

**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT, IN AND FOR
LEON COUNTY, FLORIDA**

In Re: The Receivership of

MD Medicare Choice, Inc.,
a Florida Health Maintenance Organization /

CASE NO.: 2008-CA-3191

**RECEIVER'S MOTION FOR ORDER APPROVING FINAL CLAIMS REPORT, CLAIMS
DISTRIBUTION REPORT, DISTRIBUTION ACCOUNTING STATEMENT AND
AUTHORIZING DISTRIBUTION**

COMES NOW, the Florida Department of Financial Services, as Receiver of MD Medicare Choice, Inc. (hereinafter "Receiver"), by and through the undersigned counsel, and hereby files this Motion for Order Approving Final Claims Report, Claims Distribution Report, Distribution Accounting Statement, and Authorizing Distribution, and as good grounds therefore states:

1. MD Medicare Choice, Inc., ("MDMC"), was a corporation authorized in 2005 by the Florida Office of Insurance Regulation pursuant to the Florida Insurance Code to transact business in the state of Florida as a Medicare Advantage health maintenance organization.

2. On September 29, 2008, this Court entered its *Order Appointing the Florida Department of Financial Services as Receiver of MD Medicare Choice, Inc. for Purposes of Liquidation, Injunction, and Notice of Automatic Stay*, effective September 30, 2008 ("Liquidation Order").

3. Pursuant to section 631.021(1), Florida Statutes, this Court has jurisdiction over the Receivership and is authorized to enter all necessary and/or proper orders to carry out the purpose of the Florida Insurers Rehabilitation and Liquidation Act, sections 631.001 et seq., Florida Statutes.

4. On June 1, 2012, this Court entered an *Order Approving Receiver's First Interim Claims Report and Recommendation on Claims*. The First Interim Claims Report reflects the Receiver's evaluation and recommendations on claims filed in Class 1 and Class 2.

5. On June 7, 2013, this Court entered an Order authorizing a Class 2 distribution. Pursuant to the Order, the Receiver made a final distribution of \$1,216.68 to claimants in Class 2, which constitutes 100% of the amount recommended in Class 2.

6. On May 26, 2015, this Court entered an *Order Approving Receiver's Second Interim Claims Report and Recommendation on Claims*. The Second Interim Claims Report reflects the Receiver's evaluation and recommendations on claims filed in Classes 3-10. As indicated in the Receiver's Motion, there were no claims filed in Classes 3, 7, and 9. Because the limitation of assets in the estate will not allow for a distribution beyond Class 6 claims, claims in Classes 8 and 10 were evaluated for class only.

7. On December 12, 2015, this Court entered an *Order Approving Receiver's Third Interim Claims Report and Recommendation on Claims*. The Third Interim Claims Report reflects the Receiver's evaluation and recommendation on a Class 8 claim that was filed after the Second Interim Claims Report was presented to this Court for approval.

8. On March 24, 2016, this Court entered an *Order Approving Release Agreement with the United States, Approving Final Claims Report and Claims Distribution Report for Class 4 Claims, Approving Distribution Accounting Statement, and Authorizing Class 4 Distribution*. Pursuant to the Order, the Receiver made a final distribution of \$5,588,345.84 to all claimants in Class 4, which constitutes 100% of the amount recommended in Class 4.

9. The Receiver has compiled a Final Claims Report dated May 3, 2016, which reflects the classification of all filed claims by priority in accordance with section 631.271,

Florida Statutes, and the claims filing deadline. This report also incorporates the resolution of all timely filed objections and claimant information updates. The Final Claims Report is attached hereto and incorporated herein by reference as **Exhibit “A.”**

10. The Final Claims Report reflects that 2,413 non-guaranty association claims were filed with an aggregate claim amount of \$150,279,585.75, of which the total amount recommended by the Receiver to be paid is \$80,304,941.72.

11. With the approval of the Receiver’s Final Claims Report, the Receiver is now in the position to make a final distribution of receivership assets. Said assets will be distributed to claimants in Classes 5-6 in accordance with the Claims Distribution Report dated April 28, 2016. The Claims Distribution Report is attached hereto and incorporated herein by reference as **Exhibit “B.”**

12. The Receiver has compiled a Distribution Accounting Statement—*Projected for a May 2016 Distribution*, (the “*Distribution Accounting*”). As shown in the *Distribution Accounting*, the Receiver is prepared to make a final distribution of \$14,026,922.99 to all claimants in Classes 5-6 which constitutes 100% of the amount recommended in Class 5 and 18.7196% of the amount recommended in Class 6. The final pro-rata calculation and the amount distributed may have a slight variance due to rounding at the time of check processing. The *Distribution Accounting* is attached hereto and incorporated herein by reference as **Exhibit “C.”**

13. The Receiver recommends that the Final Claims Report, Claims Distribution Report, and Distribution Accounting be approved.

14. Upon the filing of this Motion for Order Authorizing Distribution, no further assignment of claim shall be accepted by the Receiver.

15. In an ongoing effort to maintain accuracy and efficiency, the Receiver proactively works to update its records to reflect change of address information for interested parties (e.g. agents, claimants, creditors, policyholders, subscribers) before mailing notifications and distribution checks. The Receiver has access to databases and other publicly available information that provides updated address information. The Receiver requests the authority to search for change of address information when applicable and to use the change of address information for future mailings without further direction of this Court.

16. Despite its best efforts, the Receiver is not always able to distribute funds to every claimant when funds are ready for distribution due to either bad addresses or W-9 issues. The Receiver recommends that the unclaimed funds be transferred to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Receiver's files.

WHEREFORE, the Receiver moves this Honorable Court for entry of an Order:

A. Approving and adopting the Receiver's Final Claims Report, Claims Distribution Report and Distribution Accounting Statement;

B. Directing the Receiver to make the above-referenced distribution to the claimants as indicated in the Distribution Accounting;

C. Directing the Receiver not to recognize or accept further assignment of claims;

D. Authorizing the Receiver to update its records to incorporate change of address information for an interested individual/entity (e.g. agent, claimant, creditor, policyholder, subscriber) if the Receiver determines that there has been a change of address for an interested individual/entity and authorizing the Receiver to use the change of address

information for future mailings; and

E. Authorizing the Receiver to transfer unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Receiver's files.

RESPECTFULLY SUBMITTED this the 5th day of May, 2016.

/s/ Jamila G. Gooden
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FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION
MD MEDICARE CHOICE
FINAL CLAIMS REPORT
PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

EXHIBIT A

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS	\$150,279,585.75
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS	\$80,304,941.72
TOTAL NUMBER	2,413

Secured Claims

COUNT OF SECURED CLAIMS :	77
AMOUNT CLAIMED FOR SECURED CLAIMS BY NON GUARANTY ASSOCIATION	\$533,344.79
AMOUNT RECOMMENDED FOR SECURED CLAIMS TO NON GUARANTY ASSOCIATION	

UnSecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 6 CLAIMS :	2,104
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION	\$90,826,652.71
AMOUNT RECOMMENDED FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :		AMOUNT RECOMMENDED FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	\$74,665,548.16
COUNT OF CLASS 2 CLAIMS :	34	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION	\$71,741.77	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECOMMENDED FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$1,216.68	AMOUNT RECOMMENDED FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 3 CLAIMS :	0	COUNT OF CLASS 8 CLAIMS :	115
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION	\$4,088,097.42
AMOUNT RECOMMENDED FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECOMMENDED FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 4 CLAIMS :	4	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION	\$5,610,545.29	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECOMMENDED FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$5,588,345.84	AMOUNT RECOMMENDED FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 5 CLAIMS :	67	COUNT OF CLASS 10 CLAIMS :	12
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION	\$92,490.41	AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY NON GUARANTY ASSOCIATION	\$49,056,713.36
AMOUNT RECOMMENDED FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$49,831.04	AMOUNT RECOMMENDED FOR CLASS 10 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	

Note: If status is unevaluated, then dollar amounts have been suppressed

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED	\$81,198,585.21
TOTAL AMOUNT RECOMMENDED	\$74,715,379.20
TOTAL NUMBER	1,934

Secured Claims

COUNT OF SECURED CLAIMS :	0
AMOUNT CLAIMED FOR SECURED CLAIMS :	
AMOUNT RECOMMENDED FOR SECURED CLAIMS :	

Unsecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 6 CLAIMS :	1,896
AMOUNT CLAIMED FOR CLASS 1 CLAIMS :		AMOUNT CLAIMED FOR CLASS 6 CLAIMS :	\$81,145,667.26
AMOUNT RECOMMENDED FOR CLASS 1 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 6 CLAIMS :	\$74,665,548.16
COUNT OF CLASS 2 CLAIMS :	0	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS :		AMOUNT CLAIMED FOR CLASS 7 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 2 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 7 CLAIMS :	
COUNT OF CLASS 3 CLAIMS :	0	COUNT OF CLASS 8 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS :		AMOUNT CLAIMED FOR CLASS 8 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 3 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 8 CLAIMS :	
COUNT OF CLASS 4 CLAIMS :	0	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 4 CLAIMS :		AMOUNT CLAIMED FOR CLASS 9 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 4 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 9 CLAIMS :	
COUNT OF CLASS 5 CLAIMS :	38	COUNT OF CLASS 10 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS :	\$52,917.95	AMOUNT CLAIMED FOR CLASS 10 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 5 CLAIMS :	\$49,831.04	AMOUNT RECOMMENDED FOR CLASS 10 CLAIMS :	

Note: if status is unevaluated, then dollar amounts have been suppressed

Claim Distribution Listing
For Company # 519
MD MEDICARE CHOICE

04/28/2016
09:37:59

Parameters used for Distribution Processing

		GF	Non-GF	
Post Period	10-2016			
		Class 1 Percentage	0.0000	0.0000
		Class 2 Percentage	0.0000	0.0000
Doc Date	04/28/2016	Class 3 Percentage	0.0000	0.0000
		Class 4 Percentage	0.0000	0.0000
		Class 5 Percentage	100.0000	100.0000
		Class 6 Percentage	18.7196	18.7196
		Class 7 Percentage	0.0000	0.0000
		Class 8 Percentage	0.0000	0.0000
		Class 9 Percentage	0.0000	0.0000
		Class 10 Percentage	0.0000	0.0000
		Class 11 Percentage	0.0000	0.0000
		Secured Percentage	0.0000	0.0000

MD Medicare Choice, Inc.
Distribution Accounting
Projected for May 2016 Distribution

ESTIMATED ASSETS AT APRIL 30, 2016

	Value	Reference
Cash	\$ 14,148,130.84	Schedule A
Total Assets	\$ 14,148,130.84	

ESTIMATED FUNDS RETAINAGE

	Value	Reference
Class I - Administrative Claims		
Retainage for Receiver Expenses		
Estimate (May - September 2016)	112,200.00	Schedule B
Discharge Expenses		
Retainage for records storage, records		
destruction, tax return prep. & labor (post September 2016)	9,000.00	Schedule E
Total Proposed Retainage	121,200.00	
TOTAL AVAILABLE TO DISTRIBUTE	\$ 14,026,930.84	

DISTRIBUTION RECOMMENDATION

	Claims Value	Less Previous Claims Distributions	Value of Claims Outstanding	Apply Adv. Pmts. to Guaranty Assoc.	Recommended Distribution	% Value of Claims Outstanding	% Value of Gross Filed Claims	Total % of Claims Value Distributed
Class I - Administrative Claims-Guaranty Funds	\$ -	\$ -	\$ -	-	\$ -	0.0000%	0.0000%	0.0000%
Class II - Loss Claims-Guaranty Funds	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class II - Loss Claims-Other	1,216.68	1,216.68	-	X	-	0.0000%	0.0000%	100.0000%
Class III - Return Premium Claims-Guaranty Funds	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class III - Return Premium Claims-Other	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class IV - Federal Government Claims	5,588,345.84	5,588,345.84	-	X	-	0.0000%	0.0000%	100.0000%
Class V - Employee Claims	49,831.04	-	49,831.04	-	49,831.04	100.0000%	100.0000%	100.0000%
Class VI - General Creditors Claims-Guaranty Funds	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class VI - General Creditors Claims-Other	74,665,548.16	-	74,665,548.16	-	13,977,091.95	18.7196%	18.7196%	18.7196%
Class VII - State & Local Government Claims	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class VIII - Late Filed Claims	4,088,097.42	-	4,088,097.42	-	-	0.0000%	0.0000%	0.0000%
Class X - Shareholder Claims	49,056,713.36	-	49,056,713.36	-	-	0.0000%	0.0000%	0.0000%
Totals	\$ 133,449,752.50	\$ 5,589,562.52	\$ 127,860,189.98	\$ -	\$ 14,026,922.99			

Index to Attached Schedules

- Schedule A - Available Cash Projection
- Schedule B - Estimated Funds to be Retained by the Receiver for Discharge of the Estate
- Schedule C - Allocated State Funds Expensed
- Schedule D - Interest Earnings Projection - Pooled Cash
- Schedule E - Receiver Discharge Expenses

MD Medicare Choice, Inc.
Available Cash Projection
Projected for May 2016 Distribution

	Cash Bal. as of March 31, 2016	Apr-16
Beginning Pooled Cash Balance		\$ 14,151,241.37
Direct Receiver Expenses (Actual or Estimated)		
Rent-Storage, Utilities, Bank Charges		350.00
Sub-total		350.00
Allocated Receiver Expenses (Estimated)		
Labor & Benefits		23,186.00 ¹
Indirect Expenses		3,600.00 ²
Sub-total		26,786.00
Cash Balance Before Interest Earnings		14,124,105.37
Interest Earnings		
Pooled Cash:		
SPIA Earnings from March to be credited on April 1, 2016.		24,025.47
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule D).		
Ending Pooled Cash Balance	\$ 14,151,241.37	\$ 14,148,130.84

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average. Doubled for increased activity during distribution.

December Actual	\$ 10,387.87
January Actual	3,493.31
February Actual	8,743.03
March Actual	23,745.93
Sub-total	46,370.14
4 mth. actual average (rounded)	11,593.00
Doubled for increased activity level	\$ 23,186.00

² Indirect Expenses: This estimate is MD Medicare's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on MD Medicare's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	1.00%
Estimated Total for the Receiver	\$ 180,000.00
Estimated Expense (rounded and doubled)	\$ 3,600.00

MD Medicare Choice, Inc.
Estimated Funds to be Retained by the Receiver for Discharge of the Estate
Estimated from May 2016 through the Projected Discharge Date of September 2016

	April	May	Jun - Sept	Retainage Calculation
Beginning Cash Balance		\$ 14,148,130.84	\$ 105,071.85	
Direct Receiver Expenses				
Postage, Check Stock, Bank Fees		1,000.00	720.00	
Rent - Storage, Utilities		350.00	1,400.00	
Sub-total		<u>1,350.00</u>	<u>2,120.00</u>	\$ 3,470.00
Allocated Receiver Expenses				
Labor & Benefits		23,186.00	92,744.00 ¹	
Indirect Expenses		3,600.00	7,200.00 ²	
Sub-total		<u>26,786.00</u>	<u>99,944.00</u>	\$ 126,730.00
Claims Distribution (Approx.)		<u>14,026,922.99</u>		
Cash Balance Before Interest Earnings		93,071.85	3,007.85	
Interest Earnings				
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule D).		12,000.00	6,000.00	\$ 18,000.00
Projected Ending Cash Balance	<u>\$ 14,148,130.84</u>	<u>\$ 105,071.85</u>	<u>\$ 9,007.85</u>	<u>\$ 112,200.00</u>

Assumptions for Allocated Receiver Expenses

¹ Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor through distribution. Doubled for increased activity during distribution.

December Actual	\$ 10,387 87
January Actual	3,493 31
February Actual	8,743 03
March Actual	23,745 93
Sub-total	<u>46,370.14</u>
4 mth. actual average (rounded)	<u>\$ 11,593 00</u>
Doubled for increased distribution activity	<u>\$ 23,186 00</u>

² Indirect Expenses: This estimate is MD Medicare's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on MD Medicare's estimated total assets divided by the Receiver's estimated total assets for all receiverships. Estimates are doubled through distribution month and reduced to the monthly average for June through September.

Estimated Total Asset %	1.00%
Estimated Total for the Receiver	<u>\$ 180,000 00</u>
4 mth. Actual average (rounded)	<u>\$ 1,800 00</u>
Estimated Expense (rounded and doubled)	<u>\$ 3,600 00</u>

MD Medicare Choice, Inc.
Allocated State Funds Expensed
 Estimated from April 2016 through the Projected Discharge Date of September 2016
THIS STATEMENT INCLUDED FOR INFORMATION PURPOSES ONLY - AMOUNTS NOT PART OF DISTRIBUTION CALCULATION

	April	May - Sept.	Totals
Accrued Allocated State of Florida Expenses (Estimated)			
Labor & Benefits	\$ -	\$ -	\$ -
Indirect Expenses	400.00	2,000.00	2,400.00
Total	\$ 400.00	\$ 2,000.00	\$ 2,400.00 ³

Assumptions for Allocated State of Florida Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor activity during the distribution period.

December Actual	-
January Actual	-
February Actual	-
March Actual	-
Sub-total	-
4 mth. actual average (rounded)	\$ -

² Indirect Expenses: This estimate is MD Medicare's estimated pro rata share of the State's estimated total indirect expenses. The pro rata share calculation is based on MD Medicare's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	1.00%
Estimated Total for the State	\$ 40,000.00
Estimated Expense (rounded)	\$ 400.00

³ Per current Receiver policies and procedures, these accumulated amounts are recorded as contributions to equity.

MD Medicare Choice, Inc.
Interest Earnings Projection - Pooled Cash
Projected for May 2016 Distribution

Interest accrued for April 2016

Beginning cash balance at 04/01/2016	\$	14,151,241.37
Ending cash balance at 04/30/2016		14,148,130.84
Average cash balance for April		14,149,686.11
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		141,496.86

Accrual for April (Rounded) **\$** 12,000.00

Interest accrued for May 2016

Beginning cash balance at 05/01/2016		14,148,130.84
Ending cash balance at 05/31/2016		105,071.85
Average cash balance for May		7,126,601.35
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		71,266.01

Accrual for May (Rounded) **\$** 6,000.00

Interest accrued for June - September 2016

Beginning cash balance at 06/01/2016		105,071.85
Ending cash balance at 09/30/2016		9,007.85
Average cash balance for June - September		57,039.85
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		570.40

Accrual for June - September (Rounded) **\$** -

**MD Medicare Choice, Inc.
Receiver Discharge Expenses
Projected for May 2016 Distribution**

Discharge Expenses (Projected for Post 9/2016)

Records Storage, Records Scanning, Labor
& Tax Returns for 2015-16 Preparation

\$ 9,000.00

Total

\$ 9,000.00