

**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT
IN AND FOR LEON COUNTY, FLORIDA**

In Re: The Receivership of
QUALITY HEALTH PLANS, INC.

CASE NO. 2011-CA-002245

**RECEIVER'S MOTION FOR APPROVAL OF THE FIRST INTERIM CLAIMS
REPORT AND RECOMMENDATION ON CLAIMS**

The State of Florida, Department of Financial Services, Division of Rehabilitation and Liquidation, as Receiver for Quality Health Plans, Inc. (hereinafter the Receiver), files this *Receiver's Motion for Approval of the First Interim Claims Report and Recommendation on Claims*, and in support of its motion, states:

1. Quality Health Plans, Inc. (hereinafter "QHP") was a health maintenance organization previously authorized to transact business in the State of Florida. On October 17, 2011 this Court placed QHP into receivership and November 16, 2011, this Court amended its receivership Order including an effective liquidation date of December 1, 2011 (hereinafter "Liquidation Order").

2. This Court has jurisdiction over the QHP receivership and is authorized to make all necessary or proper orders to carry out the purposes of the Florida Insurers Rehabilitation and Liquidation Act, section 631.021(1), Florida Statutes.

3. The Receiver has compiled the First Interim Claims Report dated September 30, 2015 (hereinafter the "Report"), which includes its evaluation of Class 1-6 claims that were filed with the Receiver pursuant to section 631.181, Florida Statutes. This evaluation excludes a complex, multi-faceted \$6,123,363.00 claim in the estate made by University Medical Clinics, Inc., that the Receiver is requesting supporting documentation on from the claimant.

4. The Receiver's First Interim Claims Report is extremely detailed and contains non-public personal information, including personally identifiable financial information, relating to the claimants. Pursuant to Federal Law, specifically the Gramm-Leach-Bliley Act, 15 USCS §6801 (hereinafter the "Act"), there is an obligation to protect the security and confidentiality of an individual's non-public personal information.

5. In furtherance of the Act's purpose, and in order to protect claimants of the QHP estate, the Receiver has not attached the full First Interim Claims Report to this motion. Instead, the Receiver offers summary pages of the report that reflect the total amounts claimed and recommended by the Receiver. Upon this Court's request, the Receiver would immediately provide to the Court, a full copy of the First Interim Claims Report. The Receiver's First Interim Claims Report, dated November 6, 2015, is comprised of only a *Part A* for non-guaranty association claimants attached as summary page as **EXHIBIT A**. A *Part B* would normally cover guaranty association claimants; however, there are no guaranty associations in this receivership. This report reflects classification of filed claims by priority in accordance with section 631.271, Florida Statutes. The total amount claimed in the Report is \$76,318,580.82. The total amount recommended by the Receiver in the Report is \$37,386,252.96.

6. Pursuant to section 631.182(1), Florida Statutes, claimants are entitled to notice of the Receiver's recommendation on their claims and the deadline for filing an objection. A sample copy of the "Notice of Determination" is attached as **EXHIBIT B**. Additionally, pursuant to section 631.182(1), Florida Statutes, the Court "shall enter an order approving the claims so reported, unless an objection is filed thereto within a deadline set by the court."

7. The Receiver recommends a deadline that allows ample time for the Receiver to provide the notices of determination and for a reasonable amount of time for claimants to file an

objection with the Court. In the case of QHP, such a deadline would not be less than forty-five (45) days from the date of this Court's Order granting approval of the Report.

8. The Receiver has a procedure for handling late filed objections. For any objection filed after the deadline, the Receiver will send a letter to the claimant advising them that their objection was not filed in compliance with Florida Statutes and this Court's Order and will not be handled as a filed objection. A copy of this letter will be filed with the Court.

9. In an ongoing effort to maintain accuracy and efficiency, the Receiver proactively works to update its records to reflect change of address information for interested parties (e.g. agents, claimants, creditors, policyholders, subscribers, etc.) before mailing notifications and distribution checks. The Receiver has access to databases and other publicly available information which provide updated information. The Receiver recommends that it have the authority to search for change of address information when applicable and to use the change of address information for future mailings without further direction of this Court.

10. In order to ensure the validity of claim assignments, that the processing of assignments does not create an undue burden on estate assets, and that assignment decisions are made using the best information available, the Receiver does not recognize or accept any assignment of claim(s) by the claimant of record unless the following criteria are met: (1) a distribution petition has not been filed with this Court, (2) the Receiver has been provided a properly executed and notarized assignment claim agreement entered into between the parties, and (3) the Receiver has been provided with a properly executed and notarized *Receiver's Assignment of Claim Change Form* and required supporting documentation. The *Receiver's Assignment of Claim Change Form* shall contain an acknowledgement by the claimant or someone authorized to act on behalf of the claimant, that: (1) the claimant is aware that financial

information regarding claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim, (2) the claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim, (3) it is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner, and (4) the claimant understands that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

WHEREFORE, the Receiver respectfully requests this Court enter an Order:

A. Approving the Receiver's First Interim Claims Report and Recommendation on Claims for which no objections are filed;

B. Authorizing and directing the Receiver to establish an objection filing deadline that is not less than forty-five (45) days from the date of this Court's Order granting approval of the Report;

C. Authorizing and directing the Receiver to provide notice to each claimant, as herewith reported to the Court, of the Receiver's recommendation regarding their claim and the deadline for filing objections, by United States Mail to the last known address of such person, as shown in the Receiver's files;

D. Approving the Receiver's sample "Notice of Determination" and directing all persons who have filed claims, as herewith reported to the Court, to file any objection they might have to the Receiver's Report with the Clerk of this Court on or before the objection filing deadline at:

Clerk of the Leon County Circuit Court
Leon County Courthouse
301 S. Monroe Street
Tallahassee, Florida 32301;

AND file a copy of said objection with the Receiver at the following address:

The Florida Department of Financial Services,
Division of Rehabilitation and Liquidation
As Receiver for Quality Health Plans, Inc.
2020 Capital Circle S.E., Suite 310
Tallahassee, Florida 32301

E. Requiring any persons filing objections to submit documentation to support their claim and that the Court will not consider any information or documentation submitted after the objection is filed;

F. Approving the Receiver's procedure for addressing late filed objections;

G. Authorizing the Receiver to proactively search for change of address information for interested parties and to use the change of address information for future mailings; and

H. Approving the Receiver's recommendation on assignment of claims.

SUBMITTED this 9th day of December, 2015.

/s/ Steven G. Brangaccio
STEVEN G. BRANGACCIO,
SENIOR ATTORNEY
Florida Bar No. 0071773
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
2020 Capital Circle, S.E.
Tallahassee, Florida 32301
Steven.Brangaccio@MyFloridaCFO.com
(850) 413-4445

FLORIDA DEPARTMENT OF FINANCIAL SERVICES - DIVISION OF REHABILITATION AND LIQUIDATION
 QUALITY HEALTH PLANS, INC.
 FIRST INTERIM CLAIMS REPORT
 PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS \$76,318,580.82
 TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS \$37,386,252.96
 TOTAL NUMBER 1,763

Secured Claims

COUNT OF SECURED CLAIMS : 0
 AMOUNT CLAIMED FOR SECURED CLAIMS BY NON GUARANTY ASSOCIATION \$0.00
 AMOUNT RECMD FOR SECURED CLAIMS TO NON GUARANTY ASSOCIATION

UnSecured Claims

COUNT OF CLASS 1 CLAIMS : 0 COUNT OF CLASS 6 CLAIMS : 1,447
 AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION \$0.00 AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION \$70,962,863.81
 AMOUNT RECMD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : AMOUNT RECMD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : \$37,336,032.01
 COUNT OF CLASS 2 CLAIMS : 214 COUNT OF CLASS 7 CLAIMS : 1
 AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION \$286,450.65 AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION \$980.62
 AMOUNT RECMD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : AMOUNT RECMD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :
 COUNT OF CLASS 3 CLAIMS : 0 COUNT OF CLASS 8 CLAIMS : 79
 AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION \$0.00 AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION \$656,540.67
 AMOUNT RECMD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : AMOUNT RECMD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :
 COUNT OF CLASS 4 CLAIMS : 2 COUNT OF CLASS 9 CLAIMS : 1
 AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION \$482.68 AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION \$4,384,532.00
 AMOUNT RECMD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : AMOUNT RECMD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :
 COUNT OF CLASS 5 CLAIMS : 17 COUNT OF CLASS 10 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION \$26,628.39 AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY NON GUARANTY ASSOCIATION \$0.00
 AMOUNT RECMD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : AMOUNT RECMD FOR CLASS 10 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :

Note: If status is unevaluated, then dollar amounts have been suppressed



FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER

«company»

November 30, 2015

NOTICE of DETERMINATION

RCN: «CD_COMPANY» «ID_NO»-«SUFFIX»
«LONGNAME»
«ADDRESSLINE2»
«ADDRESSLINE1»
«city» «state» «ZIPCODE»

IDENTIFICATION NUMBER: «cd_company» «id_no»-«suffix»
INSURED: «policyhold»
POLICY NUMBER: «policy_no»
CLAIM NUMBER: «claim_no»
AMOUNT CLAIMED: «amt_claimd»
AMOUNT RECOMMENDED CLAIMANT: «AMT_DUE_CL»
CLASS: «class»

THIS IS NOT A BILL

THIS IS NOT A BILL

RE: «COMPANY»

Civil Action: «CASE_NO»
2nd Judicial Circuit Court
Leon County, Florida

OBJECTION FILING DEADLINE: ?filing deadline?

The purpose of this Notice of Determination is to inform you of the Receiver's recommendations concerning the amount recommended and classification of your claim filed against the Receivership Estate of «COMPANY».

A copy of the court order approving these recommendations and information outlining the statutory classification of claims ("Priority of Claims") can be obtained at the website listed below.

If the "Amount Recommended Claimant" is blank, your claim was not evaluated for an amount recommended as there are no funds to pay your claim. Additional explanation regarding payment of claims can be found on the back of this form.

If you agree with the amount recommended and the assigned class, no further action on your part is necessary.

If you object to the amount recommended or to the assigned class of your claim, you must file your WRITTEN objection with BOTH the Receiver (address below) and The Clerk of Court at:

CLERK OF THE LEON COUNTY CIRCUIT COURT
LEON COUNTY COURTHOUSE
301 S. MONROE STREET
TALLAHASSEE, FLORIDA 32301

Your objection must be filed (received) by ?filing deadline?. We recommend that you send your objection by certified mail, return receipt requested. OBJECTIONS FILED (RECEIVED) AFTER THE DEADLINE WILL NOT BE CONSIDERED.

The objection procedure is:

- 1. At the top of your statement, include the following information: The Civil Action Number noted above, your identification number noted above, and your correct address, email address and telephone number. State in detail all legal and factual reasons for your objection.
2. Attach a copy of this notice and any documentation to support your objection. By order of the Court, all documentation must be filed with your objection.
3. File the original with the Clerk of Court, file a copy with the Receiver, and keep a copy for yourself.
4. If your objection cannot be resolved, a hearing will be scheduled before the Circuit Court, Leon County, Florida.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER
«company»
2020 CAPITAL CIRCLE SE, SUITE 310
TALLAHASSEE, FLORIDA 32301
Website: http://www.myfloridacfo.com/division/receiver
Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-413-3997

QUALITY HEALTH PLANS, INC.
2nd Judicial Circuit Court,
in and for Leon County, Florida
CASE NO. 2011-CA-002245
EXHIBIT B

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER
«company»**

PAYMENT OF CLAIMS INFORMATION

Please be advised that the assets in the receivership estate of «COMPANY» may not be sufficient to fund a distribution payment to all claimants. Distribution of funds to claimants is made in accordance with the priority schedule set forth in Section 631.271, Florida Statutes. Class 1 is designated as the highest priority and Class 11 is considered the lowest priority. All approved claims in a class must be paid in full before any payment is made to the next class. If there are insufficient funds to pay the next lower priority class in full, all approved claims in that class are paid in equal pro rata shares. Therefore, depending on the assets available for distribution, you and other claimants in your classification may only receive a percentage of the amount recommended on your claim (i.e. 25% pro rata share distribution of funds in your class equals 25 cents on the dollar). Further information on the current and projected financial condition of «COMPANY» can be found at the website listed below or the Global Receivership Information Database (GRID) website at www.naic.org.

As part of its duties, the Receiver must investigate, collect and convert all company assets into cash, prioritize and value claims, and resolve all objections to the results of the Receiver's evaluations. This process usually takes several years to complete. Distributions to claimants are made only if/when sufficient funds become available and the Court has approved the distribution. We cannot currently estimate if/when a payment may be made. Your patience in this process is appreciated.

CLAIMANT INFORMATION

If a distribution is made, the payee(s) name(s) on the claim check will be the same as the name(s) appearing on the front of this form. If the information on this form, including address, is incorrect, or becomes incorrect in the future, it is your responsibility to notify the Receiver and document any changes to a claimant's name or address. Information on how to submit a change is available at the website listed below.

Some non-confidential information (i.e., certain claimant names, addresses and recommended claim information) is compiled by the Receiver and filed with the Court in order to make recommendations regarding the value and class of claims. This information is available to consumers as a public record in accordance with Article I, Section 24 of the Florida State Constitution and Chapter 119, Florida Statutes, and may be accessed through the court files of this receivership or via the Receiver's website.

IMPORTANT INFORMATION: You may be contacted by outside third parties who may offer to purchase your claim in exchange for the transfer of your rights to a distribution, if any, in the future. Please be advised that the Receiver is not in any way affiliated with third party purchasers of claims and cannot advise or counsel individual claimants with respect to any potential distribution amounts or assist a claimant in the personal decision to sell their claim to an outside third party. All available information on the current and projected financial condition of «COMPANY» may be found at the website listed below or the Global Receivership Information Database (GRID) website at www.naic.org.

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«company»**
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