

CAUSE NO. D-1-GN-23-008361

| | | |
|-----------------------------|---|--------------------------|
| THE TEXAS DEPARTMENT OF | § | IN THE DISTRICT COURT OF |
| INSURANCE, | § | |
| <i>Plaintiff,</i> | § | |
| | § | |
| v. | § | TRAVIS COUNTY, TEXAS |
| | § | |
| BRIGHT HEALTHCARE INSURANCE | § | |
| COMPANY OF TEXAS | § | |
| <i>Defendant.</i> | § | 455th JUDICIAL DISTRICT |

**FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER'S
APPLICATION FOR APPROVAL OF FEES AND EXPENSES**

COMES NOW, CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Bright Healthcare Insurance Company of Texas (the “SDR” and “Bright,” respectively), and files its *First Supplement to the Application for Approval of Fees and Expenses* (the “First Supplement”).

I. BACKGROUND

1.1. On November 29, 2023, the Court entered an *Agreed Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay* appointing the Texas Commissioner of Insurance as Liquidator of Bright. Effective November 29, 2023, the Texas Commissioner of Insurance, as Liquidator, appointed CANTILO & BENNETT, L.L.P. as Special Deputy Receiver of Bright.

II. JURISDICTION

2.1. This Court has jurisdiction over the subject matter of this First Supplement and of the parties herein pursuant to TEX. INS. CODE § 443.005. The SDR requests the Court approve the SDR’s First Supplement for the individuals and entities identified on the attached Exhibit A, which are highlighted for the Court’s attention.

III. STATUTORY AUTHORITY

3.1 The SDR is authorized to file this First Supplement pursuant to TEX. INS. CODE § 443.015, which provides for the approval of the SDR's expenses and compensation by the Court. The subject matter of this First Supplement has been referred to the Special Master appointed in this proceeding in accordance with the Order of Reference to Master entered on November 29, 2023. The Receiver approved these rates in accordance with TEX. INS. CODE § 443.154(a).

IV. BASIS FOR APPLICATION

4.1 TEX. INS. CODE § 443.015(c)(1) requires the Receiver submit an application for the approval of the terms of compensation of a contractor when the Receiver reasonably expects the total amount of compensation to be paid over the course of the proceeding will exceed Two Hundred Fifty Thousand Dollars (\$250,000) or another amount established by the Court. In addition, TEX. INS. CODE § 443.015(d) permits the Receiver, at its discretion, to submit an application to approve any compensation, anticipated expenses, or incurred expenses not described by subsection (c)(1).

4.2 This Court previously approved the SDR's original *Application for Approval of Fees and Expenses* on January 12, 2024. The SDR now files this First Supplement to request approval of proposed fees and expenses for an additional subcontractor, the law firm of Lewis Brisbois. At this time, the SDR anticipates that the compensation paid to Lewis Brisbois may exceed Two Hundred Fifty Thousand Dollars \$250,000 for the duration of this proceeding. The rates for previously approved subcontractors remain unchanged. The rates for compensation for all contractors are shown on Exhibit A, which is attached and incorporated by reference. The SDR requests the Court approve such rates pursuant to TEX. INS. CODE § 443.015(c)(1) and (d), effective February 1, 2024.

4.3 The SDR requests that the Court approve the SDR's First Supplement for the individuals and entities identified on the attached Exhibit A

4.4 TEX. INS. CODE § 443.015(g) provides that on a quarterly basis, or as otherwise provided by this Court, the Receiver shall submit to the Court a summary of expenses incurred during the period. The SDR requests the Court to confirm quarterly reporting periods that coincide with the State of Texas fiscal year. The SDR further requests that such reports be filed by the 15th day of the month following the end of the quarterly reporting period.

V. NOTICE

5.1 The SDR served this First Supplement to all known parties in interest, including all affected guaranty associations, and all individuals and entities identified by the SDR in the Certificate of Service by e-mail and, as noted, by mail or overnight delivery to certain government agencies.

VI. OFFER OF PROOF AND VERIFICATION

6.1 This First Supplement is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) by Michael P. Marcin, Partner in CANTILO & BENNETT, L.L.P., SDR of Bright.

VII. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

7.1 All pleadings filed in response to this First Supplement or regarding this estate shall be served by e-mail on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of Bright, prays that this Court rule as follows:

1. Grant the First Supplement;
2. Approve the terms of compensation of for the additional subcontractor, the law firm of Lewis Brisbois listed on Exhibit A;
3. Approve the anticipated expenses described in the First Supplement;
4. Order the SDR to file with the Court a summary of expenses incurred pursuant to TEX. INS. CODE § 443.015(g) on a quarterly basis; and
5. Grant the SDR such other and further relief to which it may justly entitled.

Respectfully submitted,

/s/ Greg Pierce
Gregory A. Pierce
State Bar No. 15994250
P.O. Box 40
Austin, Texas 78767
Tel: (512) 474-2154
gpierce@gpiercelaw.com

-and-

Christopher Fuller
State Bar No. 07515500
FULLER LAW GROUP
4612 Ridge Oak Drive
Austin, Texas 78731
Telephone: (512) 470-9544
cfuller@fullerlaw.org

**Attorneys for CANTILO & BENNETT, L.L.P.,
Special Deputy Receiver of
Bright Healthcare Insurance Company of Texas**

APPLICANT'S NOTICE OF SUBMISSION

Under the terms of the Agreed Order of Reference to Master entered by the District Court in this cause, the *First Supplement to the Application for Approval of Fees and Expenses* is hereby set for written submission before the Special Master, Tom Collins, on **February 26, 2024**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by e-mail by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Greg Pierce at gpierce@gpiercelaw.com; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Texas Life and Health Insurance Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Greg Pierce
Gregory A. Pierce

CERTIFICATE OF SERVICE

I certify that on February 8, 2024, a true and correct copy of the foregoing *First Supplement to Special Deputy Receiver's Application for Approval of Fees and Expenses* was served pursuant to the Order of Reference to Master, the Texas Rules of Civil Procedure and TEX. INS. CODE 443.007(d) on the following by email, except as specifically otherwise noted.

Via Email: specialmasterclerk@tdi.texas.gov
Tom Collins, Receivership Master
c/o Special Master's Clerk
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: Edwin.Hartsfield@tdi.texas.gov
Edwin Hartsfield
TEXAS DEPARTMENT OF INSURANCE
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: John.Walker@tdi.texas.gov
John Walker
TEXAS DEPARTMENT OF INSURANCE
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: Vane.Hugo@tdi.texas.gov
Vane Hugo
TEXAS DEPARTMENT OF INSURANCE
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: Sandra.Salazar@tdi.texas.gov
Sandra Salazar
General Counsel Division
Office of Financial Counsel
TEXAS DEPARTMENT OF INSURANCE
PO Box 12030
Austin, TX 78711-2030

Via e-Service: Shawn.Martin@tdi.texas.gov
Shawn Martin
General Counsel Division
Office of Financial Counsel
TEXAS DEPARTMENT OF INSURANCE
PO Box 12030
Austin, TX 78711-2030

Via e-Service: Zachary.Rhines@oag.texas.gov
Zachary L. Rhines
Assistant Attorney General
General Litigation Division
OFFICE OF THE TEXAS ATTORNEY GENERAL
P.O. Box 12548, Mail Stop 01901
Austin, Texas 78711-2548
Counsel for Texas Department of Insurance

Via e-Service: jrixen@rixentlaw.com
Jacqueline Rixen
RIXENLAW
8500 North Mopac Expy, Suite 605
Austin, Texas 78759
*Counsel for the Texas Life and Health
Insurance Guaranty Association*

Via e-Service: sstrickland@mwlaw.com
Stanton Strickland
MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.
500 W. 5th Street, Ste. 1150
Austin, Texas 78701
*Counsel for Bright Healthcare Insurance
Company of Texas*

Via First Class Mail
INTERNAL REVENUE SERVICE
Special Procedures Branch
300 East 8th Street, Suite 352
Mail Stop 5026AUS
Austin, Texas 78701

Via Email:: Milan.Shah@cms.hhs.gov

Via Email: Kelly.Drury@cms.hhs.gov

Milan Shah

Kelly Drury

Centers for Medicare & Medicaid Services

Center for Consumer Information and

Insurance Oversight

7501 Wisconsin Ave

Bethesda, MD 21814

Via Email: ASimon@fmdlegal.com

Via Email: Bgould@fmdlegal.com

Adrienne J. Simon

Blake Gould

Fultz Maddox Dickens PLC

101 South Fifth Street, 27th Floor

Louisville, KY 40202

*Counsel for THC Houston, LLC d/b/a Kindred
Hospital Houston Northwest*

/s/ Greg Pierce

Gregory A. Pierce

**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION
PURSUANT TO TEX. INS.CODE §443.017(b)**


AFFIDAVIT OF MICHAEL P. MARCIN

State of Texas

County of Travis

BEFORE ME, the undersigned authority appeared Michael P. Marcin, who after being by me duly sworn, stated the following under oath:

1. "My name is Michael P. Marcin. I am of sound mind, capable of making this affidavit, and am competent to testify to the matters contained in this affidavit.
2. I am a partner in CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Bright Health Insurance Company of Texas, Inc. (the "SDR" and "BHICOT" respectively), I am duly authorized to make this Affidavit on behalf of the SDR.
3. I have reviewed the *First Supplement to the Application for Approval of Fees and Expenses* and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with the staff and subcontractors.
4. I certify that the exhibits, books, company accords, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to TEX. INS. CODE § 443.017, are either true and correct copies of records of BHICOT and were received from the custody of BHICOT or found among its effects, or were created by and filed with the Receiver's office in connection with the receivership of this delinquent company, and are held by the Special Deputy Receiver in its official capacity."

By: 
Michael P. Marcin

SUBSCRIBED AND SWORN TO BEFORE ME on February 8, 2024, by Michael P. Marcin, Special Deputy Receiver of Bright Health Insurance Company of Texas, Inc.




Notary Public

EXHIBIT A

BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS
SPECIAL DEPUTY RECEIVER FEE SCHEDULE

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver

| | |
|---|----------|
| Primary Responsible Person/SDR Administration | \$260.00 |
| SDR Administration | \$260.00 |
| SDR Administration | \$260.00 |
| SDR Administration | \$260.00 |
| SDR Administration | \$200.00 |
| SDR Administration | \$200.00 |
| Senior Receivership Specialist | \$155.00 |
| Receivership Specialist | \$155.00 |
| Receivership Specialist | \$155.00 |
| Law Clerk | \$130.00 |
| Information Technology | \$100.00 |
| Administrative/Clerical | \$ 35.00 |

Greg Pierce
Legal/Litigation Subcontractor

| | |
|----------------------|----------|
| Attorney/SDR Counsel | \$275.00 |
|----------------------|----------|

Fuller Law Group
Legal/Litigation Services Subcontractor

| | |
|----------------------|----------|
| Attorney/SDR Counsel | \$275.00 |
|----------------------|----------|

Inquest Resources
Legal Support Services Subcontractor
Information Technology/Data Processing Subcontractor

| | |
|---|----------|
| Partner & Paralegal I | \$ 85.00 |
| Partner & Paralegal/Receivership Specialist I | \$ 85.00 |
| Paralegal II | \$ 70.00 |
| Receivership Specialist II | \$ 55.00 |
| Administrative Assistant | \$ 35.00 |
| Clerical | \$ 30.00 |

Petrosewicz & Co., Inc.
Accounting Services Subcontractor

| | |
|-------------------|----------|
| CPA/Attorney | \$225.00 |
| CPA | \$200.00 |
| Senior Accountant | \$125.00 |
| Senior Accountant | \$125.00 |
| Clerical | \$ 35.00 |



EMKAY Associates, Inc.*Claims and IT Services Subcontractor*

| | |
|---|----------|
| Claims Manager and Consultant | \$105.00 |
| Claims Management and IT Consulting | \$105.00 |
| Claims Management and Consulting, Site Management | \$105.00 |
| Claims Management and IT Consulting | \$ 85.00 |

Milford Consulting, L.L.C.*Claims Subcontractor*

| | |
|---|----------|
| Receivership Specialist I, Claims Consultant | \$195.00 |
| Receivership Specialist II, Data Analysis/Reports, Claims Support | \$150.00 |
| Receivership Specialist III, Claims Support | \$130.00 |
| Clerical | \$ 45.00 |

Jennan Enterprises, LLC*IT and Data Services Subcontractor*

| | |
|-----------------|----------|
| Managing Member | \$150.00 |
|-----------------|----------|

Tharp & Associates*Reinsurance Subcontractor*

| | |
|---|----------|
| CEO/Reinsurance Consultant | \$250.00 |
| CFO/Reinsurance Consultant | \$250.00 |
| Corporate Controller/Accountant | \$195.00 |
| Information Systems Director/Database Administrator | \$195.00 |
| Staff Accountant | \$125.00 |

Merlinos & Associates, Inc.*Actuarial Consulting Subcontractor*

| | |
|--------------------|----------|
| Principal/Actuary | \$315.00 |
| Consulting Actuary | \$295.00 |
| Actuarial Analyst | \$250.00 |
| Clerical | \$ 35.00 |

Lewis Brisbois*Legal/Litigation Services Subcontractor*

| | |
|-----------|----------|
| Partner | \$610.00 |
| Associate | \$375.00 |
| Paralegal | \$285.00 |

| | | |
|---|---|---|
| THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i> | § § § § § § § § § | IN THE DISTRICT COURT OF TRAVIS COUNTY, TEXAS 455th JUDICIAL DISTRICT |
| v. | | |
| BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS <i>Defendant.</i> | | |

ORDER GRANTING FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER'S APPLICATION FOR APPROVAL OF FEES AND EXPENSES

On this date, the Court heard the *First Supplement to the Application for Approval of Fees and Expenses* (the “First Supplement”) filed by CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Bright Healthcare Insurance Company of Texas (the “SDR” and “Bright” respectively). The SDR appeared by and through its counsel.

Having considered the First Supplement, the Court finds as follows:

1. The *Order of Reference to Master* (“Order of Reference”) provides that motions filed pursuant to TEX. INS. CODE § 443.015 are referred to the Special Master appointed in this proceeding;
2. Notice of the First Supplement was provided in accordance with TEX. INS. CODE §443.007 (d) and the *Order of Reference to Master*;
3. No objections to the First Supplement were filed;
4. The Texas Life and Health Insurance Guaranty Association has filed its acknowledgement and waiver;
5. The Court has jurisdiction over the First Supplement and the parties affected; and
6. The SDR’s First Supplement should be granted in all respects.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED as follows:

1. The First Supplement is GRANTED in all respects.
2. The terms of compensation of the SDR and the contractors listed on Exhibit A to the First Supplement are approved.
3. The anticipated expenses described in the First Supplement are approved.
4. The SDR shall file with this Court a summary of expenses incurred pursuant to TEX. INS. CODE § 443.015(g) on a quarterly basis.
5. This order constitutes a final Order fully resolving all issues relating to the First Supplement.

SIGNED: _____, 2024.

JUDGE PRESIDING

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 84316460

Filing Code Description: No Fee Documents

Filing Description: FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER'S APPLICATION FOR APPROVAL OF FEES AND EXPENSES

Status as of 2/9/2024 8:35 AM CST

Case Contacts

| Name | BarNumber | Email | TimestampSubmitted | Status |
|-----------------------|-----------|---------------------------------|---------------------|--------|
| Christopher G. Fuller | 7515500 | cfuller@fullerlaw.org | 2/8/2024 4:23:27 PM | SENT |
| Gregory Alan Pierce | 15994250 | gpierce@gpiercelaw.com | 2/8/2024 4:23:27 PM | SENT |
| Patricia Muniz | | pmuniz@inquestresources.com | 2/8/2024 4:23:27 PM | SENT |
| Brian Falligant | | bfalligant@inquestresources.com | 2/8/2024 4:23:27 PM | SENT |
| Jacqueline Rixen | | jrixen@rixenlaw.com | 2/8/2024 4:23:27 PM | SENT |

Associated Case Party: BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS

| Name | BarNumber | Email | TimestampSubmitted | Status |
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| Stanton K. Strickland | 786392 | sstrickland@mwlaw.com | 2/8/2024 4:23:27 PM | SENT |

Associated Case Party: TEXAS DEPARTMENT OF INSURANCE

| Name | BarNumber | Email | TimestampSubmitted | Status |
|----------------------|-----------|----------------------------------|---------------------|--------|
| Zachary Rhines | 24116957 | zachary.rhines@oag.texas.gov | 2/8/2024 4:23:27 PM | SENT |
| Special Master Clerk | | specialmasterclerk@tdi.texas.gov | 2/8/2024 4:23:27 PM | SENT |