

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 NOVEMBER 30, 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 November 30, 2014*, for the above-referenced receivership estate. The Financial Report and Summary of Statement of Expense covers the period of September 1, 2014 through November 30, 2014.

Respectfully submitted,

**Wisener Nunnally Gold, L.L.P**

Original signed by

By: \_\_\_\_\_

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*Attorneys for Jean Johnson, Special Deputy  
Receiver of Universal HMO of Texas, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on the following interested parties in accordance with Tex. Ins. Code §443.007(d) and the Rehabilitation Order this the 11<sup>th</sup> day of December, 2014.

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Original signed by

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Michael Roth

**FINANCIAL REPORT**  
**Relating to**  
**Universal HMO of Texas, Inc.**  
**For the Quarter Ending November 30, 2014**

R-555

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

**For the Period Ending  
11/30/14**

Line		11/30/14
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	11,803,295
	APF Funds (Loan proceeds)	
<b>Investments</b>		
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	
<b>Restricted Assets</b>		
10	Statutory Deposits	1,505,000
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
<b>Reinsurance Receivable</b>		
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	
<b>Other Receivables</b>		
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	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	<b>Total Assets</b>	<b>13,308,295</b>

**NOTES**

Ref No.

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

**Universal HMO of Texas  
Statement of Net Assets****For the Period Ending  
11/30/14**

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The following assets have been identified on the Company books and 20 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	216,006
Prepaid Claims to Third Party Administrators	9,642
Deferred Commission Expense	299,495
Deferred Tax Asset	306,687
Reserve for Uncollectible Amounts	<u>(6,005,482)</u>
Net Amount	<u><u>\$0</u></u>

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

11/30/14

Line		08/31/14	11/30/14	Change
<b>Cash</b>				
1	Cash			
	Cash - Unrestricted	11,922,267	11,803,295	(118,972)
	APF Funds (Loan proceeds)	0	0	0
<b>Investments</b>				
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
<b>Restricted Assets</b>				
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
		0		
<b>Reinsurance Receivable</b>				
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
<b>Other Receivables</b>				
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
<b>Other Assets</b>				
21	FF&E	0	0	0
22	Other Assets	0	0	0
<b>Total Assets</b>		<b>13,427,267</b>	<b>13,308,295</b>	<b>(118,972)</b>

R-555

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

**For Period Ending  
11/30/14**

Line

11/30/14

1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	56,360
	Liquidation Oversight	3,198
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	13,125,108
9	LAE - Other	62,875
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	786,139
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	98,949
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	59,132,335
22	Other Liabilities	
	<b>Total Liabilities</b>	73,264,964
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(59,956,669)
	<b>Total Liabilities &amp; Equity</b>	13,308,295



R-555

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

**For Period Ending  
11/30/14**

**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. The POC deadline was June 30, 2014. To date, the proof of claims have 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. The POC deadline was June 30, 2014. To date, the proof of claims have 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. The POC deadline was June 30, 2014. To date, the proof of claims have not been formally adjudicated, and will be updated as warranted throughout the POC process.
- 21 Represents claims from minority shareholders in the parent company and claims of the secured creditor of the parent company.

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

11/30/14

Line		08/31/14	11/30/14	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
<b>Administrative Claims - Class 1</b>				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	48,649	56,360	7,711
	Liquidation Oversight	2,459	3,198	739
	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
<b>Policy Claims - Class 2</b>				
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	13,429,463	13,125,108	(304,355)
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
<b>Other Liabilities</b>				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	521,615	786,139	264,524
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	98,949	98,949
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	58,382,334	59,132,335	750,001
22	Other Liabilities	0	0	0
	Detail Item if any	0	0	0
	Detail Item if any	0	0	0
	<b>Total Liabilities</b>	72,447,395	73,264,964	817,569
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(59,020,128)	(59,956,669)	(936,541)
	<b>Total Liabilities &amp; Equity</b>	13,427,267	13,308,295	(118,972)

R-555

**Universal HMO of Texas  
Sources & Uses of Cash**

**For Period Ending  
11/30/14**

	<b>Qtr Ending Nov-14</b>
<b>Income</b>	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	24,683
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	1,635
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
<b>Total Receipts from Assets/Receivables</b>	<b>26,318</b>
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	972
<b>Total Cash Receipts</b>	<b>27,290</b>
<b>Disbursements</b>	
SDR Fees & Expenses	25,942
Subcontractor Legal Fees & Expenses	30,337
Subcontractor Other Fees & Expenses	81,959
Non-Subcontractor Fees & Expenses	0
Other Expenses	1,377
RLO Fees & Expenses	6,647
<b>Total Disbursements for Operations</b>	<b>146,262</b>
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
<b>Total Cash Distributions</b>	<b>0</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>146,262</b>
<b>Net Increase(Decrease) in Cash</b>	<b>(118,972)</b>
<i>Cash at Beginning of Period</i>	11,922,267
<i>Cash at End of Period</i>	11,803,295

**SUMMARY OF STATEMENT OF EXPENSE**  
**Relating to**  
**Universal HMO of Texas, Inc.**  
**For the Quarter Ending November 30, 2014**

R-555

Universal HMO of Texas  
Statement of Expenses

For Period Ending  
11/30/14

	Total Sep	Total Oct	Total Nov	Total Quarter
<b>SDR</b>				
<b>SDR</b>				
SDR	8,370.00	11,617.50	6,450.00	26,437.50
SDR Travel	0.00	0.00	337.50	337.50
Expenses	0.00	0.00	438.20	438.20
<b>Total SDR Billing</b>	<b>8,370.00</b>	<b>11,617.50</b>	<b>7,225.70</b>	<b>27,213.20</b>
<b>SDR Subcontractors - Legal</b>				
Wisener Nunnally Gold, LLP				
Attorney-Partner	840.00	1,656.00	5,952.00	8,448.00
Attorney-Partner Travel	0.00	0.00	240.00	240.00
Attorney-Partner	120.00	7,992.00	1,560.00	9,672.00
Attorney-Associate	216.00	2,106.00	0.00	2,322.00
Expenses	99.47	604.60	27.38	731.45
<b>Total Billing</b>	<b>1,275.47</b>	<b>12,358.60</b>	<b>7,779.38</b>	<b>21,413.45</b>
<b>Total Legal Subcontractors</b>	<b>1,275.47</b>	<b>12,358.60</b>	<b>7,779.38</b>	<b>21,413.45</b>
<b>SDR Subcontractors - Other</b>				
Administrative Insurance Management (AIMS)				
Specialist	6,780.00	0.00	0.00	6,780.00
Specialist	6,142.50	12,487.50	10,890.00	29,520.00
Specialist - Travel	0.00	0.00	202.50	202.50
Claims Specialist	900.00	1,575.00	6,675.00	9,150.00
Claims Manager	9,600.00	13,800.00	10,800.00	34,200.00
Clerical	2,283.75	0.00	1,855.00	4,138.75
Expenses	0.00	294.00	438.20	732.20
<b>Total Billing</b>	<b>25,706.25</b>	<b>28,156.50</b>	<b>30,860.70</b>	<b>84,723.45</b>
Petrosewicz & Company, Inc.				
Accounting Manager/	280.00	280.00	805.00	1,365.00
Accountant/	902.50	608.00	1,406.00	2,916.50
Expenses	17.88	16.48	9.00	43.36
<b>Total Billing</b>	<b>1,200.38</b>	<b>904.48</b>	<b>2,220.00</b>	<b>4,324.86</b>
<b>Total Other SDR Subcontractors</b>	<b>26,906.63</b>	<b>29,060.98</b>	<b>33,080.70</b>	<b>89,048.31</b>
<b>Receivership Service Providers</b>				
Gorman Health Group (MRA Receivable Collection Expense)	0.00	0.00	8,275.00	8,275.00
Chase Operating Account Charges	95.00	95.00	95.00	285.00
Fifth Third Depository Account Charges	72.49	72.82	72.50	217.81
Wells Fargo Depository Account Charges	271.90	180.00	0.00	451.90
Texas Treasury	211.94	0.00	210.46	422.40
<b>Total Other</b>	<b>651.33</b>	<b>347.82</b>	<b>8,652.96</b>	<b>9,652.11</b>
<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>				
Sub-Total SDR, Subcontractor & Provider Expenses	<b>37,203.43</b>	<b>53,384.90</b>	<b>56,738.74</b>	<b>147,327.07</b>
<b>Liquidation Oversight Allocation</b>				
RLO Allocation	2,033.22	2,001.14	2,955.54	6,989.90
Special Master's Fees	153.69	0.00	242.11	395.80
<b>Total RLO &amp; SM Expense</b>	<b>2,186.91</b>	<b>2,001.14</b>	<b>3,197.65</b>	<b>7,385.70</b>
<b>Total Expenses</b>	<b>39,390.34</b>	<b>55,386.04</b>	<b>59,936.39</b>	<b>154,712.77</b>