

April 20, 2017

***Via Email***

To All Interested Parties

Re: Cause No. D-1-GV-13-000384; *The State of Texas v. Universal HMO of Texas, Inc.*; In the 345th 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.

Sincerely,

Wisener Nunnally Roth, LLP



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

cc: Amy Jeanne Welton  
Dr. A. K. Desai  
E. Stuart Phillips  
BankUnited, N.A. c/o Frank Terzo, Esq.  
Ivette Dawkins  
Universal Health Care Group, Inc., c/o Jeff Friedman, Esq.  
Jessica Follman  
Leah Stewart  
Leigh Vandiver Graves  
Fifth Third Bank, ATTN: Muffin White  
Patrick Cantilo, SDR for Universal HMO of Nevada, Inc.  
Lori Vaughan  
Universal Health Care Group, Inc. c/o Soneet Kapila, Chapter 11 Trustee  
Susanne Boston  
Tammi Scott

W I S E N E R  
N U N N A L L Y  
R O T H  
LLP | ATTORNEYS

245 Cedar Sage  
Suite 240  
Garland, Texas 75040  
972.530.2200  
972.530.7200 Fax  
[www.wnrlaw.com](http://www.wnrlaw.com)

Wells Fargo Bank, N.A., ATTN: Tyree B. Bedell  
Robert H. Nunnally, Jr.  
Sha’Ron James  
Tom Collins  
Traci L. Cotton  
Kathy Gartner  
Cynthia A. Morales  
Arati Bhattacharya  
Marshall Turner  
Matthew Gartner  
David Medearis  
Michael P. Horan

Status Letter Update for Special Master  
3/31/2017  
Universal HMO of Texas, Inc.  
R 555

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 Rehabilitation Order: 04/18/2013
- Date of Liquidation Order: 05/10/2013
- Name/ Date of Appointment of SDR: Jean Johnson- 4/29/2013
- Claims Filing Deadline: 6/30/2014
- States where licensed: TX
- Lines of business: HMO
- Texas Guaranty Association: There is no GA coverage of UHMOT policies
- Date and amount of last early access: N/A

Universal HMO of Texas, Inc. (UHMOT) issued Medicare Advantage Plan policies covering approximately 4000 members. Policies were cancelled effective May 1, 2013, by the Center for Medicare and Medicaid (CMS).

**Statements of Assets and Liabilities**

**Financials as of 3/31/17:**

\$ 18,698,305	HMO Total Assets
\$ 18,698,305	HMO Cash Assets
-0-	HMO Non Cash Assets
\$ 49,436,176	HMO Total Liabilities
\$<30,737,871>	HMO Equity

**Status and Activity**

**Asset Recovery**

No activity this quarter.

## **Claims**

The total amount claimed is \$96,757,105. This amount consists of claims by providers, members, a pharmacy benefits provider, the parent corporation, a corporate affiliate, the secured creditor of the parent corporation and minority shareholders in the parent corporation.

In response to the approximately 40,000 proof of claim notices mailed, the SDR has received the following proofs of claims as of March, 2017:

Class 2 POCs:	2,008
Class 5 POCs:	20
Class 8 POCs:	67
Class 11 POCs:	29
Total number of POCs received:	2,124
Total number of Claims:	7,694
Total amount of Claims:	\$96,757,104

The SDR's claims staff has completed the evaluation of the Class 2 claims and member and provider Class 8 claims, and completed evaluation of those objections received thus far to the claims approval and denial letters that were issued except for one substantial Class 5 provider claim that remains under review. The deadline for objection has expired for most of the rejected claims. The SDR has completed the evaluation of all but a very few lower-priority claims, such as the WARN Act claims, a preference claim filed by American Managed Care, and the Medco claim. The SDR's counsel is also working with the SDR's accounting staff to finalize the figures addressing the fact underlying the preferential transfer claims. The SDR continues to request, receive and evaluate information about the remaining pending claims.

The SDR filed a motion to make Class 2 distribution. The motion has been approved by the court. The funding request for this distribution has been made and preparations are in place to complete the distribution over a period of several weeks this quarter.

## **General Legal Activities**

The SDR's counsel continues to interface with claimants' counsel regarding the pending claims. The SDR's counsel continues to discuss the WARN Act claims with the involved counsel.

## **Conclusion**

- Brief Summary of Major Achievements since last Status Conference

Evaluation of all Class 2 and member and provider claims has been completed. Most of the Class 5 and Class 8 claims are also complete. Some further evaluation may be required if further objections are received.

Approval letters have been issued for all approved Class 2, Class 5 and Class 8 claims.

Objections to Class 2 and Class 8 claim denials have been reviewed and responses sent.

A motion to distribute benefits for Class 2 claims was made and approved by the court.

A motion to approve those Class 5 and 8 claims already processed is now being considered.

Discussions have been held with counsel for the Department of Justice about the tax situation.

- Estate Team Goals to achieve prior to next Status Conference

Complete payments for Class 2 benefits based on the motion approved by the court.

Complete evaluation of Class 8 and Class 11 claims and send notification letters to the claimants.

Continue responding to claimant issues.

Complete the boxing of the estate records.

Prepare a motion for the destruction of unnecessary records.

- Estimated Closing Date of Receivership

The closing date has set at December 31, 2017.

Identification of Factors Affecting Closing Date and Final Distribution

Efforts to resolve large claims such as Medco, WARN Act, one objecting Class 5 claimant and the Trustee of the parent corporation 's claims. Both Medco and the WARN act involve issues interrelated with the Florida bankruptcy and receiverships, which may affect the ability for the Texas receivership to resolve its issues as promptly as the SDR prefers.