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SR
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Counsel for Petitioner

**EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA**

SCOTT J. KIPPER, COMMISSIONER OF
INSURANCE, STATE OF NEVADA,

Petitioner,

vs.

FRIDAY HEALTH PLANS OF NEVADA, INC.,

Defendant.

CASE NO. A-23-871639-C
DEPARTMENT 18

[NO HEARING REQUESTED]

THIRD STATUS REPORT

Petitioner, SCOTT J. KIPPER, COMMISSIONER OF INSURANCE, STATE OF NEVADA as Receiver (“Commissioner” or “Receiver”) for FRIDAY HEALTH PLANS OF NEVADA, INC. (“Friday Health”), and Ellingson & Associates, LLC, as Special Deputy Receiver (“SDR”), file this third quarterly Status Report (“Report”). Pursuant to this Court’s orders and NRS Chapter 696B, the Receiver makes this “true report[s] in summary form of the insurer’s affairs under the receivership and of progress being made in accomplishing the objectives of the receivership.” NRS 696B.290(7).

1 **I. INTRODUCTION AND BACKGROUND**

2 Friday Health is a Nevada-domiciled insurer offering life and health products and health
3 insurance. In 2022, the Nevada Division of Insurance (“Division”) required Friday Health to infuse
4 capital to increase its total capital and surplus.¹ Despite the infusion, Friday Health’s financial
5 filings with the Division suggested that its capital was insufficient, and it was in financial distress.
6 The Commissioner of Insurance thus initiated delinquency proceedings with Friday Health’s
7 consent due to concerns about Friday Health’s financial condition.

8 On June 12, 2023, the Court entered an order, authorizing the Receiver to assume control
9 over Friday Health and attempt rehabilitation (“Receivership Order”). Subsequent to the
10 Receivership Order, the SDR worked to obtain records relating to Friday Health including
11 information regarding policyholders, claims status, and the company’s financial records. Upon
12 review of the same, the Receiver determined that Friday Health could not be rehabilitated as it was
13 unable to meet financial obligations as they become due and continuing operations would result in
14 further depletion of the limited remaining assets to the detriment of the company, policyholders,
15 creditors and public. As a result, this Court entered an order on June 25, 2023, finding Friday
16 Health to be insolvent and placing Friday Health into liquidation as of September 1, 2023.

17 **II. Receivership Administration**

18 **A. Liquidation, Policy Cancellation and Claims Processing**

19 As referenced in the First Quarterly Status Report, all Friday Health policies terminated on
20 August 31, 2023. Prior to the termination date, the SDR worked diligently to provide notice to those
21 affected and provided resources to assist in finding replacement policies.
22
23

24 ¹ Friday Health is one of several related companies scattered across the United States offering health
25 insurance, all of which are also in ongoing receivership due to financial inadequacy. As further detailed in
26 the Petition for Appointment of Receiver and exhibits thereto, Friday Health is a subsidiary of Friday Health
27 Plans Management Services Company, Inc. (“FHP Parent”), which is licensed as a non-resident third-party
28 administrator in Nevada, and as a non-resident producer firm in Nevada. FHP Parent is a subsidiary of
Friday Health Plans, Inc. (“FHP Ultimate Parent”), a Delaware company located in Colorado. FHP Parent
and FHP Ultimate Parent have other “Friday Health Plan” insurance companies in other states, including
Colorado, Texas, Georgia, Oklahoma, and North Carolina (collectively, “FHP Companies”). FHP Ultimate
Parent operated the FHP companies which are all now subject to receivership proceedings.

1 On March 7, 2024, the SDR filed a Motion Requesting the Setting of a Claiming Filing
2 Deadline and Granting Related Relief. Therein, the SDR has proposed a formal claim administration
3 process including a claims filing deadline of July 31, 2024. The claims process will be implemented
4 upon Court approval of the same. In the interim, the Nevada Life & Health Insurance Guaranty
5 Association² (“Guaranty Association”) has been activated and is working closely with the SDR to
6 pay Friday Health’s claims while providing coverage to Nevada's resident policyholders pursuant to
7 the provisions of NRS 686C. To date the Guaranty Association has paid 10,784 health claims in the
8 amount of \$9,149,427.02 and pharmacy benefits in the amount of \$1,486,000. The Guaranty
9 Association has approximately 1063 remaining claims to process. Providers continue to submit a
10 small amount of claims and appeals on a daily basis.

11 **B. Assignment for the Benefit of Creditors**

12 Friday Health Plans Management Services Company, Inc. (“MSC”) provided all operational
13 and management services to the various Friday Health plans pursuant to a management services
14 agreement. The MSC Board of Directors and Officers retained and authorized consultants to
15 redomesticate MSC to Delaware. MSC and its corporate parent Friday Health Plans, Inc.
16 commenced an Assignment for the Benefit of Creditors proceeding in the Court of Chancery for
17 the State of Delaware (“ABC Proceeding”). MSC ceased active operations on July 6, 2023, leaving
18 the Receivers to reconstruct the network of vendor agreements and secure critical employees
19 necessary to the continued operations of the estates. MSC violated its management services
20 agreements to provide services to the Friday Health companies. MSC is attempting to dispose of
21 assets belonging to the Friday Health estates in the ABC Proceeding in violation of multiple
22 receivership court injunctions. Due to concerns regarding the scope of the ABC Proceeding and
23 certain representations made therein regarding the control of assets that include Friday Health

24 _____
25 ² The Guaranty Association is “a statutory entity created in 1973 when the Nevada legislature enacted the
26 Nevada Life and Health Insurance Guaranty Association Act. The Guaranty Association is composed of all
27 insurers licensed to sell life insurance, accident and health insurance, and individual annuities in the state of
28 Nevada. In the event a member insurer is found to be insolvent and is ordered to be liquidated by a court,
the Guaranty Association Act enables the Guaranty Association to provide protection (subject to the
exclusions and limits spelled out in the Act) to Nevada residents who are holders of life and health insurance
policies and individual annuities with the insolvent insurer.” www.nvlifega.org

1 assets, the decision was made to work jointly with the other state receivers to contest the ABC
2 action and collectively assert state receivership rights in the ABC Proceeding. This Court has
3 granted the Receiver's motion to approve the rates of the Rosner Law Group.

4 A hearing on a motion to dismiss is currently scheduled in the ABC Proceeding for June
5 2024. The SDR will update this Court on future developments in the ABC Proceeding that may
6 impact this receivership.

7 **C. Reinsurance**

8 Friday Health participated in two reinsurance agreements. The SDR received notice from
9 AXA France Vie of their attempt to avoid certain liabilities owed to Friday Health under the parties
10 January 1, 2021, quota share reinsurance agreement. The SDR is currently evaluating the
11 reinsurer's claims. The second reinsurance agreement with OdysseyRe is currently performing
12 while both parties participate in commutation discussions.

13 **D. Receivership Assets and Liabilities**

14 The Receiver continues to gather information and evaluate Friday Health's assets and
15 liabilities. The SDR worked diligently to obtain access to and control of Friday Health bank
16 accounts. The SDR has prepared a liquidating balance sheet for submission to the Court. The
17 liquidating balance sheet is an estimate of assets and liabilities. The SDR makes no representations
18 or warranties. Cash on hand as of December 31, 2023, was \$3,404,825. *See, Exhibit A.*

19 Professional invoices for services and expenses have been reviewed and approved by the
20 Receiver and paid in accordance with this Court's approved process and a summary of the same is
21 attached hereto as **Exhibit B**. Copies of the invoices detailing the payments are being submitted
22 for *in-camera* review. *See, Exhibit C.*

23 **E. Receivers Allocation of Common Costs**

24 As outlined above, MSC provided all operational and management services to the various
25 Friday Health plans pursuant to a management services agreement including entering into all
26 contracts with vendors. The Receivers had to develop a methodology for the continuation of services
27 each vendor rendered prior to the receiverships. The SDR has reached an agreement with the
28 Receivers for the Friday Health estates from Colorado, Georgia, North Carolina, and Oklahoma to

1 fairly and equitably distribute common costs and assets for coordinated activities of the group.
2 Additionally, it is anticipated that the Guaranty Associations for the states of Colorado, Georgia,
3 North Carolina, Nevada, Oklahoma and Texas will sign onto the agreement. Coordination and
4 cooperation of the Receivers and Guaranty Associations was critical to ensure continuity of services
5 necessary for the runoff of the various estates in addition to the equitable recovery and distribution
6 of commingled assets. The Receivers have entered into runoff agreements with all vendors who were
7 necessary for the successful runoff of the estates. The agreements obligate the Receivers only for
8 post receivership services. All pre-receivership obligations will not be owed by the receivership
9 estates. An account has been established by the parties to prefund expenses to be paid in accordance
10 with the predetermined distribution methodology. The SDR has prefunded the account by
11 contributing \$551,000.00 with the Oklahoma Receiver as administrator of the account. Friday
12 Health of Nevada's total distribution to the common vendors at year end totaled \$86,039.87 with a
13 remaining balance in the prefunded account of \$464,960.13. Payments to the vendors will be
14 allocated among each of the receivership estates and each estate will either owe its equal share of
15 the amounts due certain vendors or will owe its percentage share of the fees based on metrics
16 including number of insureds and claims. These metrics provide for the most cost efficient method
17 of retaining vendors as Friday Health of Nevada had the fewest number of insureds. *See Exhibit D.*

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1 **III. CONCLUSION**

2 In compliance with NRS 696B and this Court’s instructions for status reports regarding
3 Friday Health’s affairs, the Receiver submitted this Report and requests that the Court approve the
4 Report and the actions taken by the Receiver.

5 DATED this 8th day of March, 2023.

Respectfully submitted:

6 Scott D. Kipper, Commissioner of Insurance of
7 the State of Nevada, in his Official Capacity as
8 Statutory Receiver of Delinquent Domestic
9 Insurer

10 By: /s/ Darren Ellingson
11 Special Deputy Receiver, By Its Authorized
12 Representative Darren Ellingson

13 Respectfully submitted by:

14 **GREENBERG TRAURIG, LLP**

15 /s/ Kara B. Hendricks

16 MARK E. FERRARIO, ESQ.
17 Nevada Bar No. 01625
18 KARA B. HENDRICKS, ESQ.
19 Nevada Bar No. 07743
20 JERRELL L. BERRIOS, ESQ.
21 Nevada Bar No. 15504
22 10845 Griffith Peak Drive, Suite 600
23 Las Vegas, Nevada 89135
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1 **CERTIFICATE OF SERVICE**

2 Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this 11th day of
3 September 2023, I caused a true and correct copy of the foregoing ***Third Status Report*** to be filed
4 with the Clerk of Court using the Odyssey e-FileNV Electronic Service system and served on all
5 parties with an email address on record, pursuant to Administrative Order 14-2 and Rule 9 of the
6 N.E.F.C.R.

7 On **March 8, 2024**, I served the within document(s):

8 via **FIRST CLASS MAIL**, by mailing a copy of the document(s) listed above to the
9 person(s) at the e-mail address(es) set forth below.

10 Matthew Taylor
11 701 S. Carson Street, Suite 200
12 Carson, City, Nevada 89701

13 Steven L. Victor
14 Senior Managing Director
15 DEVELOPMENT SPECIALISTS, INC.
16 10 S. LaSalle Street, Suite 3300
17 Chicago, Illinois 60603
18 Email: SVictor@DSIConsulting.com

19 */s/ Andrea Lee Rosehill*
20 _____
21 An employee of Greenberg Traurig, LLP
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EXHIBIT A

Friday Health Plans of Nevada, Inc. in Liquidation
Nevada Commissioner of Insurance as Receiver
Statement of Affairs as of December 31, 2023

Assets		Estimated Realizable Value
Cash		\$ 3,404,825
Investments at Fair Value		-
Premium Receivable, Net of AFDA	Note (4)	1,441,018
Prepaid Expenses -FHP, OK	Note (5)	464,960
Prepaid Network Rental Fee	Note (6)	2,000,000
Reinsurance Recoverable	Note (7)	14,100,987
Other Receivables	Note (8)	2,247,447
Due From Related Entity	Note (9)	1,705,511
Allowance for Unrecoverable Assets	Note (10)	(17,100,000)
Total Assets		<u><u>\$ 8,264,748</u></u>
 Liabilities		
Class 1 (A) Administrative Claims	Note (11)	75,654
Class 1 (B) Loss Claims	Note (12)	12,000,000
Class 1 (C) Unearned Premium Claims	Note (13)	187,331
Class 1 (D) Federal Claims	Note (14)	10,149,711
Class 1 (E) State and Local Claims	Note (15)	588,391
Class 1 (G) General Creditor Claims	Note (16)	151,274
Total Liabilities		<u>\$ 23,152,361</u>
 Equity		
Excess (Deficiency) of Assets over Liabilities	Note (17)	<u>\$ (14,887,613)</u>
Total Liabilities and Equity		<u><u>\$ 8,264,748</u></u>

The accompanying notes and schedules are an integral part of these financial statements

UNAUDITED

Friday Health Plans of Nevada, Inc. in Liquidation
Nevada Commissioner of Insurance as Receiver
Statement of Receipts and Disbursements
Period Ending December 31, 2023

	For the Month Ended <u>12/31/2023</u>	Cumulative From September 1, 2023 - <u>11/30/2023</u>	Cumulative From September 1, 2023 - <u>12/31/2023</u>
Cash Receipts			
Net Premium Collections	89	1,118	1,207
Provider Refunds	1,262	8,562	9,824
Subrogation Recovery	-	47,131	47,131
APTC	-	-	-
Risk Adjustment Receipts	-	-	-
Transfer from Investments	-	-	-
Interest and Other Receipts	-	-	-
	<u>1,351</u>	<u>56,811</u>	<u>58,163</u>
Cash Disbursements & Distributions			
Health Care Expenses	-	(192,975)	(192,975)
Direct Expenses(Commissions, Exchanges fees & Premium Taxes)	-	-	-
Cost Share	-	551,000	551,000
Professional fees and Expenses	713	257,825	258,537
Lease and Information Systems Expenses	-	-	-
Other Operating expenses	-	154	154
Member Refund	6,969	10,351	17,319
Total Cash Disbursements	<u>7,681</u>	<u>626,355</u>	<u>634,036</u>
Distributions			
Administrative Claims (Class 1 (A))	-	-	-
Loss Claims (Class 1(B))	-	-	-
Unearned Premiums Claims (Class 1 (C))	-	-	-
Risk adjustments & Exchange Claims (Class 1 (D))	-	-	-
Premium Taxes & Unclaimed Property Claims (Class 1 (E))	-	-	-
General Creditor Claims (Class 1 (G))	-	-	-
Distribution to Guaranty Association	-	-	-
Total Cash Distributed	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Disbursements & Distributions	<u><u>7,681</u></u>	<u><u>626,355</u></u>	<u><u>634,036</u></u>
Net Increase (Decrease) in Cash	<u><u>(6,330)</u></u>	<u><u>(569,544)</u></u>	<u><u>(575,873)</u></u>
Cash and Cash Equivalents, Beginning of the Period	<u><u>3,411,155</u></u>	<u><u>3,980,698</u></u>	<u><u>3,980,698</u></u>
Cash and Cash Equivalents, Ending Period	<u><u>3,404,825</u></u>	<u><u>3,411,154</u></u>	<u><u>3,404,825</u></u>
Schedule of Cash- Summary	<u><u>3,404,825</u></u>	<u><u>3,411,155</u></u>	

Friday Health Plans of Nevada, Inc. in Liquidation
Nevada Commissioner of Insurance as Receiver
Notes to Financial Statements

Dated December 31, 2023

1. Estate Information:

Friday Health Plans of Nevada, Inc. ("FHP-NV") was a health organization domiciled in Nevada that was placed into rehabilitation on June 12, 2023 and liquidation on September 1, 2023. As a result of the Liquidation all policies were terminated as of August 31, 2023.

2. Basis of Presentation:

The accompanying financial statements have been prepared on a modified cash basis of accounting. Assets are stated at their estimated realizable values, while liabilities are stated at their full estimated values and are adjusted as evaluated, and or paid. The Receiver makes no representations or warranties regarding the accuracy of the information and amounts.

3. Unaudited:

The accompanying financial statement have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with the general accepted accounting principles.

4. Premium Receivable :

Premium receivable represents amounts due for Advance Premium Tax Credit ("APTC") from Center for Medicare & Medicaid Services (CMS). The Receiver has estimated these amounts from information available to, known, or estimated by the Receiver as of the date of these financial statements.

5. Prepaid Expenses:

Prepaid Expenses represent the net amount paid to Friday Health Plans of Oklahoma for the initial Run-Off FHP Cost Share Agreement funding reduced by incurred expenses since the date of Receivership.

6. Prepaid Network Rental Agreement

Agreement entered on September 14, 2022 between FHP-NV and Hometown Health Providers Insurance Company, Inc. ("Hometown Health") for Network Rental and Repricing Services.

7. Reinsurance Receivables

Reinsurance receivables represent amounts due from the Odyssey Re and AXA France Vie.

8. Other Receivables:

Other receivables represent mainly the pharmacy rebates receivable for approximately \$1.4 million due from Capital Rx and approximately \$.8 million from provider receivables.

9. Due from Related Entities.

Amounts Due from Related Entity includes the amount due from FHP-NV Parent and Affiliates. Current amounts are based on amounts reported by FHP-NV.

10. Allowance for Unrecoverable Assets

Allowance for Unrecoverable Assets is a general reserve estimated by the Receiver for assets that may not be recovered at statement value.

11. Administrative Claims Class 1 (A)

Amounts outstanding for services through December 31, 2023 are as follows

Ellingson & Associates, LLC	\$74,564
Examination Resources, LLC	\$1,000
Total	<u>\$75,564</u>

12. Policyholder and Guaranty Association Claims - Class 1 (B)

Amounts include an estimate of potential amounts recorded as the date of these financial statements. These amounts were not derived from actuarial professionals or analysis. The Receiver has estimated these amounts from information available to, known, or estimated by the Receiver as of the date of these financial statements.

Loss Claims Payable to GA	\$9,439,000
Unpaid Loss Claims	2,561,000
Total	<u>\$12,000,000</u>

13. Policyholder and Guaranty Association Claims - Class 1 (C)

Amounts include an estimate of potential amounts recorded as the date of these financial statements. These amounts were not derived from actuarial professionals or analysis. The Receiver has estimated these amounts from information available to, known, or estimated by the Receiver as of the date of these financial statements.

Unearned Premiums	\$187,331
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14. Federal Claims Class 1 (D)

Amounts include an estimate of potential amounts recorded as the date of these financial statements for Risk Adjustment Payables for the 2023 year. These amounts were not derived from actuarial professionals or analysis. The Receiver has estimated these amounts from information available to, known, or estimated by the Receiver as of the date of these financial statements.

15. State and Local Claims Class 1 (E)

Amounts include an estimate of potential amounts recorded as the date of these financial statements.

16. General Claims Class 1 (G)

Class 1 (G) General claims represent amounts the Company owes to all other vendors and creditors

vendors and creditors. These represent Class 1 (G) claims for priority of distributions pursuant to N.V. NRS 696B.420. It is anticipated the assets of the estate will not be sufficient to pay these claims.

17. Excess (Deficiency) of Assets over Liabilities:

The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.

EXHIBIT B

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Exhibit B

Professional invoices for services and expenses have been reviewed and approved by the Receiver and paid in accordance with this Court’s approved process and a summary of the same is set forth below.

COMPANY	DESCRIPTION	AMOUNT
Greenberg Traurig	November 2023	\$5,941.50
Examination Resources	November 2023	\$600.00

EXHIBIT C

submitted *in camera*

EXHIBIT D

NEVADA'S PAID EXPENSES (THROUGH 12/2023)

Vendor	Total Cost Share
Adobe, Inc.	2,857.59
Arctic Wolf/ANM	1,414.78
Atlassian	0.55
BOK	0.28
CenturyLink	81.27
City of Alamosa	57.07
Consensus Cloud Solutions (eFax)	35.84
Dialpad	7,667.74
FAIR Health	3,516.28
FedEx	0.90
HealthEdge	2,989.68
Inovalon	18,212.05
Jade Communications	44.03
Lumen (CenturyLink)	7.18
Mission Cloud	6,164.16
Pitney Bowes Purchase Power	18.69
Propio LS, LLC	28.17
The Rosner Law Group	5,808.99
TK Elevator Corporation	9.12
UST Administration (SOW1)	14,110.00
UST Administration (SOW2)	11,093.27
UST Appeals and Grievances (SOW2)	4,564.75
UST Billing and Enrollment/Broker (SOW2)	4,933.55
XcelEnergy	43.44
Zipari	2,380.50
Vendor Total	<u>86,039.87</u>

NEVADA CONTRIBUTIONS

Contribution Date	Amount
9/18/2023	<u>551,000.00</u>
Contribution Total	<u>551,000.00</u>
Net Contribution	464,960.13