

April 20, 2017

***Via Email***

To All Interested Parties

Re: Cause No. GV-204523; *Texas v. AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.*; In the 200th Judicial District Court of Travis County, Texas.

***Subject: Special Master Status Conference Letter Update***

Dear Sir/Madame:

Attached please find the SDR's status report in lieu of the April 24, 2017 Special Master's Status Conference.

Please do not hesitate to call our office if you have any questions.

Wisener Nunnally Roth, LLP

Original signed by

By: \_\_\_\_\_  
Michael Roth

cc: Mr. Tom Collins, by serving his Docket Clerk  
Mr. Thomas S. Lucksinger, President, AmCareco, Inc.  
Lee Spangler, Assistant General Counsel, Texas Medical Association  
Mr. Charles Bailey, General Counsel, Texas Hospital Association  
Pat Harris, Harris County Medical Society  
Mr. Mike Johnston, Atty for St. Luke's Episcopal  
Mr. David Medearis  
Ms. Sue Buser, Attorney for Louisiana Receiver  
Mr. Billy Bostick, Oklahoma Deputy Assistant Receiver  
Mr. David W. Hobson, M.D.  
Mr. Aquileo N. Hernandez, M.D.  
Ms. E. Stuart Phillips  
Mr. Thomas L. Weinberg, Asst. General

Counsel, DaVita, Inc.  
Mr. Cosme E. Ramirez  
Ms. Carleen M. Simon-Yates, RPH  
Mr. Samuel Owolabi  
Dr. Clay Heighten  
Mr. Jonathan F. Buck Catholic Healthcare West  
Ms. Traci L. Cotton, Atty for The University of Texas System  
Mr. Michael Nored  
Mr. Kenneth N. Russak, Frandzel Robins Bloom & Csato, L.C.  
Ms. April Lucas, McGinnis, Lochridge, & Kilgore L.L.P.  
Mr. Doug Dodds, McGinnis, Lochridge, & Kilgore L.L.P.  
Ms. Kelly L. Cavazos  
Mr. Brian E. Riewe  
Ms. Kathy Gartner

**Status Letter Update for Special Master  
3/31/2017  
AmCare Health Plans of Texas, Inc. &  
AmCare Management, Inc.  
R 512**

Special Deputy Receiver: Jean Johnson  
Primary Responsible Party: Jean Johnson  
Estate Counsel: Robert Nunnally  
Receiver's Counsel: Stuart Phillips  
RLO Analyst: Moses Chao

**Background**

- Date of Temporary Injunction: 12/16/2002
- Date of Permanent Injunction: 01/13/2003
- Date of appointment of SDR/Name: 12/23/2002 - Jean Johnson
- Claims Filing Deadline: 10/1/2003
- States where licensed: Texas
- Lines of Business: HMO
- Texas Guaranty Association name & Trigger Date: N/A
- Date and Amount of last early access: N/A

The AmCare receivership is comprised of two companies, AmCare Health Plans of Texas and AmCare Management.

**Statements of Assets and Liabilities as of 3/31/2017**

\$ 339,867	HMO Total Assets
\$ 6,750	Management Total Assets
\$ 222,422	HMO Cash Assets
\$ 6,750	Management Cash Assets
\$ 117,445	HMO-Non Cash Assets
\$ -0-	Management Non Cash Asset
\$ 962,464	HMO Total Liabilities
\$ 22,246	Management Total Liabilities
\$ (622,597)	HMO Negative Equity
\$ (15,496)	Management Negative Equity

**Status and activity since last status conference**

The SDR's staff continues to deal with claimants whose information proved out-of-date or incorrect, and continues to replace uncashed checks upon receipt of corrected information. This is part of cleaning process of resolving any outstanding items in preparation for the estate closure.

Subject to the foregoing process, The SDR's team has completed all remaining interest

distributions for Class 10 providers and members who had provided current information and the required tax forms. This is completed for both Amcare estates.

Records are being prepared for transfer to TDI at estate closing.

### **Tax Issues**

The SDR is waiting for a response from IRS as to a request for prompt determination as to tax years 2012, 2013, and 2014.

The IRS made a favorable determination in response to our appeal of certain 1099-related penalties assessed as to the tax year 2012. However a similar but smaller proposed penalty has now been made by the IRS relating to claimant 1099 reporting mismatch issues for tax year 2014. The SDR continues all efforts to resolve these issues.

### **General Legal Activities**

All litigation matters have been resolved.

### **Claims Activity**

#### HMO-

All POCs and Notices were sent out in 2003  
POC notices mailed: 223,111  
POCs filed before filing deadline: 24,819  
POCs filed after filing deadline: 856

All claims have been received and adjudicated, and interim distributions were initiated in 2006 and 2011.

Claims processed to date are:

	POCs	Approved Amount
Class 2 claims:	24,744	\$ 55,736,810
Class 5 claims:	65	\$ 364,572
Class 6 claims:	8	\$ 41,926
Class 8 claims:	854	\$ 752,642
Class 10 claims:	25,658	\$ 51,465,728

Interim Claims Distribution to date:

Class 2 claims:	\$ 55,618,802
Class 5 claims:	\$ 363,167
Class 6 claims:	\$ 41,926
Class 8 claims:	\$ 845,708
Class 10 claims:	\$ 50,256,863

- Follow up and verify any uncashed checks.
- Follow up on final notices for information required from members and providers.
- Class 10 further distributions of 33.3% distributions to Classes 5-8 have been completed

#### **Goals or planned activities:**

- Reissue checks that remain uncashed as corrected information is received.
- Complete all responses to the 1099 issues with the IRS and resolve the questions. The SDR is being assisted on this by the estate accountant.
- Determine distributions that need to be re-issued.
- Determine if a final distribution of Class 10 interest can be made and file an appropriate motion to make that distribution.
- Assemble full data for any unclaimed funds.
- Continue preparations for closing the estate.

#### **Projected Closing Date**

The closing of AmCare is projected for June, 2017. An adjustment to this date may be required in the event IRS requests further time to review the 1099 issues or opens up any other areas of review.

#### **Identification of Factors Affecting Closing Date and Final Distribution**

- Finalizing all IRS tax matters.
- Identify and distribute any unclaimed distribution amounts, and handle appropriately any unclaimed property.