

## Report for Special Master's Status Conference

May 1, 2026

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

<b>Special Deputy Receiver:</b>	CANTILO & BENNETT, L.L.P.	<b>TX Guaranty Assoc.:</b>	TLHIGA
<b>SDR Responsible Person:</b>	Michael Marcin	<b>Receiver's Counsel:</b>	David Ashton
<b>SDR's Counsel:</b>	Greg Pierce	<b>Est'd Closing Date:</b>	TBD

### SPECIFIC ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE

- Completed defense of the Enforcement Order on appeal to the Texas Supreme Court.
- Resolved recovery action seeking largest provider overpayment claim.
- Initiated discussions with additional providers regarding overpayments.

### SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- Obtain full documentation from third-party vendors.
- Conduct formal proceedings to document Bright Health Management, Inc.'s ("BHM") failure to turn over BHICOT records.
- Continue efforts to collect overpayments from other providers that received overpayments.

### 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 December 31, 2025

Total Assets:	\$69,997,387
Cash & Invested Assets:	\$61,337,701
Non-Cash Assets:	\$8,659,686

Restricted Assets:	\$0
Total Liabilities:	\$104,517,286
Negative Equity:	(\$34,519,899)

## Status and Activity Since Last Status Conference

**Business Records:** BHICOT did not control or manage its IT or data. Instead, 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 turnover of BHICOT officer e-mails to narrow categories of topics and did not turn over e-mails from other employees. The SDR filed a Motion to Enforce the Permanent Injunction on BHM to demand turnover of BHICOT records, which BHM opposed. The Special Master issued a Recommendation largely approving the relief requested, and the Receivership Court entered an order granting the SDR’s contested Motion for Entry on April 16, 2025. BHM appealed and filed a Petition for Writ of Mandamus. On January 30, 2026, the Texas Supreme Court denied the Petition for Writ of Mandamus and the Petition for Review filed by BHM. BHM did not file a motion for rehearing, and the matters are now final.

BHM has not complied with the Enforcement Order’s requirement that BHM turn over all records of BHICOT by August 4, 2025. While BHM had turned over some records in compliance with the Enforcement Order, it was only a portion of relevant communications and documents that belong to the estate. The SDR twice notified BHM of its failure and demanded that BHM comply with the Enforcement Order. After its appeal was denied, BHM turned over a second tranche of documents. While these are still under review, the SDR is concerned that it does not contain all relevant communications and other records. The SDR intends to begin formal proceedings to document BHM’s actions with regard to searching for and turning over the records.

The SDR has continued demanding turnover of BHICOT claims records from third-party vendors who played a part in BHICOT operations. A number of those vendors limited access to the records due to the potential for inadvertent disclosure of material belonging to Bright entities in other states. Unfortunately, the limited datasets require substantial additional time and effort to obtain documentation supporting various asset recovery claims.

**Litigation:** The SDR filed an arbitration proceeding against US Renal Care to recover overpayments on January 9, 2026. After some negotiation, US Renal Care accepted the SDR’s counteroffer. The SDR has negotiated a settlement agreement and filed its application for approval on April 24, 2026.

## 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 14, 2026, the POC status was as follows:

Filing Status	Claim Type	POCs Filed	Distinct Claims	Reviewed by POCC	NCD Mailed	Appeal Expired	Remaining for Review
Timely	Provider Claim	166	229	0	0	0	229
Timely	Provider - Incomplete	12	18	3	1	1	15
Timely	Provider - IDR	541	1614	1	1	1	1613
Timely	Unknown/Incomplete	2	2	2	1	1	0
Timely	Provider - Out-of State	453	1820	1807	1420	1343	13
Timely	Member - Premium Refund	30	30	0	0	0	30
Timely	Member - Unpaid Claims	58	58	22	5	5	36
Timely	Member - 1095A Issues	12	12	2	1	1	10
Timely	Agent Commissions	3	3	0	0	0	3
Timely	CMS	1	1	0	0	0	1
Timely	Guaranty Ass'n- Admin. Exp.	1	1	0	0	0	1
Timely	Guaranty Ass'n- Policy benefits	1	1	0	0	0	1
Timely	Void	27	374	0	0	0	0
Timely	Withdrawn	4	7	7	7	7	0
Timely	Vendor Claim	2	2	1	0	0	1
<b>Subtotal</b>		<b>1313</b>	<b>4172</b>	<b>1845</b>	<b>1768</b>	<b>1359</b>	<b>1953</b>
Late	Provider Claim	1	1	0	0	0	1
Late	Provider - IDR	1	1	0	0	0	1
Late	Provider - Out-of State	2072	2072	2071	2070	2070	1
Late	Member - Unpaid Claims	5	5	2	1	1	3
<b>Subtotal</b>		<b>2079</b>	<b>2079</b>	<b>2073</b>	<b>2071</b>	<b>2071</b>	<b>6</b>
<b>Total</b>		<b>3392</b>	<b>6251</b>	<b>3918</b>	<b>3839</b>	<b>3430</b>	<b>1959</b>

The SDR received over 2,079 POCs after the claims filing deadline. Most of these POCs are from members of other Bright HealthCare entities, including, *inter alia*, Florida, Alabama, Georgia, Arizona, and Utah members. The claimants that filed POCs under non-Texas policies are being sent denial letters. The SDR has sent 3,839 claim determination letters. The SDR expects to continue processing claims for the next few quarters.

All claims for bad faith, prompt pay, 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.

Two claim determinations have been appealed pursuant to the appeal procedure. These claims are being reviewed, and a detailed analysis of the determination is being completed.

Once completed, the appeal will either be affirmed or amended in whole or in part. Should the claimant disagree, an appeal to the Receivership Court could be initiated.

**Guaranty Associations:** TLHIGA contracted with BHICOT's pre-receivership claims administrator, Evolent, to process the remaining claims. TLHIGA reports that as of February 28, 2026, it had paid \$10,743,852.96 on claims and expenses. TLHIGA is no longer accepting new claims or appeals since expiration of the filing deadlines under all policies. TLHIGA has continued to process or review a small number of claims that were timely submitted.

**Early Access:** The Court granted the SDR's first early access application on December 19, 2024. The SDR made the distribution of \$8,659,686 on February 25, 2025. TLHIGA has requested an additional early access payment. The SDR has reviewed the financial information in support of TLHIGA's second early access request and filed its application to approve a second early access payment on April 24, 2026.

**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. In that regard, the estate is working with third-party service providers to obtain copies of supporting documents confirming required notices were sent informing the provider of the overpayment. On January 9, 2026, the SDR initiated arbitration against US Renal Care, Inc. to recover overpayments. The parties reached a settlement of that claim. The SDR filed its application to approve that settlement on April 24, 2026.

Demands to other providers with overpayment balances have been delayed pending acquisition of supporting documentation. In this regard, third-party vendors have been slow in providing requested documentation, have claimed restrictions placed on them by BHM, and have claimed other parties' systems are at fault. The SDR anticipates making demand on additional providers after relevant documentation has been compiled.

**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, the third-party claims administrator Evolent, and Evolent's subcontractor for subrogation matters, Optum. As of March 31, 2026, the estate has received \$759,446 in subrogation recoveries.

**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