

Report for Special Master's Status Conference

May 2, 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

- Completed early access distribution to TLHIGA
- Agreed to settlement amount on subrogation claims and processing new inquiries
- Began overpayment recovery effort
- A proof of claim ("POC") review process has been established, form notice of claim determinations drafted, and the first group of determinations approved by the new POC Committee

SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- Complete review and categorization of POCs
- Continue analysis of overpayments and expand recovery efforts
- Identify scope of pre-receivership third party administrator's subcontractor's rights to contingent share of subrogation claims

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: February 25, 2025 - \$8,659,686

Statement of Assets and Liabilities as of March 31, 2025

Total Assets:	\$ 68,497,255
Cash & Invested Assets:	\$ 59,837,569
Non-Cash Assets:	\$ 8,659,686
Restricted Assets:	\$ 0
Total Liabilities:	\$ 102,502,428
Negative Equity:	(\$ 34,032,650)

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 Receivership Court heard the SDR’s Motion for Entry on April 16, 2025, and currently has it under consideration.

The SDR has continued recovery of BHICOT claims records from third-party vendors who played a role in the claims process.

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 was February 3, 2025.

As of April 15, 2025, the POC status is as follows:

Filing Status	Claim Type	POCs	Individual Member Claims
Timely-filed Claims	Provider Claim	978	3202
Timely-filed Claims	Provider Claim - Incomplete	148	268
Timely-filed Claims	Provider Claim - IDR	32	32
Timely-filed Claims	Provider Claim - Out of State	6	6
Timely-filed Claims	Member - Premium Refund	24	24
Timely-filed Claims	Member - Unpaid Claims	78	80
Timely-filed Claims	Member - 1095A Issues	4	4
Timely-filed Claims	Arbitration/Mediation Fees	1	1
Timely-filed Claims	Agent Commissions	3	3
Timely-filed Claims	CMS	1	1
Timely-filed Claims	Guaranty Association - Administration Expenses	1	1
Timely-filed Claims	Guaranty Association - Policy Benefit Payments	1	1
Timely-filed Claims	Void	25	25
Timely-filed Claims	Withdrawn	1	2
Timely-filed Claims	TBD	6	6
Timely-filed Claims	TOTAL	1309	3656
Late-filed Claims	Late-filed Claim	2045	2045
All Claims	TOTAL	3354	5701

The SDR received over 2,000 POCs after the claims filing deadline. Most of these POCs are for out-of-state members, including, *inter alia*, Florida, Alabama, Georgia, Arizona, and Utah members. The deluge of claims may be related to TLHIGA's announcement that it will not process any new claims, or BHM instructing Evolent not to process any new claims for BHM's non-Texas insurers. The out-of-state POCs will be denied.

In the last quarter, the SDR established a formal claims adjudication process. Although a large number of late-filed claims still needed to be logged in, scanned, and uploaded, the SDR has prepared form determination letters, set up a claim determination review

committee, and has approved determinations for the first batch of claims that have been reviewed. The SDR will continue to process claims in the next quarter.

All claims for bad faith, prompt pay, IDR, or similar extra-contractual claims will be classified as Class 5 but not adjudicated as to merit or amount because the estate will not make distributions beyond a Class 3 federal claim.

Guaranty Associations: TLHIGA contracted with BHICOT's pre-receivership claims administrator, Evolent, to process the remaining claims. TLHIGA reports that it had paid 11,215 claims totaling \$4,635,638 through March 31, 2025. At the end of January 2025, TLHIGA announced that it would no longer process any new claims or appeals because the deadlines to file expired under all policies.

Early Access: The Court granted the SDR's first early access application on December 19, 2024. The SDR made the distribution on February 25, 2025.

Risk Adjustment Transfer ("RAT") Liability: CMS filed a POC for \$92,908,221 by the February 2025 claims filing deadline.

Asset Recovery Activity

Provider Overpayment Recovery/Rebates: The SDR started collection efforts, beginning with its largest account receivable.

Subrogation Claims: The SDR is handling new subrogation inquiries from plaintiff's counsel seeking medical lien payoff information. All pre-receivership subrogation collections have been recovered from BHM and the claims processor, Evolent.

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 reserved fully this AR on the estate's balance sheets pending further review of its origins and collectability. However, 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.

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