

THE STATE OF TEXAS

§
§
§
§
§

IN THE DISTRICT COURT OF

v.

TRAVIS COUNTY, TEXAS

AMCARE HEALTH PLANS OF TEXAS,
INC. and AMCARE MANAGEMENT, INC. §

200th JUDICIAL DISTRICT

**APPLICATION TO APPROVE ENTRY INTO
MEDIMPACT DISTRIBUTION AGREEMENT**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW Jean Johnson, Special Deputy Receiver (“SDR”) under contract to the Permanent Receiver of AmCare Health Plans of Texas, Inc., and AmCare Management, Inc., (hereinafter collectively referred to as “AmCare”), who files this Application to Approve Entry into MedImpact Distribution Agreement (the “Agreement”). In support of this Application the Special Deputy Receiver would respectfully show the Court the following:

THE RELIEF SOUGHT BY THIS MOTION

This is a motion which seeks approval of entry into an Agreement for a distribution of all rebate funds currently due and owed to the parties to the Agreement from MedImpact Healthcare Systems, Inc (“MedImpact”). The resulting order sought by this motion will therefore authorize entry by the SDR into the Agreement which will result in the distribution of MedImpact rebate funds to AmCare based on a proportionate distribution percentage of 38.65%, which distribution to AmCare is approximately two hundred one thousand dollars (\$201,000.00).

I. BACKGROUND

1. Pursuant to Article 21.28 of the Texas Insurance Code (hereinafter the “Code”), now codified as Chapter 443 of the Code, this Court placed AmCare in temporary receivership

on December 16, 2002, and appointed Jose Montemayor Temporary Receiver. On January 21, 2003, the receivership was made permanent and Jose Montemayor was appointed Permanent Receiver.

2. Jean Johnson was appointed SDR on December 23, 2002, and she is fully authorized to file this Application pursuant to TEX. INS. CODE 443.154.

3. On October 1, 1999, MedImpact entered into Service Agreements with AmCare, AmCare Health Plans of Louisiana, Inc., and AmCare Health Plans of Oklahoma, Inc. (the "AmCare Parties"), wherein MedImpact would provide quarterly rebates to the AmCare Parties.

4. Various rebate distributions were not made prior to the AmCare Parties being placed into receivership in their respective states. A dispute arose between the AmCare Parties as to the distribution percentages of these funds.

II. AUTHORITY

5. Under §443.154 (a) of the Code, the SDR has all the powers of the Receiver, unless specifically limited by the Receiver.

6. The SDR is authorized to enter into agreements with any receivers or commissioners of any other states pursuant to §443.154 (u) of the Code.

7. The SDR may collect all debts and moneys due and claims belonging to the insurer, wherever located, pursuant to §443.154 (f) of the Code.

III. ANALYSIS AND RECOMMENDATION

8. After negotiation and stipulation as to the distribution amounts which shall apply to all MedImpact rebate funds available for distribution, the AmCare Parties have entered into a proposed Agreement expressly conditioned upon the approval of this Court. The Agreement is attached hereto as Exhibit "A", and incorporated herein for all purposes.

9. The agreed upon MedImpact rebate distribution shall be as follows:
 - a. AmCare: \$201,000 (38.65%);
 - b. AmCare Health Plans of Oklahoma, Inc.: \$201,000 (38.65%); and
 - c. AmCare Health Plans of Louisiana, Inc.: \$118,000 (22.70%)

10. The Agreement will resolve the outstanding controversies and disputes between the AmCare Parties, and avoid the uncertainty, delays and costs that would be involved in litigating the disputes. The SDR represents to this Court that the Agreement is in the best interest of the AmCare receivership estate.

11. This Application is supported by the Affidavit of Jean Johnson, attached hereto as Exhibit "B" and incorporated herein for all purposes.

NOTICE

12. The Special Deputy Receiver sent notice of the submission of this Application to all known parties of interest shown on the Certificate of Service. As stated above, the Certificate of Service includes all who have requested to be placed on the Certificate of Service. The Special Deputy Receiver will also post this Application on its website located at www.amcaretexasreceiver.com.

RELIEF REQUESTED

13. Based on the foregoing, the Special Deputy Receiver respectfully requests that the Court enter an order authorizing her entry into the MedImpact Distribution Agreement.

14. The Special Deputy Receiver also requests all other just and equitable relief.

Respectfully submitted,

Wisener ★ Nunnally ★ Gold, L.L.P.

By: /s/ Robert H. Nunnally, Jr.
Harold B. Gold
Bar No. 08069600

Robert H. Nunnally, Jr.
Bar No. 15141600

625 W. Centerville Road, Suite 110
Garland, Texas 75041
T: 972.840.9080
F: 972.840.6575

Brian E. Riewe, P.C.

Brian E. Riewe
Bar No. 16915600

Gregory C. Douglass
Bar No. 06049200

4408 Spicewood Springs Road, Suite 101
Austin, Texas 78759
T: 512.236.9955
F: 512.236.9966

*Attorneys for Jean Johnson, Special Deputy
Receiver of AmCare Health Plans of Texas, Inc. and
AmCare Management, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on all interested parties in accordance with the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. § 443.007(d) this the 9th day of June, 2008.

Mr. Tom Collins, Special Master
Texas Department of Insurance
333 Guadalupe St., Tower III
5th Floor, MC-305-1C
Austin, Texas 78714

Mr. James Kennedy, **Attorney for the Receiver**
Ms. Leanne Foster, **Attorney for the Receiver**
Ms. Rachel Giani
Texas Department of Insurance
333 Guadalupe, Tower I
8th Floor, MC-110-1A
Austin, Texas 78701
Email: james.kennedy@tdi.state.tx.us
Email: leanne.foster@tdi.state.tx.us
Email: rachel.giani@tdi.state.tx.us

Mr. Fred Ramirez, Liquidation Oversight
Texas Department of Insurance
333 Guadalupe St., Tower III
5th Floor, MC-305-1C
Austin, Texas 78701
Email: Fred.Ramirez@tdi.state.tx.us

Mr. Thomas S. Lucksinger
President, Amcareco, Inc.
The SLI Group
10200 Old Katy Road
Houston, Texas 77043
Email: toml@thesligroup.com

Lee Spangler, Assistant General Counsel
Texas Medical Association
401 West 15th Street
Austin, Texas 78701
Email: lee.spangler@texmed.org

Mr. Charles Bailey, General Counsel
Texas Hospital Association
6225 US Hwy 290 E.
Austin, Texas 78723
Email: cbailey@tha.org

Pat Harris
Harris County Medical Society
1515 Hermann Drive
Houston, Texas 77004
Email: pat_harris@hcms.org

Mr. Mike Johnston, **Atty-Hermann Memorial**
Ms. Margaret A. Pollard, **Atty-St. Luke's Episcopal**
Sullins Johnston Rohrbach & Magers, P.C.
3200 Southwest Freeway, Suite 2200
Houston, Texas 77027
Email: mjohnston@sjrm.com
Email: mpollard@sjrm.com

Ms. Sue Buser, **Attorney for Louisiana Receiver**
Buser & Associates
1518 Highway 30 East
Gonzales, Louisiana 70737
Email: sue@buserlaw.net

Mr. Billy Bostick, Assistant Receiver
AmCare Health Plans of Oklahoma, Inc. in
Receivership
2505 Ballantrae Drive
Colleyville, Texas 76034
Email: billy.bostick@bccg.com

Ms. Karen Colombo
Bay Area Obstetrics & Gynecology, P.A.
#17 Professional Park
Webster, Texas 77598
Email: kcolombo@baobgyn.com

Mr. Steve Meyers, Director
COR Specialty Associates of North Texas, P.A.
1320 Greenway, #200
Irving, Texas 75038
Email: smeyers@csant.com

Kaner Medical Group
Attn: Dana Fannin
P.O. Box 210429
Bedford, Texas 76088-7429
Email: dfannin@kanermed.com

Mr. David W. Hobson, M.D.
1601 Main Street, Suite 302
Richmond, Texas 77469
Email: ofcmgr@women-babies.com

Aquileo N. Hernandez, M.D.
11914 Astoria Blvd., Ste. 540
Houston, Texas 77089
Email: ahernandez40@hotmail.com

Mr. Jon McGough
Assistant General Counsel
University of North Texas System
3500 Camp Bowie Blvd.
Fort Worth, Texas 76107-2699
Email: jmcgough@hsc.unt.edu

Mr. Thomas L. Weinberg
Assistant General Counsel
DaVita, Inc.
1423 Pacific Avenue
Tacoma, Washington 98402
Email: rhartman@davita.com

Ms. Tricia Smith
P.O. Box 589
Rhome, Texas 76078
Email: bksmom02@aol.com

Mr. Cosme E. Ramirez
16110 Herngrif St.
Houston, Texas 77032-1334
Email: cosmeeramirez@yahoo.com

Ms. Carleen M. Simon-Yates, RPH
12335 Kingsride, Suite 366
Houston, Texas 77024
Email: cmsyjap1@aol.com

Mr. Brian E. Riewe
Brian E. Riewe, P.C.
4408 Spicewood Springs Rd., Suite 101
Austin, Texas 78759
Email: briewe@riewelaw.com

Mr. Samuel Owolabi
16714 Cheshire Place Dr.
Houston, Texas 77083
Email: oblowl@yahoo.co.uk

Dr. Clay Heighten
VP Managed Care
MedicalEdge Healthcare Group
9229 LBJ Freeway, Suite #250
Dallas, Texas 75243
Email: cheighte@med-edge.com

Mr. Jonathan F. Buck
Catholic Healthcare West d/b/a Mercy Westside
Hospital & St. Rose Dominican Hospital-Siena Campus
330 North Brand Blvd., 4th Floor
Glendale, California 92103
Email: JBuck@CHW.edu

Ms. Traci L. Cotton, Attorney
The University of Texas System
Office of General Counsel
201 W. 7th Street
Austin, Texas 78701
Email: tcotton@utsystem.edu

/s/ Kristin B. Shaw
Kristin B. Shaw
kristin@wnglaw.com

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Amended Order of Reference to Master entered by the District Court in this cause, the *Application to Approve Entry into MedImpact Distribution Agreement* is hereby set for written submission before the Special Master, Tom Collins, on **Monday, June 23, 2008**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk At least Three (3) calendar days before the submission date.
2. A copy of any objection shall be served by such date on:
 - a. The Special Master's Docket Clerk, Ms. Jean Sustaita, Texas Department of Insurance, **(Hand Delivery)** 333 Guadalupe, Hobby Tower 3, Room 550, Austin, Texas; or **(Mail To)** P.O. Box 149104, Austin , Texas 78714-9104.
 - b. All interested parties, including those listed on the Applicant's Certificate of Service.
3. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
4. If a matter is set for submission, an objection party shall expeditiously coordinate with Applicant's counsel and the master's docket clerk [(512)463-6450] to obtain an oral hearing, unless the master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Robert H. Nunnally, Jr.
Robert H. Nunnally, Jr.

MEDIMPACT DISTRIBUTION AGREEMENT

This Agreement is entered into by and between James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation, through the Court-appointed Receiver, Marlon V. Harrison (AmCare-LA); Jean Johnson, Special Deputy Receiver of AmCare Health Plans of Texas, Inc. ("AmCare-TX"); and Billy Bostick, Assistant Receiver of AmCare Health Plans of Oklahoma, Inc. ("AmCare-OK") (all collectively referred to as "the Parties" or the "AmCare health plans"). This Agreement is entered into for the sole purpose of addressing the distribution of all rebate funds currently due and owed the Parties from MedImpact Healthcare Systems, Inc. ("MedImpact"), whether currently located in the Parties' joint account at BancFirst in Oklahoma City (the "MedImpact Joint Account") or still held by MedImpact (all collectively the "MedImpact Rebate Funds").

I.

MedImpact, in its role as a pharmacy benefit manager, entered into a Service Agreement with the three AmCare health plans with an effective date of October 1, 1999. Pursuant to that Service Agreement, MedImpact contracted with each of AmCare health plans to utilize the pharmacies in MedImpact's network to assist in the provision of prescription services to eligible Members of each of the AmCare health plans. The Service Agreement also provided, based on other contracts between MedImpact and the drug manufacturers, that each of the AmCare health plans would receive quarterly rebates from the manufacturers as an added benefit of the Service Agreement.

II.

Subsequent to each of the AmCare health plans being placed into receivership in their respective states, the receivership staffs of each of the AmCare health plans determined that MedImpact owed each of the AmCare health plans the rebates collected for the third quarter of 2002 and prior periods, but that MedImpact had not yet disbursed the rebates to the respective AmCare health plans. The Parties were unable to agree at the time on the distribution

percentages of these funds to each of the AmCare receivership estates. Therefore, to facilitate the payment of the rebate monies by MedImpact, a joint account (account # 4005077951) (the "MedImpact Joint Account"), was established by the Parties at BancFirst in Oklahoma City, Oklahoma, and the collective rebates due from MedImpact in the total amount of One Million Two Hundred Seventeen Thousand Four Hundred Ten (\$1,217,410.20) Dollars, was deposited into the MedImpact Joint Account.

III.

On September 2, 2004, the Parties agreed to make an initial distribution to each of the AmCare health plans from the MedImpact Joint Account. The initial distribution was made to the Parties based upon the most conservative of three available distribution calculations. In the initial distribution, AmCare-TX received Four Hundred Seventy Six Thousand Four Hundred Twenty Four and 91/100 (\$476,424.91) Dollars, AmCare-OK received Two Hundred One Thousand Four Hundred Eighty Five and 59/100 (\$201,485.59) Dollars, and AmCare-LA received One Hundred Forty Thousand Eight Hundred Eighteen and 73/100 (\$140,818.73) Dollars. The remaining funds in the MedImpact Joint Account were to be distributed at a later time.

IV.

AmCare-OK and AmCare-LA jointly retained the services of Advanced Pharmacy Concepts to perform a rebate audit, as did AmCare-TX. In December, 2006, Advanced Pharmacy Concepts issued its Rebate Audit Report, which identified an additional Sixty One Thousand Nine Hundred Seventeen and 4/100 Dollars (\$61,917.04) due to the AmCare health plans (the "Additional Rebates").

V.

As of March 31, 2008, the balance in the MedImpact Joint Account was Four Hundred Sixty Thousand Forty Six and 42/100 (\$460,046.42) Dollars. The Parties now wish to distribute all remaining MedImpact rebates funds in the MedImpact Joint Account, as well as the Additional Rebates still held by Med Impact. The Parties have, to date, been unable to agree on the appropriate distribution percentages for the MedImpact rebate funds. However, in an effort

to amicably resolve this issue, the Parties have stipulated to the following approximate distribution amounts which shall apply to all MedImpact rebate funds available for distribution, including the funds in the MedImpact Joint Account and the Additional Rebates:

AmCare-TX: \$201,000 (38.65%)

AmCare-OK: \$201,000 (38.65%)

AmCare-LA: \$118,000 (22.70%)

Total: \$520,000

Amounts may be slightly different than those listed above due to the continued accumulation of interest credited to the MedImpact Joint Account. The additional monies in the MedImpact Joint Account will be assigned to each Party based on their proportionate interests in the \$520,000, as noted in the table above (the "AmCare Distribution Percentages").

VI.

This Agreement, and all terms and conditions contained herein, are contingent upon the approval of the respective receivership courts in the States of Louisiana, Texas and Oklahoma.

VII.

In the event the receivership courts in the States of Louisiana, Texas and Oklahoma approve this Agreement, counsel for AmCare-OK will circulate the necessary document(s) to effectuate a wire transfer of the appropriate amounts out of the MedImpact Joint Account to each of the Parties and to effectuate a distribution of the Additional Rebates now held by MedImpact based on the AmCare Distribution Percentages.


VIII.

Notwithstanding the terms of this Agreement, there is no intent by any of the Parties that this Agreement establishes any fact or advocates any position other than the amount of funds in the MedImpact Joint Account and the Additional Rebates, and the distribution of those specific funds.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by them or their designated agent on the dates hereinafter subscribed.

Dated: May 7, 2008

James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation through the Court-appointed Receiver

By: 
Marlon V. Harrison
Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation

Dated: _____, 2008

By: _____
Jean Johnson
Special Deputy Receiver for AmCare Health Plans of Texas, Inc.,
and AmCare Management, Inc.

Dated: _____, 2008

By: _____
Billy Bostick
Assistant Receiver for AmCare Health Plans of Oklahoma, Inc.

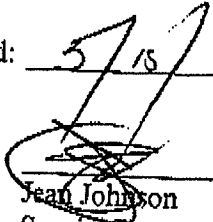
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by them or their designated agent on the dates hereinafter subscribed.

Dated: _____, 2008

James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation through the Court-appointed Receiver

By: _____
Marlon V. Harrison
Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation

Dated: 5/15, 2008

By: _____

Jean Johnson
Special Deputy Receiver for AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.

Dated: _____, 2008

By: _____
Billy Bostick
Assistant Receiver for AmCare Health Plans of Oklahoma, Inc.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by them or their designated agent on the dates hereinafter subscribed.

Dated: _____, 2008

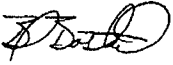
James J. Donelon, Commissioner of Insurance for the State of Louisiana,
in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in
Liquidation through the Court-appointed Receiver

By: _____
Marlon V. Harrison
Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation

Dated: _____, 2008

By: _____
Jean Johnson
Special Deputy Receiver for AmCare Health Plans of Texas, Inc.,
and AmCare Management, Inc.

Dated: April 29, 2008, 2008

By: 

Billy Bostick
Assistant Receiver for AmCare Health Plans of Oklahoma, Inc.

GV 204523

THE STATE OF TEXAS

v.

AMCARE HEALTH PLANS OF TEXAS,
INC. and AMCARE MANAGEMENT, INC.

§
§
§
§
§
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

200th JUDICIAL DISTRICT

**APPLICATION TO APPROVE ENTRY INTO
MEDIMPACT DISTRIBUTION AGREEMENT**

Came before me Jean Johnson, who, being duly sworn, did upon her oath attest:

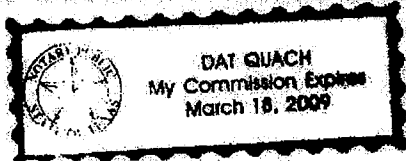
1. "I am Jean Johnson. I am over the age of eighteen years. I am competent to be a witness. I have personal knowledge of the facts to which I attest. I acquired my personal knowledge through my direct involvement and experience in the matters to which I attest. I am the Special Deputy Receiver ("SDR") under contract to the Permanent Receiver of AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.

2. "I attach as Exhibit "A" a true and correct copy of the MedImpact Distribution Agreement with the SDR, AmCare Health Plans of Louisiana, Inc, and AmCare Health Plans of Oklahoma, Inc. (the "Agreement").

3. "Approval of the Agreement is in the best interest of the receivership estates and will resolve the outstanding controversies and disputes between AmCare Health Plans of Texas, Inc., AmCare Health Plans of Louisiana, Inc., and AmCare Health Plans of Oklahoma, Inc. relating to the distribution of MedImpact rebate funds."


Jean Johnson

Subscribed and sworn to before me on this 6th day of June, 2008.




Notary Public

Cause No. GV204523

The State of Texas v. AmCare Health Plans Of Texas, Inc., et al
Affidavit of Jean Johnson - Page 1

Exhibit "B"

MEDIMPACT DISTRIBUTION AGREEMENT

This Agreement is entered into by and between James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation, through the Court-appointed Receiver, Marlon V. Harrison (AmCare-LA); Jean Johnson, Special Deputy Receiver of AmCare Health Plans of Texas, Inc. ("AmCare-TX"); and Billy Bostick, Assistant Receiver of AmCare Health Plans of Oklahoma, Inc. ("AmCare-OK") (all collectively referred to as "the Parties" or the "AmCare health plans"). This Agreement is entered into for the sole purpose of addressing the distribution of all rebate funds currently due and owed the Parties from MedImpact Healthcare Systems, Inc. ("MedImpact"), whether currently located in the Parties' joint account at BancFirst in Oklahoma City (the "MedImpact Joint Account") or still held by MedImpact (all collectively the "MedImpact Rebate Funds").

I.

MedImpact, in its role as a pharmacy benefit manager, entered into a Service Agreement with the three AmCare health plans with an effective date of October 1, 1999. Pursuant to that Service Agreement, MedImpact contracted with each of AmCare health plans to utilize the pharmacies in MedImpact's network to assist in the provision of prescription services to eligible Members of each of the AmCare health plans. The Service Agreement also provided, based on other contracts between MedImpact and the drug manufacturers, that each of the AmCare health plans would receive quarterly rebates from the manufacturers as an added benefit of the Service Agreement.

II.

Subsequent to each of the AmCare health plans being placed into receivership in their respective states, the receivership staffs of each of the AmCare health plans determined that MedImpact owed each of the AmCare health plans the rebates collected for the third quarter of 2002 and prior periods, but that MedImpact had not yet disbursed the rebates to the respective AmCare health plans. The Parties were unable to agree at the time on the distribution

percentages of these funds to each of the AmCare receivership estates. Therefore, to facilitate the payment of the rebate monies by MedImpact, a joint account (account # 4005077951) (the "MedImpact Joint Account"), was established by the Parties at BancFirst in Oklahoma City, Oklahoma, and the collective rebates due from MedImpact in the total amount of One Million Two Hundred Seventeen Thousand Four Hundred Ten (\$1,217,410.20) Dollars, was deposited into the MedImpact Joint Account.

III.

On September 2, 2004, the Parties agreed to make an initial distribution to each of the AmCare health plans from the MedImpact Joint Account. The initial distribution was made to the Parties based upon the most conservative of three available distribution calculations. In the initial distribution, AmCare-TX received Four Hundred Seventy Six Thousand Four Hundred Twenty Four and 91/100 (\$476,424.91) Dollars, AmCare-OK received Two Hundred One Thousand Four Hundred Eighty Five and 59/100 (\$201,485.59) Dollars, and AmCare-LA received One Hundred Forty Thousand Eight Hundred Eighteen and 73/100 (\$140,818.73) Dollars. The remaining funds in the MedImpact Joint Account were to be distributed at a later time.

IV.

AmCare-OK and AmCare-LA jointly retained the services of Advanced Pharmacy Concepts to perform a rebate audit, as did AmCare-TX. In December, 2006, Advanced Pharmacy Concepts issued its Rebate Audit Report, which identified an additional Sixty One Thousand Nine Hundred Seventeen and 4/100 Dollars (\$61,917.04) due to the AmCare health plans (the "Additional Rebates").

V.

As of March 31, 2008, the balance in the MedImpact Joint Account was Four Hundred Sixty Thousand Forty Six and 42/100 (\$460,046.42) Dollars. The Parties now wish to distribute all remaining MedImpact rebates funds in the MedImpact Joint Account, as well as the Additional Rebates still held by Med Impact. The Parties have, to date, been unable to agree on the appropriate distribution percentages for the MedImpact rebate funds. However, in an effort

to amicably resolve this issue, the Parties have stipulated to the following approximate distribution amounts which shall apply to all MedImpact rebate funds available for distribution, including the funds in the MedImpact Joint Account and the Additional Rebates:

AmCare-TX: \$201,000 (38.65%)

AmCare-OK: \$201,000 (38.65%)

AmCare-LA: \$118,000 (22.70%)

Total: \$520,000

Amounts may be slightly different than those listed above due to the continued accumulation of interest credited to the MedImpact Joint Account. The additional monies in the MedImpact Joint Account will be assigned to each Party based on their proportionate interests in the \$520,000, as noted in the table above (the "AmCare Distribution Percentages").

VI.

This Agreement, and all terms and conditions contained herein, are contingent upon the approval of the respective receivership courts in the States of Louisiana, Texas and Oklahoma.

VII.

In the event the receivership courts in the States of Louisiana, Texas and Oklahoma approve this Agreement, counsel for AmCare-OK will circulate the necessary document(s) to effectuate a wire transfer of the appropriate amounts out of the MedImpact Joint Account to each of the Parties and to effectuate a distribution of the Additional Rebates now held by MedImpact based on the AmCare Distribution Percentages.

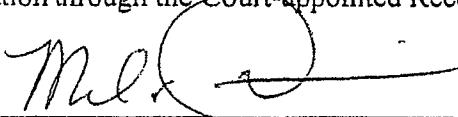
VIII.

Notwithstanding the terms of this Agreement, there is no intent by any of the Parties that this Agreement establishes any fact or advocates any position other than the amount of funds in the MedImpact Joint Account and the Additional Rebates, and the distribution of those specific funds.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by them or their designated agent on the dates hereinafter subscribed.

Dated: May 7, 2008

James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation through the Court-appointed Receiver

By: 
Marlon V. Harrison
Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation

Dated: _____, 2008

By: _____
Jean Johnson
Special Deputy Receiver for AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.

Dated: _____, 2008

By: _____
Billy Bostick
Assistant Receiver for AmCare Health Plans of Oklahoma, Inc.

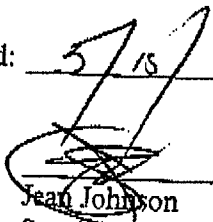
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by them or their designated agent on the dates hereinafter subscribed.

Dated: _____, 2008

James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation through the Court-appointed Receiver

By: _____
Marlon V. Harrison
Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation

Dated: 5/15, 2008

By: _____

Jean Johnson
Special Deputy Receiver for AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.

Dated: _____, 2008

By: _____
Billy Bostick
Assistant Receiver for AmCare Health Plans of Oklahoma, Inc.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by them or their designated agent on the dates hereinafter subscribed.

Dated: _____, 2008

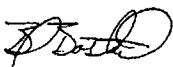
James J. Donelon, Commissioner of Insurance for the State of Louisiana, in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. in Liquidation through the Court-appointed Receiver

By: _____
Marlon V. Harrison
Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation

Dated: _____, 2008

By: _____
Jean Johnson
Special Deputy Receiver for AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.

Dated: April 29, 2008, 2008

By: 

Billy Bostick
Assistant Receiver for AmCare Health Plans of Oklahoma, Inc.