

“All principal claims will be paid after a motion for distribution, once the United States Department of Justice has executed its limited waiver of claims. Then a motion to make an interim distribution will be made, with a reserve being held back by the SDR pending closure of all tax matters.”

This Motion seeks leave to pay all the remaining principal claims approved in Classes 3 through 8, and to make the first interim distribution of interest. The sum to be distributed would permit a payment of 65% of the interest due on the claims in Classes 2 through 8 as part payment of the interest obligation, requiring the distribution of a sum of at least \$31,551,373 plus the expenses of distribution. The remaining sums will be held in reserve pending the expiration of pertinent tax review time periods.

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 as Temporary Receiver. On January 21, 2003, the receivership was made permanent, and Jose Montemayor was appointed as Permanent Receiver.

2. Jean Johnson was appointed as SDR on December 23, 2002, and she is fully authorized to file this Motion pursuant to Section 443.154 of the Code.

3. The SDR has, with Court approval, instituted a plan to distribute one hundred percent of the Class 2 approved claims. After entry into a release agreement with the United States in connection with the AmCare receivership, except only for possible federal tax, fraud, criminal liabilities, or reimbursement liabilities and penalties arising under 42 U.S.C. Section

1395y(b) (the “Release”), the SDR now moves for approval of a distribution of one hundred percent of the amount of approved proofs of claims in Priority Classes 3 through 8 of Section 443.301 of the Code. The SDR further moves for a partial distribution of interest on approved Class 10 claims as set forth in of Code Section 443.301, with a reserve being maintained to await the expiration of appropriate tax deadlines.

4. The SDR seeks an order of this Court which approves the payment of the remaining unpaid principal claims in Classes 3 through 8, and which permits payment of 65% of the interest claims to claimants in Classes 2 through 8.

II. AUTHORITY

1. This Court has jurisdiction over the subject matter of this Motion pursuant to Chapter 443 of the Code.

2. The SDR is authorized to file this Motion to make a distribution pursuant to Section 443.301 of the Code.

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

III. ANALYSIS AND RECOMMENDATION

1. The time has come to pay the principal amount of the claims in Classes 3 through 8 of Code Section 443.301, now that the United States has agreed to waive its super-priority claims.

2. The assets of the AmCare estate further permit the payment of a portion of the interest, while the SDR reserves the remainder of the assets until pertinent tax deadlines expire.

3. The SDR represents to this Court that the proposed payment of principal and interest as outlined in this Motion is in the best interest of the AmCare estate.

4. This Motion is supported by the Affidavit of Jean Johnson, attached hereto as Exhibit "A" and incorporated herein for all purposes.

NOTICE

1. The SDR sent notice of the submission of this Motion 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 SDR will also post this Motion on its website located at www.amcaretexasreceiver.com.

RELIEF REQUESTED

1. Based on the foregoing, the SDR respectfully requests that the Court enter an order approving the proposed payment of principal and interest as outlined in this Motion and authorizing the SDR to make the proposed payment of principal and interest as outlined in this Motion.

2. The SDR also requests all other just and equitable relief.

Respectfully submitted,
Wisener Nunnally Gold, L.L.P.

By: original signed by

Robert H. Nunnally, Jr.
Bar No. 15141600
robert@wnlaw.com

Harold B. Gold
Bar No. 08069600

245 Cedar Sage, Suite 240
Garland, Texas 75040
Telephone: 972/530-2200
Facsimile: 972/530-7200

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

Cause No. GV204523

The State of Texas v. AmCare Health Plans Of Texas, Inc., et al
**Motion to Approve Payment of the Principal Amount of Claims to Creditors in Classes 3 through 8 and to
Approve an Initial Payment of Interest to Creditors**

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 September, 2013.

Mr. Tom Collins, Special Master
Texas Department of Insurance
333 Guadalupe St., Tower III
5th Floor, MC-305-1C
Austin, Texas 78714
Email: specialmasterclerk@tdi.texas.gov

Ms. Marisol M. Saenz, **Attorney for the Receiver**
Texas Department of Insurance
333 Guadalupe, Tower I
10th Floor, MC-110-1A
Austin, Texas 78701
Email: marisol.saenz@tdi.texas.gov

Ms. Jemmie Russell, Rehabilitation & Liquidation Oversight
Texas Department of Insurance
333 Guadalupe St., Tower III
5th Floor, MC-305-1C
Austin, Texas 78701
Email: Jemmie.Russell@tdi.texas.gov

Mr. Dwight Ward, Rehabilitation & Liquidation Oversight
Texas Department of Insurance
333 Guadalupe St., Tower III
5th Floor, MC-305-1C
Austin, Texas 78701
Email: Dwight.ward@tdi.texas.gov

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**
Sullins Johnston Rohrbach & Magers, P.C.
3200 Southwest Freeway, Suite 2200
Houston, Texas 77027
Email: mjohnston@sjrm.com

Ms. Sue Buser, **Attorney for Louisiana Receiver**
Burglass & Tankersley
5213 Airline Drive
Metairie, LA 70001
Email: sbuser@burglass.com

Mr. Billy Bostick, Assistant Receiver
AmCare Health Plans of Oklahoma, Inc. in Receivership
720 Mountain Terrace
Hurst, Texas 76053
Email: billy.bostick@bccg.com

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. Thomas L. Weinberg
Assistant General Counsel
DaVita, Inc.
1423 Pacific Avenue
Tacoma, Washington 98402
Email: rhartman@davita.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.
278 Highway 95 South
Smithville, Texas 78957
Email: briewe@riewelaw.com

Mr. Samuel Owolabi
16714 Cheshire Place Dr.
Houston, Texas 77083
Email: oblow1@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

Kenneth N. Russak
Frاندzel Robins Bloom & Csato, L.C.
6500 Wilshire Boulevard
Seventeenth Floor
Los Angeles, CA 90048-4920
Email: krussak@frاندzel.com

April Lucas
McGinnis, Lochridge, & Kilgore L.L.P.
600 Congress Avenue, Suite 2100
Austin, TX 78701
Email: alucas@mcginnislaw.com

Doug Dodds
McGinnis, Lochridge, & Kilgore L.L.P.
600 Congress Avenue, Suite 2100
Austin, TX 78701
Email: ddodds@mcginnislaw.com

Kelly L. Cavazos
901 Main Street, Suite 6000
Dallas, Texas 75202
Email: kcavazos@jw.com

Amcareco, Inc. by and through Texas Secretary of State
Service of Process
Secretary of State
James E. Rudder Building
1019 Brazos, Room 220
Austin, Texas 78701

original signed by

Kristin B. Lawrence
Kristin@WNGlaw.com

Exhibit A

GV 204523

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

AFFIDAVIT OF JEAN JOHNSON IN SUPPORT OF THE SDR'S MOTION TO APPROVE PAYMENT OF THE PRINCIPAL AMOUNT OF CLAIMS TO CREDITORS IN CLASSES 3 THROUGH 8 AND TO APPROVE AN INITIAL PAYMENT OF INTEREST TO CREDITORS

TO THE HONORABLE JUDGE OF SAID COURT:

Came before me, a notary public, Jean Johnson, Special Deputy Receiver ("SDR") under contract to the Permanent Receiver of AmCare Health Plans of Texas, Inc., and AmCare Management, Inc., who, being duly sworn, did subscribe and swear that:

1. I am Jean Johnson. I am the SDR under contract to the Permanent Receiver of AmCare Health Plans of Texas, Inc., and AmCare Management, Inc. (hereinafter collectively referred to as "AmcCare"). I have personal knowledge of the facts to which I attest. I obtained my knowledge in my role as SDR.

2. I attach as Exhibit A-1 a breakdown of the assets of the AmCare estate, prepared by Petrosewicz and Company of the claims proposed to be paid, and of the interest proposed to be paid. I believe that this use of funds is in the best interest of justice and judicial economy, and represents the appropriate disposition of the assets. A reserve is being maintained in the unlikely event of a future tax review.

original signed
by

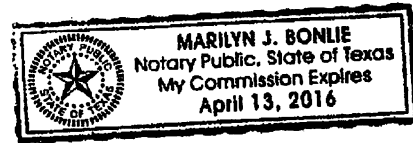
Jean Johnson

Subscribed and sworn to on this 9 day of September, 2013, by Jean Johnson, before me, a notary public.

original signed by

Notary Public

My Commission Expires April 13, 2016



Amcare Health Plans of Texas, Inc.
Calculation of Contingency Reserve
As of May 31, 2013

Cash on Hand on 5/31/2013		51,946,858.00
Class 1 to Class 9: Claims to be Paid:		
Class 2 - Previous Dist - Unclaimed Funds	78,156.21	
Class 2 - Claims Reserve	293,339.00	
Class 5 - Unsecured General Cr	72,643.00	
Class 8 - Claims - Late Filed	751,621.00	
Due to Amcare Management Inc.	68,941.00	
	<u>1,264,700.21</u>	
Total Cash Available for Class 10 Distribution		<u>50,682,157.79</u>
Total Class 10 Estimated Interest Reserve at 10% interest rate	48,540,574.00	
Less 65 % to be distributed	x .65 =	<u>(31,551,373.10)</u>
Contingency Amount Reserved pending IRS release		<u>19,130,784.69</u>

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 *Motion to Approve Payment of the Principal Amount of Claims to Creditors in Classes 3 through 8 and to Approve an Initial Payment of Interest to Creditors* is hereby set for written submission before the Special Master, Tom Collins, on September 23, 2013.

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. Deona Sokol, Texas Department of Insurance, **(Hand Delivery)** 333 Guadalupe, Hobby Tower 3, Room 510D, Austin, Texas; or **(Mail To)** P.O. Box 149104, MC 305-1D, 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)322-4352] 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 any other interested party should be filed at least three (3) calendar days before the submission or hearing date.

original signed by

Robert H. Nunnally, Jr.

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
AMCARE HEALTH PLANS OF TEXAS, INC. and AMCARE MANAGEMENT, INC.	§	200 th JUDICIAL DISTRICT

ORDER APPROVING THE SDR'S MOTION TO APPROVE PAYMENT OF THE PRINCIPAL AMOUNT OF CLAIMS TO CREDITORS IN CLASSES 3 THROUGH 8 AND TO APPROVE AN INITIAL PAYMENT OF INTEREST TO CREDITORS

On this day came to be heard the SDR's Motion to Approve Payment of the Principal Amount of Claims to Creditors in Classes 3 through 8 and to Approve an Initial Payment of Interest to Creditors ("Motion") filed by 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"), for authority to pay the principal amount of the claims in Priority Classes 3 through 8, and to pay interest up to 65% of the approved interest amount under Priority Classes 2 through 8. The SDR provided evidence to the Court that it is in the best interest of the AmCare receivership estate to make the proposed payments of principal and interest as set out in the Motion. Having considered the Motion, the Court finds as follows:

1. This Court has jurisdiction over the subject matter of this Motion under TEX. INS. CODE Chapter 443;
2. The *Amended Order of Reference to Master* ("Order of Reference") entered by this Court on November 3, 2005, provides under Section III that the subject matter of this Motion is referred to the Special Master appointed in this proceeding;

3. The Motion was submitted to the Special Master in accordance with the Order of Reference;

4. Notice of the Motion was provided in accordance with TEX. INS. CODE §443.007(d) and the Order of Reference, and no objections to the Motion were filed;

5. The Special Master has issued a recommendation that the Motion should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure; and

6. The recommendation of the Special Master should be confirmed, and the Motion should be granted in all respects. The SDR may make the proposed payments of principal and interest as set out in the Motion.

It is therefore ORDERED, ADJUDGED, and DECREED that:

1. The Motion is GRANTED in all respects;

2. The Court approves the distribution, and approves the reserving of assets for later potential distribution; and

3. The Court authorizes the SDR to take steps to make the distribution as set forth in the Motion.

SIGNED this _____ day of _____, 2013.

JUDGE PRESIDING