

Report for Special Master's Status Conference

January 31, 2025

R-566 Bright Healthcare Insurance Company of Texas ("BHICOT")

Special Deputy Receiver:	CANTILO & BENNETT, L.L.P.	TX Guaranty Assoc.:	TLHIGA
SDR Responsible Person:	Michael Marcin	Receiver's Counsel:	Sandra Salazar
SDR's Counsel:	Christopher Fuller and Greg Pierce	Est'd Closing Date:	TBD

SPECIFIC ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE

- Filed for approval of early access distribution to TLHIGA.
- Began collection efforts on provider overpayments.
- Recovered \$578,985 for pre-receivership voided claims payments.

SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- Recover subrogation payments and contract with subrogation contractor.
- Determine viability of overpayment collection process and, if successful, extend efforts to other providers.
- Distribute funds pursuant to the Order approving the Early Access Application.
- After expiration of POC filing deadline, begin processing POCs.
- Assess estate activities and estimate a potential closing date.

Background

- Date of Permanent Injunction (Liquidation): November 29, 2023
- Date of Appointment of SDR: November 29, 2023
- Claims Filing Deadline: February 3, 2025
- States Where Licensed: Texas
- Lines of Business: BHICOT offered Affordable Care Act ("ACA") individual policies (licensed under Texas Insurance Code Chapters 801, 841, and 843)
- Texas Guaranty Association Triggered: Texas Life and Health Insurance Guaranty Association ("TLHIGA")
- Early Access Distributions: Application granted; funds to be distributed

Statement of Assets and Liabilities as of December 31, 2024

Total Assets:	\$ 68,176,275
Cash & Invested Assets:	\$ 68,176,275
Non-Cash Assets:	\$ 0
Restricted Assets:	\$ 0
Total Liabilities:	\$ 102,276,549
Negative Equity:	(\$ 34,100,274)

Status and Activity Since Last Status Conference

Business Records: BHICOT did not control or manage its IT or data. Instead, Bright Health Management (“BHM”) employees managed BHICOT data on BHM’s equipment and cloud storage. The SDR has obtained certain financial records, claim records, provider contracts, and a small number of e-mails. BHM restricted the production of BHICOT officer e-mails to narrow categories of topics and did not produce e-mails from other employees. The SDR filed a Motion to Enforce the Permanent Injunction on BHM to turn over the records, which BHM opposed. The Special Master issued a Recommendation largely approving the relief requested. The SDR will seek entry of an order confirming the Recommendation from the Receivership Court.

The SDR has continued recovery of BHICOT claims records from third-party vendors, who played a role in the claims process. The SDR subcontractors learned in September 2024 that BHM failed to produce scans of original records linked to its internal policy and claims systems. The SDR identified third-party vendors holding the records and requested the vendors turn over these records.

Litigation: There are no pending lawsuits or arbitrations.

Claims Activity

Proof of Claims: The Receivership Court approved the SDR’s Application for Approval of Claim Filing Deadline, Notice to Creditors, and Procedures for Processing Claims. The POC filing deadline is February 3, 2025.

As of January 23, 2025, 836 POCs have been filed with the SDR. The POCs fall into the following categories:

- 28 POCs - Member re: unclaimed refund (10 in this category are incomplete)
- 19 POCs - Member re: unpaid claim
- 612 POCs - Provider re: 2,169 individual member claims
- 2 POCs - Texas Life and Health Insurance Guaranty Association
- 1 POC - Arbitration/Mediation fees
- 3 POCs - Agent/Commissions
- 181 POCs - Unknown/Blank/Incomplete forms

The SDR continues to obtain all claim and appeal records to be positioned to resolve claims once the claim filing deadline passes. To ensure information is available to fully assess claims, the SDR expects to take such action as necessary to support and enforce the Master's Recommendation on the SDR's Motion to Enforce against BHM.

Guaranty Associations: TLHIGA contracted with BHICOT's pre-receivership claims administrator, Evolent, to process the remaining claims. TLHIGA processed 11,207 claims through December 2024, for a total amount paid of \$4,521,244. In early January 2025, the TLHIGA announced that it would no longer process any new claims or appeals because the deadlines to file expired under all the policies.

Early Access: The SDR filed the first early access application on November 22, 2024. The application was submitted, without objection, on December 9, 2024. The early access application was granted on December 19, 2024, and the SDR is in the process of making the distribution.

Risk Adjustment Transfer ("RAT") Liability: The RAT program is a component of the ACA that transfers premiums from insurers that enroll members with relatively lower health risks to insurers that enroll members with relatively higher health risks. CMS has been served with the POC notice. The BHICOT SDR expects CMS to file its POC before the February 2025 claims filing deadline.

Asset Recovery Activity

Provider Overpayment Recovery/Rebates: The SDR has largely completed its analysis of the amounts owed to the estate by providers who were, for various reasons, overpaid on their claims. The work required updating the accounts receivable files to account for pre-receivership settlements by BHM, and for post-receivership activity by TLHIGA. The SDR has started collection efforts.

NeueHealth: At receivership, BHICOT showed a \$124 million account receivable ("AR") from NeueHealth Partners Texas RBE, LLC ("NeueHealth-TX"). The AR arises from the Delegated Network Agreement Between Bright Healthcare Insurance Company of Texas and NeueHealth-TX. BHICOT's fiduciary, BHM, claims that NeueHealth-TX has no cash and no bank accounts. The companies share certain officers and directors.

The SDR has fully reserved this AR on the estate's balance sheets pending further review of its origins and collectability. The SDR intends to investigate thoroughly the circumstances leading up to the creation of the AR and pursue all remedies to collect the amount owed once records related to the transactions are obtained.

Neuehealth sale: The ultimate parent company, Bright Health Group (n/k/a Neuehealth) announced that it would be sold to a group of current investors and management. After the sale is complete, the stock will be de-listed from the NYSE. There does not appear to be any impact on the BHICOT estate at this time.

Estate Closing Date of Receivership: The SDR is currently unable to estimate a closing date.

Identification of Factors Affecting Closing Date and Final Distribution: TBD