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**STATE OF WYOMING** )  
 ) ss.  
**COUNTY OF LARAMIE** )

**IN THE DISTRICT COURT**  
**FIRST JUDICIAL DISTRICT**

STATE OF WYOMING ex rel., the Honorable )  
 Tom Glause, Wyoming Insurance Commissioner )  
 )  
 Petitioner, )  
 )  
 v. ) Docket No. 184-929  
 )  
 WINHEALTH PARTNERS, )  
 )  
 Respondent. )

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**MOTION FOR ORDER APPROVING DISTRIBUTION OF ASSETS AND ADJUSTING  
 REPORTING SCHEDULE**

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This is a motion submitted on behalf of the Wyoming Insurance Commissioner, Mr. Tom Glause, requesting that this Court approve the Commissioner’s proposed distribution of WINhealth’s assets.

As reported in the status update filed July 31 and supplemented August 3, 2017, the Commissioner has continued to wind down WINhealth’s business. WINhealth has paid 99% of the claims outstanding since this Court ordered WINhealth be liquidated. *WINHEALTH LIQUIDATION REPORT 5* (June 30, 2017). WINhealth has not accepted new claim appeals as of June 30, 2017. *Id.* at 4. While claim reconsiderations or complaints may be possible through approximately the current calendar year, the Commissioner does not anticipate that any changes will have significant impact. *Id.* at 4-5. The bulk of WINHealth’s current operations currently fall into two categories: 1) preserving WINhealth’s business and insurance records, and 2) recovering funds owed to WINhealth from various sources.

Claim priority is governed by Wyoming Statutes 26-28-125(a). The first priority is claims for administering the estate, including the claims handling expenses of the Guaranty Association. Wyo. Stat. Ann. § 26-28-125(a)(i). The second category is for wages of employees and taxes. Wyo.

Stat. Ann. § 26-28-125(a)(ii). These categories are not at issue, and the Commissioner anticipates retaining sufficient funds to cover these expenses for the estate's duration.

At this time, WINhealth's assets consist of cash in the amount of \$7,787,474. The Commissioner asks that he be permitted to distribute \$6,000,000 of that cash asset with the rest retained for ongoing estate management. The reserved amount will be used to pay the estate's administrative costs including the estate administration contractors already employed by the Commissioner, contracts for former employees to perform tasks on an as-needed basis, costs that the Guarantee Association incurred in administering claims on WINhealth's behalf, and any costs of collecting the remaining unrealized assets. The cost of collecting includes collecting money owed to WINhealth by the United States to WINhealth through the Centers for Medicaid and Medicare Services through its risk corridor program. The Commissioner values that claim at somewhat more than \$18,000,000 and is in the process of pursuing recovery.

At this time, however, the Commissioner has calculated the amount of approved claims under Wyoming Statutes 26-28-125(a)(iii) at approximately \$22,743,803. These claims fall in three categories: 1) amounts owed to the Guaranty Association because it paid claims of WINhealth's providers for services rendered to its insureds, 2) amounts owed in excess of the claim limit, and 3) refunds owed to the Laramie County Government under a premium refund program operated by WINhealth. The second category, the "over-cap" claims, occur because the law sets a cap to claim amounts for which the Guaranty Association is liable. Wyo. Stat. Ann. 29-42-103(d). It should also be noted that the estate owes the Guaranty Association approximately \$696,943 in claim processing fees. This amount is payable as a cost of administering the estate under Wyoming Statutes 26-28-125(a)(i). Accordingly, while this portion of the Guaranty Association's approved claim would not necessarily require express court approval, the Commissioner has included disclosure of this payment in this motion to advise the Court of the estate's intent to pay the amount at the time of this proposed distribution.

The amount proposed to be distributed, \$6,000,000, amounts to slightly more than 26% of the total amount owed. Accordingly, the Commissioner proposes distributing proportional to the amounts owed to the claimants. The amounts to be distributed are as follows:

- Wyoming Life and Health Insurance Guaranty Association: \$5,967,967.80
- "Over-cap" claims: \$18,745.77

- Risk premium refund: \$13,286.43

This distribution represents payment of the majority of WINhealth's cash assets. As discussed above, the estate owns certain legal claims, largely consisting of a claim against the United States for approximately \$18,000,000. The estate will need to remain open to allow the Commissioner to continue to pursue these claims, but the day-to-day business of WINhealth is largely concluded. Accordingly, the Commissioner asks that the Court revise its reporting schedule to every six months beginning in 2018, with the reports due 45 days after the conclusion of the reporting period. In other words, the Commissioner would continue to report quarterly through 2017, with reports due on November 1, 2017 and February 1, 2018. After that, reports would be due for each six-month period 45 days after its close, for example, on August 14, 2018. The reason for extending the time is that experience has demonstrated that, while it is possible to compile financial information in that time, it is routine that the compilation is completed only a few days before the report is due. Extending this time would assist in compiling the report and also leave additional time in the event that complications arise.

For these reasons, the Commissioner requests that the Court approve the distributions discussed above to the Guaranty Association, "over-cap" claimants, and the Laramie County Government. The Commissioner also requests that the Court adjust the reporting period as stated above. Finally, the Commissioner requests that the Court consider this matter at the hearing already scheduled in this case on September 26, 2017 at 10:30 a.m.

DATED this 23<sup>rd</sup> day of August 2017.



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ATTORNEYS FOR STATE OF WYOMING


**CERTIFICATE OF SERVICE**

I hereby certify that on this 23<sup>rd</sup> day of August 2017, the foregoing was served by mail or hand delivery to:

Winhealth Partners  
1200 East 20th Street  
Cheyenne, WY 82001

Cindy Coles Oliver  
Frank D. O'Loughlin  
1200 Seventeenth Street  
Suite 3000  
Denver, CO 80202  
Counsel for the Wyoming Guaranty Association

Courtesy Copy to  
Judge Thomas T.C. Campbell  
First Judicial District Court  
309 W. 20<sup>th</sup> Street  
Cheyenne, WY 82001

  
Office of the Attorney General

**Summary of Claims and Proposed Payments, August 2017**

Class (a)(iii) Approved Claims

<b><u>WYLHIGA</u></b>	\$22,622,381.00
<b><u>Over-Cap Claims</u></b>	
<u>Payable Hospital Claims</u>	
CAMPBELL COUNTY MEMORIAL HOSPITAL	\$7,423.84
WYOMING MEDICAL CENTER	\$367.55
ELKHORN VALLEY REHABILITATION HOSPITAL	\$60,449.54
Total Hosp. Claims	\$68,240.93
<u>Payable Medical Claims</u>	
ROCKY MOUNTAIN PM&R LLC	\$1,446.96
GILLETTE MEDICAL IMAGING PC	\$332.50
Powder River Orthopedics & Spine	\$161.82
Aune First Assisting	\$876.13
Total Med. Claims	\$2,817.41
	<u>Total Overcap Claims</u>
	\$71,058.34
<b><u>Risk-Premium Refund</u></b>	\$50,364.00
Total Approved Class (a)(iii) Claims	\$22,743,803.34
Estimated Cash for Distribution #1	\$6,000,000.00
Distribution Percentage to Class (a)(iii)	26.38%

Creditor Payout

<b><u>WYLHIGA</u></b>	\$5,967,967.80
<b><u>Over-Cap Claims</u></b>	
<u>Hospital Payments</u>	
CAMPBELL COUNTY MEMORIAL HOSPITAL	\$1,958.47
WYOMING MEDICAL CENTER	\$96.96
ELKHORN VALLEY REHABILITATION HOSPITAL	\$15,947.08
Total Hosp. Pmts.	\$18,002.51
<u>Payable Medical Claims</u>	
ROCKY MOUNTAIN PM&R LLC	\$381.72
GILLETTE MEDICAL IMAGING PC	\$87.72
Powder River Orthopedics & Spine	\$42.69
Aune First Assisting	\$231.13
Total Med. Pmts.	\$743.26
	<u>Total Overcap Claims</u>
	\$18,745.77
<b><u>Risk-Premium Refund</u></b>	\$13,286.43
Total Distribution Number 1:	\$6,000,000.00