

Cause No. D-1-GV-13-000384

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
UNIVERSAL HMO OF TEXAS, INC.,	§	
Defendant	§	345th JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER’S QUARTERLY FINANCIAL REPORT
AND SUMMARY OF STATEMENT OF EXPENSE
FOR THE QUARTER ENDING FEBRUARY 28, 2014**

TO THE HONORABLE JUDGE OF THIS COURT:

COMES NOW, Jean Johnson, Special Deputy Receiver of Universal HMO of Texas, Inc., and presents to this Court her *Quarterly Financial Report and Summary of Statement of Expense for the Quarter Ending February 28, 2014*, for the above-referenced receivership estate. The Financial Report and Summary of Statement of Expense covers the period of December 1, 2013 through February 28, 2014.

Respectfully submitted,

Wisener Nunnally Gold, L.L.P

Original signed by

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FINANCIAL REPORT
Relating to
Universal HMO of Texas, Inc.
For the Quarter Ending February 28, 2014

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**Universal HMO of Texas
Statement of Net Assets**

**For the Period Ending
02/28/14**

Line		02/28/14
Cash		
1	Cash	
	Cash - Unrestricted	12,292,549
	APF Funds (Loan proceeds)	
Investments		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
Restricted Assets		
10	Statutory Deposits	1,505,000
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
Other Receivables		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
Other Assets		
21	FF&E	
22	Other Assets	
	Total Assets	13,797,549

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Universal HMO of Texas
Statement of Net Assets

For the Period Ending
02/28/14

NOTES

Ref No.

- 10 Funds Held in custody at the Texas Treasury for the benefit of the Texas Department of Insurance.

The following assets have been identified on the Company books and records but due to uncertainty, the amounts have been fully reserved. The SDR will perform additional work to determine the collectible amounts for each item and the amounts and reserve will be adjusted accordingly.

Premium Receivable-MRA	\$ 5,005,246
Premium Receivable-CMS	166,586
Premium Receivable-Members	1,820
Pharmacy Rebates Receivable	216,500
Prepaid Claims to Third Party Administrators	9,642
Deferred Commission Expense	299,495
Deferred Tax Asset	306,687
Reserve for Uncollectible Amounts	<u>(6,005,976)</u>
Net Amount	<u><u>\$0</u></u>

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Universal HMO of Texas
Changes in Net Assets for the Quarter Ending

02/28/14

Line		11/30/13	02/28/14	Change
Cash				
1	Cash			
	Cash - Unrestricted	12,417,231	12,292,549	(124,682)
	APF Funds (Loan proceeds)	0	0	0
Investments				
2	Short-Term Investments	0	0	0
3	Bonds	0	0	0
4	Stocks - Preferred & Common	0	0	0
5	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
6	Mortgage Loans	0	0	0
7	Real Estate	0	0	0
8	Policy Loans	0	0	0
9	Other Invested Assets	0	0	0
Restricted Assets				
10	Statutory Deposits	1,505,000	1,505,000	0
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
Reinsurance Receivable				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	0	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0	0	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
Other Receivables				
16	Salvage & Subrogation Recoveries	0	0	0
17	Premiums Due from Agents & Policyholders	0	0	0
18	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
19	Receivable from Guaranty Associations - Early Access Payments	0	0	0
20	Other Receivables	0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	0	0	0
Total Assets		13,922,231	13,797,549	(124,682)

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**Universal HMO of Texas
Statement of Net Liabilities**

For Period Ending
02/28/14

Line		02/28/14
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	69,778
	Liquidation Oversight	2,176
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	6,095,156
9	LAE - Other	62,875
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	1,635,699
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
	Total Liabilities	7,865,684
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	5,931,865
	Total Liabilities & Equity	13,797,549

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**Universal HMO of Texas
Statement of Net Liabilities**

**For Period Ending
02/28/14**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

8 Represents amounts reserved based on review of company books and records. In September 2013, the proof of claim process ("POC") was approved by the receivership court, and POC forms and instructions were mailed to potential claimants in October 2013. The POC deadline is June 30, 2014. As a result, this amount has not been formally adjudicated, and will be updated as warranted throughout the POC process.

9 Represents amounts reserved based on review of company books and records. In September 2013, the proof of claim process ("POC") was approved by the receivership court, and POC forms and instructions were mailed to potential claimants in October 2013. The POC deadline is June 30, 2014. As a result, this amount has not been formally adjudicated, and will be updated as warranted throughout the POC process.

14 Represents amounts reserved on company books and records for liability accounts named Accrued Pharmacy Bid Reimb, Coverage Gap Discount Liability, Accrued Pharmacy, and Accrued Risk Share. In September 2013, the proof of claim process ("POC") was approved by the receivership court, and POC forms and instructions were mailed to potential claimants in October 2013. The POC deadline is June 30, 2014. As a result, this amount has not been formally adjudicated, and will be updated as warranted throughout the POC process.

Universal HMO of Texas
Changes in Net Liabilities for the Quarter Ending

02/28/14

Line		11/30/13	02/28/14	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
Administrative Claims - Class 1				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	36,636	69,778	33,142
	Liquidation Oversight	3,268	2,176	(1,092)
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	0	0	0
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	0	0	0
	LAE Reserves	0	0	0
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	0	0	0
	Loss Claims Reserves	0	0	0
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	6,095,156	6,095,156	0
9	LAE - Other	62,875	62,875	0
10	Unearned & Advance Premium Claims - GA	0	0	0
11	Unearned & Advance Premium Claims - Other	0	0	0
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	1,635,699	1,635,699	0
15	Class 5 Reinsurance Related Unsecured Claims	0	0	0
16	Class 6 Claims	0	0	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	0	0	0
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	0	0	0
22	Other Liabilities	0	0	0
	Total Liabilities	7,833,634	7,865,684	32,050
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	6,088,597	5,931,865	(156,732)
	Total Liabilities & Equity	13,922,231	13,797,549	(124,682)

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Universal HMO of Texas
Sources & Uses of Cash

For Period Ending
02/28/14

	Qtr Ending Feb-14
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	4,734
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	4,734
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	477
Total Cash Receipts	5,211
Disbursements	
SDR Fees & Expenses	26,130
Subcontractor Legal Fees & Expenses	9,448
Subcontractor Other Fees & Expenses	85,237
Non-Subcontractor Fees & Expenses	0
Other Expenses	2,401
RLO Fees & Expenses	6,677
Total Disbursements for Operations	129,893
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	129,893
APF Loan Proceeds (Repayment)	0
Net Increase(Decrease) in Cash	(124,682)
<i>Cash at Beginning of Period</i>	12,417,231
<i>Cash at End of Period</i>	12,292,549

SUMMARY OF STATEMENT OF EXPENSE
Relating to
Universal HMO of Texas, Inc.
For the Quarter Ending February 28, 2014

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Universal HMO of Texas
Statement of Expenses
For Period Ending

02/28/14

	Total Dec	Total Jan	Total Feb	Total Quarter
SDR				
SDR				
SDR	8,595.00	8,647.50	11,740.50	28,983.00
SDR Travel	0.00	0.00	577.50	577.50
Expenses	0.00	0.00	1,512.65	1,512.65
Total SDR Billing	8,595.00	8,647.50	13,830.65	31,073.15
SDR Subcontractors - Legal				
Wisener Nunnally Gold, LLP				
Attorney-Partner	0.00	0.00	840.00	840.00
Attorney-Partner	864.00	2,844.00	10,560.00	14,268.00
Attorney-Partner Travel	0.00	0.00	672.00	672.00
Attorney-Associate	234.00	288.00	414.00	936.00
Attorney-Partner	264.00	1,128.00	1,296.00	2,688.00
Attorney-Partner Travel	0.00	120.00	0.00	120.00
Attorney-Associate	0.00	0.00	180.00	180.00
Expenses	24.40	227.64	1,021.03	1,273.07
Total Billing	1,386.40	4,607.64	14,983.03	20,977.07
Total Legal Subcontractors	1,386.40	4,607.64	14,983.03	20,977.07
SDR Subcontractors - Other				
Administrative Insurance Management (AIMS)				
Specialist	2,405.00	5,415.00	7,550.00	15,370.00
Specialist	8,280.00	8,730.00	13,500.00	30,510.00
Claims Specialist	0.00	0.00	3,225.00	3,225.00
Claims Manager	11,966.25	13,012.50	11,771.25	36,750.00
Clerical	2,933.00	3,277.75	3,242.75	9,453.50
Expenses (Credit)	0.00	1,719.63	0.00	1,719.63
Total Billing	25,584.25	32,154.88	39,289.00	97,028.13
Petrosewicz & Company, Inc.				
Accounting Manager/	437.50	507.50	280.00	1,225.00
Accountant/	902.50	1,330.00	1,377.50	3,610.00
Expenses	9.20	15.60	18.18	42.98
Total Billing	1,349.20	1,853.10	1,675.68	4,877.98
Total Other SDR Subcontractors	26,933.45	34,007.98	40,964.68	101,906.11

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**Universal HMO of Texas
Statement of Expenses
For Period Ending**

02/28/14

	Total Dec	Total Jan	Total Feb	Total Quarter
Receivership Service Providers				
Chase Operating Account Charges	95.00	95.00	95.00	285.00
Fifth Third Depository Account Charges	59.56	59.42	56.35	175.33
Wells Fargo Depository Account Charges	0.00	180.50	272.95	453.45
Wells Fargo Payroll Account Charges	134.10	0.00	0.00	134.10
Wells Fargo Investment Account Fees	628.45	75.97	0.00	704.42
Texas Treasury	212.21	218.95	218.95	650.11
Total Other	1,129.32	629.84	643.25	2,402.41
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	38,044.17	47,892.96	70,421.61	156,358.74
Liquidation Oversight Allocation				
RLO Allocation-Adjusted	1,513.43	1,767.45	2,175.53	5,456.41
Special Master's Fees	0.00	128.43	0.00	128.43
Total RLO & SM Expense	1,513.43	1,895.88	2,175.53	5,584.84
Total Expenses	39,557.60	49,788.84	72,597.14	161,943.58