Report for Special Master's Status Conference

November 6, 2026

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:**	David Ashton
SDR's Counsel:	Greg Pierce	**Est'd Closing Date:**	TBD

SPECIFIC ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE

- Issued receiver subpoena to Evolent Health, LLC ("Evolent") to investigate failure to provide information to SDR.

SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- Complete deposition of Evolent's corporate representative.
- Obtain additional records from third-party vendors and Bright Health Management.
- File first report of 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
  June 18, 2026 - $1,676,585

Statement of Assets and Liabilities as of September 30, 2026

Total Assets:	$72,566,405
Cash & Invested Assets:	$62,230,133
Non-Cash Assets:	$10,336,272
Restricted Assets:	$0
Total Liabilities:	$104,966,050
Negative Equity:	($32,399,645)

Status and Activity Since Last Status Conference

Business Records: BHICOT did not control or manage its IT or data. Instead, BHM employees managed much of 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 fully 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 has again notified BHM of its failure and demanded that BHM comply with the Enforcement Order.

In addition to data held by BHM, the SDR has sought turnover of BHICOT claims records from third-party vendors who played a part in BHICOT operations, in particular, Evolent Health, LLC ("Evolent") – the entity that handled claims for BHICOT. As with BHM, Evolent has balked at turning over the full complement of BHICOT data and records. The

limited datasets require substantial additional time and effort to obtain documentation supporting various asset recovery claims. The SDR has obtained issuance of a subpoena to compel testimony from Evolent to determine the full extent of records held by Evolent to aid the SDR in enforcing Evolent's obligation to turn over estate records. That deposition should be completed by year's end.

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. The application was approved on May 19, 2026, and the SDR received payment on June 11, 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 October 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	148	211	81	64	55	130
Timely	Provider Claim - Incomplete	13	19	7	5	3	12
Timely	Provider Claim - IDR	559	1632	6	6	2	1626
Timely	Unknown/Incomplete	2	2	2	1	1	0
Timely	Provider Claim - Out of State	447	1814	1811	1808	1808	3
Timely	Member - Premium Refund	30	30	2	1	0	28
Timely	Member - Unpaid Claims	56	56	37	32	29	19
Timely	Member - 1095A Issues	12	12	6	2	2	6
Timely	Agent Commissions	3	3	0	0	0	3
Timely	CMS	1	1	0	0	0	1
Timely	Guaranty Ass'n - Admin. expenses	1	1	0	0	0	1
Timely	Guaranty Ass'n - Policy benefits	1	1	0	0	0	1
Timely	Void	28	375	NA	NA	NA	NA
Timely	Withdrawn	10	13	13	13	7	0
Timely	Vendor Claim	2	2	1	0	0	1
Subtotal		1313	4172	1966	1932	1907	1831
Late	Provider Claim	1	1	0	0	0	1
Late	Provider Claim-IDR	1	1	0	0	0	1
Late	Provider Claim - Out of State	2072	2072	2072	2071	2071	0

Late	Member - Unpaid Claims	5	5	5	5	5	0
Subtotal		2079	2079	2077	2076	2076	2
Total		3392	6251	4043	4008	3983	1833

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 4,008 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 October 31, 2026, it had paid claims totaling $4,656,093 and incurred $6,356,180 in 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. The SDR filed a second application for early access on April 24, 2026, seeking authorization to pay $1,676,585. That application was approved on May 19, 2026, and the SDR issued the second early access payment on June 18, 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. That application was approved on May 19, 2026. The SDR received payment of $2.3 million on June 11, 2026.

Demands to other providers with overpayment balances have been delayed pending acquisition of supporting documentation from Evolent. 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 October 31, 2026, the estate has received a net amount of $785,939 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