

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 AUGUST 31, 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 August 31, 2014*, for the above-referenced receivership estate. The Financial Report and Summary of Statement of Expense covers the period of April 1, 2014 through August 31, 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 August 31, 2014

R-555

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

**For the Period Ending
08/31/14**

Line		08/31/14
Cash		
1	Cash	
	Cash - Unrestricted	11,922,267
	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	13,427,267

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
08/31/14**

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

08/31/14

Line		05/31/14	08/31/14	Change
Cash				
1	Cash			
	Cash - Unrestricted	12,080,092	11,922,267	(157,825)
	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		13,585,092	13,427,267	(157,825)

R-555

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

**For Period Ending
08/31/14**

Line

08/31/14

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	48,649
	Liquidation Oversight	2,459
	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	13,429,463
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	521,615
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	58,382,334
22	Other Liabilities	
	Total Liabilities	72,447,395
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(59,020,128)
	Total Liabilities & Equity	13,427,267

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

**For Period Ending
08/31/14**

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.

21 Represents claims from minority shareholders in the parent company and claims of the secured creditor of the parent company.

R-555

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

08/31/14

Line		05/31/14	08/31/14	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	58,627	48,649	(9,978)
	Liquidation Oversight	2,255	2,459	204
	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	13,429,463	7,334,307
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	521,615	(1,114,084)
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	58,382,334	58,382,334
22	Other Liabilities	0	0	0
	Total Liabilities	7,854,612	72,447,395	64,592,783
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	5,730,480	(59,020,128)	(64,750,608)
	Total Liabilities & Equity	13,585,092	13,427,267	(157,825)

R-555

Universal HMO of Texas
Sources & Uses of Cash

For Period Ending
08/31/14

	Qtr Ending Aug-14
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	775
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	293
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	1,068
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	1,111
Total Cash Receipts	2,179
Disbursements	
SDR Fees & Expenses	23,416
Subcontractor Legal Fees & Expenses	34,515
Subcontractor Other Fees & Expenses	91,932
Non-Subcontractor Fees & Expenses	0
Other Expenses	2,128
RLO Fees & Expenses	8,013
Total Disbursements for Operations	160,004
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	160,004
APF Loan Proceeds (Repayment)	0
Net Increase(Decrease) in Cash	(157,825)
<i>Cash at Beginning of Period</i>	12,080,092
<i>Cash at End of Period</i>	11,922,267

SUMMARY OF STATEMENT OF EXPENSE
Relating to
Universal HMO of Texas, Inc.
For the Quarter Ending August 31, 2014

R-555

Universal HMO of Texas
Statement of Expenses
For Period Ending

08/31/14

	Total June	Total July	Total August	Total Quarter
SDR				
SDR				
SDR	4,297.50	7,567.50	5,955.00	17,820.00
SDR Travel	0.00	600.00	0.00	600.00
Expenses				0.00
Total SDR Billing	4,297.50	8,167.50	5,955.00	18,420.00
SDR Subcontractors - Legal				
Wisener Nunnally Gold, LLP				
Attorney-Partner	4,224.00	5,268.00	624.00	10,116.00
Attorney-Partner Travel	0.00	240.00	0.00	240.00
Attorney-Associate	450.00	0.00	0.00	450.00
Attorney-Partner	72.00	816.00	96.00	984.00
Attorney-Associate	2,178.00	630.00	0.00	2,808.00
Attorney-Associate Travel	225.00	0.00	0.00	225.00
Credit			(24.00)	(24.00)
Expenses	1,296.88	1,941.32	191.94	3,430.14
Total Billing	8,445.88	8,895.32	887.94	18,229.14
Glen Rasmussen, P.A.				
Attorney	0.00	0.00	15,435.00	15,435.00
Expenses	0.00	0.00	379.47	379.47
Total Billing	0.00	0.00	15,814.47	15,814.47
Thompson Coe				
Attorney-Associate	0.00	39.20	0.00	39.20
Expenses				0.00
Total Billing	0.00	39.20	0.00	39.20
Total Legal Subcontractors	8,445.88	8,934.52	16,702.41	34,082.81
SDR Subcontractors - Other				
Administrative Insurance Management (AIMS)				
Specialist	5,820.00	6,125.00	6,905.00	18,850.00
Specialist-Travel	0.00	400.00	0.00	400.00
Specialist	6,705.00	3,555.00	1,755.00	12,015.00
Claims Specialist	2,100.00	2,313.75	1,050.00	5,463.75
Claims Manager	11,887.50	13,102.50	12,600.00	37,590.00
Clerical	3,547.25	3,307.50	2,870.00	9,724.75
Expenses	0.00	237.44	0.00	237.44
Total Billing	30,059.75	29,041.19	25,180.00	84,280.94
Petrosewicz & Company, Inc.				
Accounting Manager/	297.50	367.50	192.50	857.50
Accountant/	703.00	855.00	608.00	2,166.00
Expenses	50.44	16.71	10.80	77.95
Total Billing	1,050.94	1,239.21	811.30	3,101.45
Total Other SDR Subcontractors	31,110.69	30,280.40	25,991.30	87,382.39
Receivership Service Providers				
Chase Operating Account Charges	95.00	95.00	95.00	285.00
Fifth Third Depository Account Charges	53.66	54.61	72.49	180.76
Wells Fargo Depository Account Charges	272.99	273.01	273.01	819.01
Texas Treasury	423.92	206.67	212.16	842.75
Total Other	845.57	629.29	652.66	2,127.52
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	44,699.64	48,011.71	49,301.37	142,012.72
Liquidation Oversight Allocation				
RLO Allocation	3,357.42	2,400.35	2,459.11	8,216.88
Special Master's Fees	0.00	0.00	0.00	0.00
Total RLO & SM Expense	3,357.42	2,400.35	2,459.11	8,216.88
Total Expenses	48,057.06	50,412.06	51,760.48	150,229.60