Partial Summary Judgment predicated its arguments on the basis that
5 the United States had already admitted prior liability and damages concerning the amounts
6 sought by the CFC Complaints under counts II-IV (*i.e.*, the Federal Transitional Reinsurance
7 program, the Risk Adjustment program, and the Cost-Sharing Reduction programs provided
8 for explicitly by ACA statutes), save for their affirmative defense of offset, and that the
9 affirmative defense of offset must fail as a matter of law as the circumstances provided for in
10 applicable federal law and regulation permitting an offset of amounts owed under the ACA
11 receivables programs were not satisfied in this case.

12 On August 7, 2019, the United States filed with the CFC its Motion to Stay, or in the
13 Alternative, for an Enlargement of Time, asserting that the interrelated issues of fact and law
14 at the center of the CFC litigation, alongside countervailing concerns of judicial economy,
15 justified a general suspension of proceedings during the pendency of the United States
16 Supreme Court's review of the legal and constitutional questions in the Supreme Court Appeal
17 Cases, notwithstanding the theoretical separability of the various federal receivables programs
18 under which NHC presented its claims. The CFC granted the United States' Motion to Stay on
19 August 12, 2019. As discussed previously in this Status Report, the United States Supreme
20 Court has, as of December 10, 2019, heard oral argument on the relevant legal questions at
21 issue in the Motion to Stay, and will likely render a dispositive decision on the matter(s) therein
22 some time in 2020. It is likely that these proceedings will be stayed until that decision is made
23 and entered, whereupon the Receiver shall evaluate and direct the litigation as circumstances
24 warrant. As of the date of filing of this Status Report, the proceedings remain stayed pending
25 the determination of the relevant legal and constitutional questions at issue in the case, which
26 directly affects the Receiver's rights to pursue the estate's claims under the Risk Corridors.

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1 **Sale of Risk Corridors Receivable**

2 On September 16, 2019, the Receiver filed with the Receivership Court her Motion for
3 Determination of Good Faith Sale of Interest in Receivables by Plaintiff, Order Approving Sale
4 and Permitting Distribution of Certain Funds (the "Motion for Sale and Disbursement") in
5 connection with a contemplated sale transaction between NHC and CM Squared RC IV, LLC,
6 the prospective purchaser of NHC's interest in the aforementioned Risk Corridors receivable
7 at issue in the litigation between the Receiver and the United States. The Motion for Sale and
8 Disbursement, among other things, sought judicial approval for NHC to sell most of its interest
9 in any recoveries made against the United States in connection with the Risk Corridors
10 receivable to the prospective purchaser in exchange for an initial payment of \$10,000,000, and
11 certain subsequent funds retained as part of NHC retaining a minority interest in litigation
12 recoveries as received. The exact nature of the transaction is more completely described in
13 the proposed agreement documents attached as exhibits to that Motion. The Motion for Sale
14 and Disbursement also sought judicial authorization to disburse as much as \$5 million from the
15 funds obtained from this sale to estate claimants in the order provided by law.

16 On October 16, 2019, a hearing on the Motion was held and the Court entered its Order
17 Approving Sale of Receivables Interest and Permitting Distribution of Certain Funds, which
18 approved the requests made in that Motion in all relevant respects. The Receiver has thus
19 begun making disbursements to claimants of the estate using the funds so obtained from that
20 sale, and expects to make partial payments to all claimants within the priority level specified
21 under NRS 696B.420(1)(b).

22 **Current Receivership Assets**

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

27 1. The unrestricted cash assets of the CO-OP have fluctuated with post-
28 receivership expenses and claim payments, as well as with the Receiver's receipt of member

1 premiums. The currently available, unrestricted cash assets of the CO-OP as of February 29,
2 2020, were approximately \$6,143,722. The majority of NHC's currently available and liquid
3 assets are held in bank deposits.

4 2. The financial information of NHC in this Eighteenth Status Report provides
5 estimates. NHC's financials may materially vary depending upon the estate's receipt of the
6 promised federal receivables payments under the various ACA programs described in this
7 report, and future litigation recoverables. These figures will remain estimates until the estate
8 receives clearer indications from CMS and the federal government as to the amount and timing
9 of any federal payments or future appropriations, as well as the final disposition of CMS
10 receivable balances in which CMS has placed an administrative hold and asserted rights to
11 setoff, many of these matters are being litigated currently.

12 3. The Receiver is including, as Exhibit 3 attached hereto, a cash flow report for
13 NHC for the period covering the inception of the receivership through February 29, 2020. This
14 report reflects a summary of disbursements and collections made by NHC during this period.

15 CONCLUSION

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

19 DATED this 1st day of April 2020.

20 Respectfully submitted:

21 Barbara D. Richardson, Commissioner of
22 Insurance of the State of Nevada, in her
23 Official Capacity as Statutory Receiver of
Delinquent Domestic Insurer

24 By: /s/ CANTILO & BENNETT, L.L.P.
25 Special Deputy Receiver
26 By Its Authorized Representative
27 Patrick H. Cantilo
28

1 Respectfully submitted :

2 GREENBERG TRAURIG, LLP

3 By: /s/ Eric W. Swanis

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15
16 Counsel for Barbara D. Richardson,
17 Commissioner of Insurance, as the
18 Permanent Receiver for Nevada
19 Health CO-OP
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on the 1st day of April 2020, and pursuant to NEFCR 9, NRCP 5(b), and EDCR 7.26, I served this **EIGHTEENTH STATUS REPORT** on all parties receiving service in this action through electronic transmission via this Court's electronic filing system to:

**E-Service Master List
For Case**

**State of Nevada, ex rel. Commissioner of Insurance, Plaintiff(s) vs. Nevada Health CO-OP,
Defendant(s)**

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/s/ Evelyn Escobar-Gaddi
An employee of Greenberg Traurig, LLP

EXHIBIT “1”

CANTILO & BENNETT, L.L.P.

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November 11, 2019

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

November 1 - November 30, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
September 2019	23899 - 23911	\$ 32,731.25	\$ 879.94	\$ 33,611.19
Totals (1)		\$ 32,731.25	\$ 879.94	\$ 33,611.19

Cantilo & Bennett, L.L.P.

NEVADA HEALTH CO-OP TIMEKEEPER SUMMARY REPORT

9/1/19 - 9/30/19

		Billable Hours	Billable Rate	September 2019 Billing
1	Timekeeper - Patrick H. Cantilo	7.80	\$450.00	\$3,510.00
2	Timekeeper - Mark F. Bennett	49.65	\$375.00	\$18,618.75
3	Timekeeper - Kristen W. Johnson	42.30	\$175.00	\$7,402.50
4	Timekeeper - Josh O. Lively	16.25	\$175.00	\$2,843.75
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	0.00	\$200.00	\$0.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	2.00	\$100.00	\$200.00
10	TimeKeeper - Pierre Riou		\$225.00	\$0.00
11	TimeKeeper - Jeffrey L. Collins	1.25	\$125.00	\$156.25
	GRAND TOTAL	119.25		\$32,731.25

Work Date 09/01/2019:09/30/2019
Client ID 70750
Bill Date 11/5/19

Staff ID	Cost Code	Units	Amount	Write Down	Total
BM1A	BUSINESS MEALS	0.00	68.63	0.00	68.63
MT1A	MISCELLANEOUS	0.00	60.60	0.00	60.60
PK1A	PARKING	0.00	27.25	0.00	27.25
PO1E	POSTAGE	0.00	11.75	0.00	11.75
TA1A	TRAVEL-AIRFARE	0.00	111.99	0.00	111.99
TE1A	TRANSPORTATION EXPENSE	0.00	66.86	0.00	66.86
TH1A	TRAVEL-HOTEL	0.00	140.08	0.00	140.08
TL2E	TELEPHONE	0.00	392.78	0.00	392.78
	Sub Total ()	0.00	879.94	0.00	879.94
	Grand Total	0.00	879.94	0.00	879.94

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December 30, 2019

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

October 1 - October 31, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
October 2019	24000 - 24010	\$ 39,098.75	\$ 476.60	\$ 39,575.35
Totals (1)		\$ 39,098.75	\$ 476.60	\$ 39,575.35

Cantilo & Bennett, L.L.P.

**NEVADA HEALTH CO-OP
TIMEKEEPER SUMMARY REPORT
10/1/19-10/31/19**

		Billable Hours	Billable Rate	October 2019 Billing
1	Timekeeper - Patrick H. Cantilo	3.30	\$450.00	\$1,485.00
2	Timekeeper - Mark F. Bennett	53.20	\$375.00	\$19,950.00
3	Timekeeper - Kristen W. Johnson	21.10	\$175.00	\$3,692.50
4	Timekeeper - Josh O. Lively	29.75	\$175.00	\$5,206.25
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	0.00	\$200.00	\$0.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	2.70	\$100.00	\$270.00
10	TimeKeeper - Pierre Riou	37.20	\$225.00	\$8,370.00
11	TimeKeeper - Jeffrey L. Collins	1.00	\$125.00	\$125.00
	GRAND TOTAL	148.25		\$39,098.75

Work Date 10/01/2019:10/31/2019
Client ID 70750
Bill Date 12/11/19

Staff ID	Cost Code	Units	Amount	Write Down	Total
	PO1E POSTAGE	0.00	7.40	0.00	7.40
	TL2E TELEPHONE	0.00	469.20	0.00	469.20
	Sub Total ()	0.00	476.60	0.00	476.60
	Grand Total	0.00	476.60	0.00	476.60

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January 24, 2020

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

November 1 - November 30, 2019

<u>Matter No. and Description</u>	<u>Invoice Number</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
November 2019	24123 - 24135	\$ 32,978.75	\$ 1,931.36	\$ 34,910.11
Totals (1)		\$ 32,978.75	\$ 1,931.36	\$ 34,910.11

Cantilo & Bennett, L.L.P.

**NEVADA HEALTH CO-OP
TIMEKEEPER SUMMARY REPORT
11/1/19-11/30/19**

		Billable Hours	Billable Rate	November 2019 Billing
1	Timekeeper - Patrick H. Cantilo	3.50	\$450.00	\$1,575.00
2	Timekeeper - Mark F. Bennett	29.95	\$375.00	\$11,231.25
3	Timekeeper - Kristen W. Johnson	12.20	\$175.00	\$2,135.00
4	Timekeeper - Josh O. Lively	98.50	\$175.00	\$17,237.50
5	Timekeeper - Douglas J. Coonfield	0.00	\$150.00	\$0.00
6	Timekeeper - Jose M. Rangel	0.00	\$300.00	\$0.00
7	Timekeeper - Arati Bhattacharya	0.00	\$200.00	\$0.00
8	Timekeeper - Law Clerks	0.00	\$85.00	\$0.00
9	Timekeeper - Isaiah Samaniego	6.75	\$100.00	\$675.00
10	TimeKeeper - Pierre Riou	0.00	\$225.00	\$0.00
11	TimeKeeper - Jeffrey L. Collins	1.00	\$125.00	\$125.00
	GRAND TOTAL	151.90		\$32,978.75

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December 27, 2019

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

October 1, 2019 – October 31, 2019

Matter No. and Description	Fees	Costs	Total
October 2019 Non-IT Services	\$6,426.50	\$0.00	\$6,426.50
October 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$11,426.50	\$0.00	\$11,426.50

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD OCTOBER 2019

		Billable Hours	Billable Rate	October 2019 Billing
1	TIME KEEPER - Nicole Wilkins	5.55	\$250.00	\$1,387.50
2	TIME KEEPER - Robert Stebel	4.40	\$160.00	\$704.00
3	TIME KEEPER - Kelly Reed	0.00	\$150.00	\$0.00
4	TIME KEEPER - Neda Khalaf	13.50	\$160.00	\$2,160.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	14.50	\$150.00	\$2,175.00
	GRAND TOTAL	37.95		\$6,426.50

Palomar Financial, LC
10/01/2019-10/31/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	1.50	\$ 375.00
		Payroll & Employee Benefits	1.20	\$ 300.00
		Investment Accounting/Support	1.45	\$ 362.50
		Accounts Payable and Receivable	0.40	\$ 100.00
		Bank Account Administration/Reconciliation	1.00	\$ 250.00
		Sub Total (NMW)	5.55	\$ 1,387.50
RNS	Robert Stebel	Regulatory Responses/Compliance	4.40	\$ 704.00
		Sub Total (RNS)	4.40	\$ 704.00
KJR	Kelly Reed	Accounts Payable and Receivable	0.00	\$ -
		Sub Total (KJR)	0.00	\$ -
NK	Neda Khalaf	Accounting Reports/Receivership Team Support	7.00	\$ 1,120.00
		Accounts Payable and Receivable	6.50	\$ 1,040.00
		Sub Total (NK)	13.50	\$ 2,160.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	General Ledger Accounting	5.00	\$ 750.00
		Investment Accounting/Support	7.00	\$ 1,050.00
GS	Gayathri Sivadasan	Accounts Payable and Receivable	2.50	\$ 375.00
		Sub Total (GS)	14.50	\$ 2,175.00
Grand Total			37.95	\$ 6,426.50

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January 24, 2020

BILL SUMMARY

70750 Nevada Health Co-Op (“NHC”)

November 1, 2019 – November 30, 2019

Matter No. and Description	Fees	Costs	Total
November 2019 Non-IT Services	\$7,845.00	\$0.00	\$7,845.00
November 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$12,845.00	\$0.00	\$12,845.00

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD NOVEMBER 2019

		Billable Hours	Billable Rate	November 2019 Billing
1	TIME KEEPER - Nicole Wilkins	8.00	\$250.00	\$2,000.00
2	TIME KEEPER - Robert Stebel	0.00	\$160.00	\$0.00
3	TIME KEEPER - Kelly Reed	0.00	\$150.00	\$0.00
4	TIME KEEPER - Neda Khalaf	29.50	\$160.00	\$4,720.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	7.50	\$150.00	\$1,125.00
	GRAND TOTAL	45.00		\$7,845.00

Palomar Financial, LC
11/01/2019-11/30/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	2.55	\$ 637.50
		Investment Accounting/Support	3.10	\$ 775.00
		Accounts Payable and Receivable	0.70	\$ 175.00
		Bank Account Administration/Reconciliation	1.65	\$ 412.50
		Sub Total (NMW)	8.00	\$ 2,000.00
RNS	Robert Stebel	Regulatory Responses/Compliance	0.00	\$ -
		Sub Total (RNS)	0.00	\$ -
KJR	Kelly Reed	Accounts Payable and Receivable	0.00	\$ -
		Sub Total (KJR)	0.00	\$ -
NK	Neda Khalaf	Accounting Reports/Receivership Team Support	20.00	\$ 3,200.00
		Accounts Payable and Receivable	9.50	\$ 1,520.00
		Sub Total (NK)	29.50	\$ 4,720.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Investment Accounting/Support	3.50	\$ 525.00
		Accounts Payable and Receivable	4.00	\$ 600.00
		Sub Total (GS)	7.50	\$ 1,125.00
Grand Total			45.00	\$ 7,845.00

11401 Century Oaks Terrace
Suite 310
Austin, Texas 78758



PALOMAR FINANCIAL, LC

Telephone (512) 404-6555
Facsimile (512) 404-6530
Toll Free (877) 309-7105
www.palomarfin.com

March 2, 2020

BILL SUMMARY

70750 Nevada Health Co-Op ("NHC")

December 1, 2019 – December 31, 2019

Matter No. and Description	Fees	Costs	Total
December 2019 Non-IT Services	\$6,387.50	\$0.00	\$6,387.50
December 2019 IT Services Flat Fee	5,000.00	0.00	5,000.00
Totals	\$11,387.50	\$0.00	\$11,387.50

Palomar Financial, LC

NEVADA HEALTH CO-OP
PRIVILEGED AND CONFIDENTIAL
SUMMARY REPORT
PERIOD DECEMBER 2019

		Billable Hours	Billable Rate	December 2019 Billing
1	TIME KEEPER - Nicole Wilkins	5.60	\$250.00	\$1,400.00
2	TIME KEEPER - Robert Stebel	0.00	\$160.00	\$0.00
3	TIME KEEPER - Kelly Reed	0.00	\$150.00	\$0.00
4	TIME KEEPER - Neda Khalaf	22.50	\$160.00	\$3,600.00
5	TIME KEEPER - Brent Andrews	0.00	\$150.00	\$0.00
6	TIME KEEPER - Gayathri Sivadasan	9.25	\$150.00	\$1,387.50
	GRAND TOTAL	37.35		\$6,387.50

Palomar Financial, LC
12/01/2019-12/31/2019
Client: Nevada Health Co-Op ("NHC")

Staff ID	Name	Description	Hours	Amount
NMW	Nicole Wilkins	Accounting Reports/Receivership Team Support	1.00	\$ 250.00
		General Ledger Accounting	0.20	\$ 50.00
		Accounts Payable and Receivable	4.10	\$ 1,025.00
		Bank Account Administration/Reconciliation	0.30	\$ 75.00
		Sub Total (NMW)	5.60	\$ 1,400.00
RNS	Robert Stebel	Regulatory Responses/Compliance	0.00	\$ -
		Sub Total (RNS)	0.00	\$ -
KJR	Kelly Reed	Accounts Payable and Receivable	0.00	\$ -
		Sub Total (KJR)	0.00	\$ -
NK	Neda Khalaf	Accounting Reports/Receivership Team Support	14.75	\$ 2,360.00
		Accounts Payable and Receivable	7.75	\$ 1,240.00
		Sub Total (NK)	22.50	\$ 3,600.00
BA	Brent Andrews	IT Support & Administration	0.00	\$ -
		Sub Total (BA)	0.00	\$ -
GS	Gayathri Sivadasan	Accounts Payable and Receivable	9.25	\$ 1,387.50
		Sub Total (GS)	9.25	\$ 1,387.50
Grand Total			37.35	\$ 6,387.50

Invoice No. : 5220287
File No. : 170678.010100
Bill Date : November 6, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through October 31, 2019:

Total Fees: \$ 93,501.50

Expenses:

Filing Fees	17.50
Transcript Charges	641.35
UPS Charges	22.26

Total Expenses: \$ 681.11

Total Current Invoice: \$ 94,182.61

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5257465
File No. : 170678.010100
Bill Date : December 13, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

THIS INVOICE REPLACES INVOICE #5254954 DATED 12/11/19

Total Fees: \$ 92,153.00

Expenses:

Filing Fees 17.50

Messenger/Courier Services 164.50

Total Expenses: \$ 182.00

Total Current Invoice: \$ 92,335.00

MEF:TKK
Tax ID: 13-3613083

Invoice No. : 5279338
File No. : 170678.010100
Bill Date : January 16, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through December 31, 2019:

Total Fees: \$ 62,669.00

Expenses:

Filing Fees 10.50

Messenger/Courier Services 45.00

Total Expenses: \$ 55.50

Total Current Invoice: \$ 62,724.50

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5302356
File No. : 170678.010100
Bill Date : February 14, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through January 31, 2020:

Total Fees: \$ 115,689.50

Expenses:

Filing Fees	3.50
Messenger/Courier Services	35.00
Travel and Lodging Out of Town	568.64

Total Expenses: \$ 607.14

Total Current Invoice: \$ 116,296.64

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5326107
File No. : 170678.010100
Bill Date : March 12, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Asset Recovery matter in State Court

Legal Services through February 29, 2020:

Total Fees: \$ 121,284.00

Expenses:

Deposition/Court Reporters	256.81
Filing Fees	3.50
Messenger/Courier Services	30.00

Total Expenses: \$ 290.31

Total Current Invoice: \$ 121,574.31

MEF:TKK
Tax ID: 13-3613083

Invoice No. : 5220265
File No. : 170678.010300
Bill Date : November 6, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through October 31, 2019:

Total Fees: \$ 1,702.50

Expenses:

Messenger/Courier Services

7.95

Total Expenses: \$ 7.95

Total Current Invoice: \$ 1,710.45

MEF:TKK
Tax ID: 13-3613083

Invoice No. : 5254955
File No. : 170678.010300
Bill Date : December 11, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through November 30, 2019:

Total Fees: \$ 1,143.00

Total Current Invoice: \$ 1,143.00

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5279339
File No. : 170678.010300
Bill Date : January 16, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through December 31, 2019:

Total Fees: \$ 1,240.00

Total Current Invoice: \$ 1,240.00

MEF:TKK
Tax ID: 13-3613083

Invoice No. : 5326110
File No. : 170678.010300
Bill Date : March 12, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Federal Court of Claims

Legal Services through February 29, 2020:

Total Fees: \$ 142.50

Total Current Invoice: \$ 142.50

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5220266
File No. : 170678.010500
Bill Date : November 6, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through October 31, 2019:

Total Fees: \$ 20,682.50

Total Current Invoice: \$ 20,682.50

MEF:TKK
Tax ID: 13-3613083



Invoice No.: 5254956
File No. : 170678.010500
Bill Date : December 11, 2019

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through November 30, 2019:

Total Fees: \$ 4,322.50

Total Current Invoice: \$ 4,322.50

MEF:TKK
Tax ID: 13-3613083

Invoice No.: 5279340
File No. : 170678.010500
Bill Date : January 16, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through December 31, 2019:

Total Fees: \$ 1,695.50

Total Current Invoice: \$ 1,695.50

MEF:TKK
Tax ID: 13-3613083



Invoice No. : 5302360
File No. : 170678.010500
Bill Date : February 14, 2020

Nevada Health Co-Op
Cantilo & Bennett, L.L.P.
c/o Mark F. Bennett, Esq.
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758

INVOICE

Re: Special Legal Receivership Matters

Legal Services through January 31, 2020:

Total Fees: \$ 760.00

Total Current Invoice: \$ 760.00

MEF:TKK
Tax ID: 13-3613083



Invoice Remittance

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

November 22, 2019
FTI Invoice No. 7530237
FTI Job No. 425623.0005
Terms NET 30
Federal I.D. No. 52-1261113
Currency: USD

Re: Nevada Health CO-OP in Receivership

Current Invoice Period: Charges Posted through October 31, 2019

Amount Due This Period

Professional Services.....	\$1,350.00
Expenses	<u>\$0.00</u>
Amount Due this Period.....	\$1,350.00



Invoice Remittance

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

January 24, 2020
FTI Invoice No. 7536556
FTI Job No. 425623.0005
Terms NET 30
Federal I.D. No. 52-1261113
Currency: USD

Re: Nevada Health CO-OP in Receivership

Current Invoice Period: Charges Posted through December 31, 2019

Amount Due This Period

Professional Services.....	\$27,450.00
Expenses	<u>\$635.35</u>
Amount Due this Period.....	\$28,085.35



Invoice Remittance

Mark Bennett
Cantilo & Bennett, LLP
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
mfbennett@cb-firm.com

February 12, 2020
FTI Invoice No. 7538220
FTI Job No. 425623.0005
Terms NET 30
Federal I.D. No. 52-1261113
Currency: USD

Re: Nevada Health CO-OP in Receivership

Current Invoice Period: Charges Posted through January 31, 2020

Amount Due This Period

Professional Services.....	\$68,227.50
Expenses	<u>\$0.00</u>
Amount Due this Period.....	\$68,227.50

EXHIBIT “3”

NEVADA HEALTH CO-OP

Cash Flow Analysis

Oct 2015 - February 2020

Sources & Uses

Beginning Cash as of October 1, 2015

\$ 5,352,417

SOURCES:

Premium Revenue	17,756,567
CSR Recoveries	2,347,121
Rx Rebates	-
Claims Overpayment Recoveries	720,133
PartnerRe 2014 Premium Refund	374,513
Traditional Reins Recoveries	787,352
FTR Reins Recoveries	735,747
Risk Corridor 2014	1,163,872
Federal Receivables Bridge Loan	-
Restricted Cash became Unrestricted	768,517
Sale of Risk Corridor Receivable Interest	10,000,000
Other	777,888
TOTAL SOURCES:	35,431,711

USES:

Medical Claims Q4 2015 and Post 2015 Adj	(176,660)
Rx Claims Q4 2015	(7,599,195)
Risk Adjustment 2015	-
Medical PMPMs Q4	(43,967)
FTR Reinsurance Premium	(898,687)
Traditional Reins Premium Q4 2015	(547,319)
Premium Tax	(294,665)
Other Admin	(12,777,351)
9010 ACA Fee / 720 PCORI Fee	(161,242)
Professional Services	(12,141,319)

TOTAL USES: (34,640,406)

Net cash increase for period

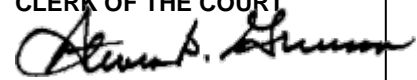
791,305

Ending Cash as of February 29, 2020

\$ 6,143,722

TAB 26

TAB 26



CASE NO: A-20-816161-C
Department 8

COMP

MARK E. FERRARIO, ESQ.

Nevada Bar No. 01625

DONALD L. PRUNTY, ESQ.

Nevada Bar No. 08230

GLENN F. MEIER, ESQ.

Nevada Bar No. 06059

GREENBERG TRAURIG, LLP

10845 Griffith Peak Drive, Suite 600

Las Vegas, Nevada 89135

Telephone: (702) 792-3773

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Email: ferrariom@gtlaw.com

pruntyd@gtlaw.com

meierg@gtlaw.com

Counsel for Plaintiff

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

STATE OF NEVADA, EX REL.
COMMISSIONER OF INSURANCE,
BARBARA D. RICHARDSON, IN HER
OFFICIAL CAPACITY AS RECEIVER FOR
NEVADA HEALTH CO-OP,

Plaintiff,

v.

SILVER STATE HEALTH INSURANCE
EXCHANGE,

Defendants.

CASE NO.
DEPARTMENT

COMPLAINT

ARBITRATION EXEMPTION: AMOUNT IN
EXCESS OF \$50,000

COMES NOW, Plaintiff, Barbara D. Richardson, Commissioner of Insurance in the State of Nevada, in her official capacity as Permanent Receiver of Nevada Health Co-Op ("Plaintiff" or "Commissioner"), with the Commissioner appointed in that official capacity on October 14, 2015 by the Eighth Judicial District Court, Clark County Nevada,¹ to serve as

¹ Commissioner Barbara D. Richardson has succeeded Amy L. Parks, the former Commissioner of Insurance, who was initially appointed as Receiver by the Eighth Judicial District Court.

1 the permanent receiver (“Receiver”) of the NEVADA HEALTH CO-OP (“NHC”), for the
2 benefit of NHC’s members, enrolled insureds, and creditors, and the Receiver, by and through
3 her attorneys, GREENBERG TRAURIG, LLP, and for her cause of action against Defendant
4 Silver State Health Insurance Exchange (“Defendant” or “SSHIE”) alleges as follows:

5 **PARTIES**

6 1. Plaintiff, who is the Commissioner of the Nevada Division of Insurance (the
7 “Nevada DOI”), sues in her capacity as NHC’s court-appointed Receiver, having brought this
8 action on behalf of NHC, NHC’s members, insured enrollees, and creditors.

9 2. On September 25, 2015, then acting Nevada Commissioner of Insurance, Amy
10 L. Parks filed a petition for appointment of Commissioner as Receiver and Other Permanent
11 Relief; and a Request for Injunction Pursuant to NRS 696B.270(1).

12 3. On October 1, 2015 the Eighth Judicial District Court entered an order
13 appointing the Acting Commissioner of Insurance, Amy L. Parks, as Temporary Receiver and
14 authorizing the Temporary Receiver to appoint a Special Deputy Receiver. The firm of
15 Cantilo & Bennett, L.L.P. was appointed as the Special Deputy Receiver of NHC.

16 4. Plaintiff, in her capacity as Commissioner of Insurance and as Permanent
17 Receiver of NHC, is authorized to liquidate the business of NHC and to wind up its ceased
18 operations pursuant to NRS 696B.220.2. This authority includes authorization to institute and
19 prosecute, in the name of NHC or in the Receiver’s own name, any and all suits and other
20 legal proceedings, and to prosecute any action that may exist on behalf of the members,
21 insured enrollees, or creditors of NHC against any person. NHC is, and was at all times
22 relevant hereto, a Nevada non-profit corporation.

23 5. Defendant is, and was at all times relevant hereto, an agency of the State of
24 Nevada.

25 **GENERAL ALLEGATIONS**

26 6. NHC was formed to provide health insurance to individuals and small
27 businesses under the federal Affordable Care Act (the “ACA”).

28 ///

7. NHC began writing and providing health care insurance to Nevada citizens effective as of January 1, 2014.

8. In order to provide marketplaces for individuals and small businesses to purchase healthcare insurance pursuant to the ACA, the ACA authorized states to create and operate state-based exchanges (“SBE”).

9. In 2011, the Nevada Legislature considered Senate Bill 440 (SB 440) which addressed the creation of an SBE for the State of Nevada.

10. On or about June 16, 2011, SB 440 was duly enacted into Nevada law.

11. SB 440 is codified at Chapter 695I of the Nevada Revised Statutes.

12. Pursuant to SB 440, the State of Nevada created Defendant to act as the SBE for the State of Nevada.

13. Pursuant to NRS 695I.200, Defendant was created, in part, to facilitate the purchase and sale of qualified health plans in the individual market in Nevada.

14. In furtherance of its statutory purpose, Defendant operated a website (the “Exchange”) where authorized providers of health care insurance were able to offer information about their available insurance plans to be viewed by Nevada citizens who wished to purchase health care insurance.

15. Pursuant to NRS 695I.210, Defendant was authorized to enter into contracts as needed to assist in carrying out its duty to facilitate the purchase and sale of qualified health plans in the individual market in Nevada.

16. Pursuant to its statutory authority, Defendant entered into agreements with authorized providers of health care insurance in Nevada, including, but not limited to, NHC to list health care insurance plans on the Exchange.

17. NHC, as an authorized provider of health care insurance in Nevada, was previously listed on the Exchange.

18. Nevada citizens interested in purchasing health care insurance had the option of purchasing health care insurance plans from NHC through the Exchange.

///

19. Nevada citizens who purchased a health care insurance plan from NHC through the Exchange submitted their premium payments directly to Defendant through the Exchange.

20. Defendant agreed that, after collecting the premium payments from Nevada citizens who purchased health care insurance plans from NHC, Defendant would transfer those premium payments to NHC.

21. Beginning in December of 2013 and continuing through March of 2015, Defendant collected thirteen million fifty-eight thousand six hundred eight dollars and fifteen cents (\$13,058,608.15) in premium payments from Nevada citizens who purchased health care insurance from NHC through the Exchange.

22. Defendant was obligated to transfer all premiums for health care insurance plans purchased from NHC through the Exchange to NHC.

23. Defendant only transferred twelve million five hundred forty-seven thousand nine hundred fifty-six dollars and eighty-eight cents (\$12,547,956.88) of the premiums collected for the purchase of NHC health care insurance plans through the exchange to NHC.

24. Defendant has retained five hundred ten thousand six hundred fifty-one dollars and twenty-seven cents (\$510,651.27) of premiums paid by Nevada citizens for purchase of health care insurance plans from NHC (the "Retained Premiums").

25. Defendant has no justification for retaining the Retained Premiums.

26. NHC voluntarily ceased writing new health care insurance as of August 17, 2015.

FIRST CAUSE OF ACTION - BREACH OF CONTRACT

27. Plaintiff realleges and incorporates all of the allegations contained in the preceding paragraphs as if fully set forth herein.

28. NHC and Defendant entered into a valid and binding agreement for NHC to list health care insurance plans available for purchase by Nevada citizens on the Exchange.

29. As part of the contract between the Parties, Defendant agreed to collect premium payments relating to the purchase of NHC health care insurance plans and to transfer those premium payments to NHC.

30. NHC satisfied its obligations under the contract between it and Defendant.

31. Defendant has retained premium payments due to NHC without justification.

32. As a direct and proximate result of Defendant's conduct, NHC has suffered damages in an amount in excess of fifteen thousand dollars (\$15,000).

33. Plaintiff has been required to retain the services of Greenberg Traurig, LLP to prosecute this action and is entitled to recover an award of reasonable attorney's fees and costs incurred herein.

SECOND CAUSE OF ACTION - UNJUST ENRICHMENT

34. Plaintiff realleges and incorporates all of the allegations contained in the preceding paragraphs as if fully set forth herein.

35. In the course of operating the Exchange, Defendant collected premium payments that were ultimately the property of the health care insurance providers who offered health care insurance plans to Nevada citizens on the Exchange, including NHC.

36. The Retained Premiums are rightfully the property of NHC.

37. Fundamental principles of justice and equity require the return of the Retained Premiums to Plaintiff on behalf of NHC.

38. As a direct and proximate result of Defendant's conduct, NHC has suffered damages in an amount in excess of fifteen thousand dollars (\$15,000).

39. Plaintiff has been required to retain the services of Greenberg Traurig, LLP to prosecute this action and is entitled to recover an award of reasonable attorney's fees and costs incurred herein.

THIRD CAUSE OF ACTION - CONSTRUCTIVE TRUST

40. Plaintiff realleges and incorporates all of the allegations contained in the preceding paragraphs as if fully set forth herein.

41. A confidential relationship existed between NHC and Defendant stemming from Defendant's agreement to collect premiums on behalf of NHC.

42. Defendant has not paid the Retained Premiums to NHC.

///

43. The Retained Premiums are rightfully the property of NHC and therefore the retention of the Retained Premiums by Defendant would be inequitable.

44. In order to effect justice, it is necessary for the Court to impose a constructive trust over the Retained Premiums and declare that Defendant is retaining those funds as a Trustee for NHC.

45. As a direct and proximate result of Defendant's conduct, NHC has suffered damages in an amount in excess of fifteen thousand dollars (\$15,000).

46. Plaintiff has been required to retain the services of Greenberg Traurig, LLP to prosecute this action and is entitled to recover an award of reasonable attorney's fees and costs incurred herein

PRAYER

WHEREFORE, Plaintiff prays for relief in favor of Plaintiff and against Defendant as follows:

1. For damages in an amount in excess of fifteen thousand dollars (\$15,000);
2. For pre- and post-judgment interest;
3. For all attorney fees and costs of suit;
4. For imposition of a constructive trust over the Retained Premiums; and
5. For such other and further relief as this court may deem just and proper.

DATED this 5th day of June 2020.

GREENBERG TRAURIG, LLP

By: /s/ Donald L. Prunty

MARK E. FERRARIO, ESQ.

Nevada Bar No. 01625

DONALD L. PRUNTY, ESQ.

Nevada Bar No. 08230

GLENN F. MEIER, ESQ.

Nevada Bar No. 06059

10845 Griffith Peak Drive, Suite 600

Las Vegas, Nevada 89135

Counsel for Plaintiff