

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____
DEPUTY CLERK

ORDER

Considering the foregoing Motion to Set Hearing on the Objections of Scott Westbrook and MedImpact Health Care Systems, Inc. to the Receiver's Recommendation that Their Claims be Denied and Disallowed filed by the Receiver for AmCare Health Plans of Louisiana, Inc. In Liquidation

IT IS ORDERED that Scott Westbrook and MedImpact Health Systems, Inc. and all interested persons appear and show cause on the 6 day of Feb., 2012 at 1:00 p.m.

Why the Receiver's recommendation as to the claims of Scott Westbrook and the claims of MedImpact Health Systems, Inc. that said claims should be denied and disallowed should not be approved by this Court and said claims denied and disallowed in their entirety.

Baton Rouge, Louisiana, this 3 day of Jan, 2012

James Clark
JUDGE, DIVISION D

PLEASE SERVE:

Scott Westbrook ✓
at his last known address
7777 Hennessy Boulevard
Suite 1004
Baton Rouge, LA 70808
and
through his attorney of record
J. Wendell Clark ✓
Long Law Firm
4041 Essen Lane, Suite 500
Baton Rouge, LA 70809

MedImpact Health Systems, Inc.
through the attorney of record
by Long Arm Service to:
Kenneth N. Russak
Pillsbury Winthrop Shaw Pittman
725 S. Figueroa Street
Suite 2800
Los Angeles, California 90017

and through the
Louisiana Secretary of State

and to
Nancy Sexton
c/o Med Impact Health Systems, Inc.
10680 Trenea Street
San Diego, CA 92131

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DEPUTY CLERK

Filed on Behalf of – State of Louisiana – State Pays No Court Costs
La. R.S. 13:4521

**MOTION TO SET HEARING ON THE OBJECTIONS OF SCOTT WESTBROOK AND
MEDIMPACT HEALTH CARE SYSTEMS, INC. TO THE RECEIVER'S
RECOMMENDATION THAT THEIR CLAIMS BE DENIED AND DISALLOWED**

NOW INTO COURT, through undersigned counsel comes, James J. Donelon,
Commissioner of Insurance for the State of Louisiana as Liquidator for AmCare Health Plans of
Louisiana, Inc. In Liquidation, through the Court-appointed Receiver, Michael Adams
("AmCare-LA"), who suggests to the Court that a hearing should be set in this matter to consider
the two remaining objections of Scott Westbrook and Med Impact Health Systems, Inc. to the
Receiver's Recommendation to the Court that these two claims should not be approved and
allowed, for the following:

1.

In June 2005, the AmCare-LA Receiver filed a Petition and Rule to Consider Report of Receiver
on Claims Against AmCare Health Plans of Louisiana, Inc. In Liquidation and Recommendations
to the Court on the Priority and Amounts of Allowance of Claims, a copy of the Petition is
attached hereto and incorporated herein as **Exhibit A**. The Receiver's report as to the written
objections to the allowed claims is attached hereto and incorporated herein as **Exhibit B**.

2.

Of the four objections filed, only two remain open, following a hearing on January 23, 2006,
which was continued by consent of the parties, which are the objection of Scott Westbrook to the
recommendation to disallow his claim, and the objection of MedImpact Healthcare Systems, Inc.

to the recommendation to disallow its claim, both of which are yet to be determined by the Court

3.

For the reasons explained in the Receiver's report as to the written objections of Scott Westbrook and Med Impact Healthcare Systems, Inc., the Receiver requests that the objections be set for hearing and thereafter the Court rule that the claims of Scott Westbrook and MedImpact Health Systems, Inc. be denied.

WHEREFORE, James J. Donelon, Commissioner of Insurance for the State of Louisiana as Liquidator for AmCare Health Plans of Louisiana, Inc. In Liquidation, through the Court-appointed Receiver, Michael Adams, prays that this Court set a hearing to consider the objections of Scott Westbrook and MedImpact Health Systems, Inc. to the Receiver's recommendation that their claims be denied and disallowed, and thereafter issue an order denying and disallowing their claims in this matter in their entirety, and for all other appropriate relief.

Respectfully submitted,

BURGLASS & TANKERSLEY, LLC



SUE BUSER (18151)

5213 Airline Drive

Metairie, Louisiana 70001-5602

Phone: (504) 836-2220

Telefax: (504) 836-2221

Attorneys for JAMES J. DONELON

Commissioner of Insurance for the State of Louisiana as
Liquidator of AmCare Health Plans of Louisiana, Inc.

**EXHIBITS TO MOTION TO SET HEARING ON THE OBJECTIONS OF
SCOTT WESTBROOK AND MEDIMPACT HEALTH CARE SYSTEMS, INC.
TO THE RECEIVER'S RECOMMENDATION
THAT THEIR CLAIMS BE DENIED AND DISALLOWED**

- Exhibit A Petition and Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. In Liquidation and Recommendations to the Court on the Priority and Amounts of Allowance of Claims
- Exhibit B AmCare Health Plans of Louisiana, Inc. In Liquidation Receiver's Report as to the Written Objections to the Allowed Claims

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FILED: _____

DEPUTY CLERK

ORDER

Considering the foregoing Motion to Set Hearing on the Objections of Scott Westbrook and MedImpact Health Care Systems, Inc. to the Receiver's Recommendation that Their Claims be Denied and Disallowed filed by the Receiver for AmCare Health Plans of Louisiana, Inc. In Liquidation:

IT IS ORDERED that Scott Westbrook and MedImpact Health Systems, Inc. and all interested persons appear and show cause on the ____ day of _____, 201__ at ___ a.m. why the Receiver's recommendation as to the claims of Scott Westbrook and the claims of MedImpact Health Systems, Inc. that said claims should be denied and disallowed should not be approved by this Court and said claims denied and disallowed in their entirety.

Baton Rouge, Louisiana, this ____ day of _____, 2011.

JUDGE, DIVISION D

PLEASE SERVE:

Scott Westbrook
at his last known address
7777 Hennessy Boulevard
Suite 1004
Baton Rouge, LA 70808
and
through his attorney of record
J. Wendell Clark
Long Law Firm
4041 Essen Lane, Suite 500
Baton Rouge, LA 70809

MedImpact Health Systems, Inc.
through the attorney of record
by Long Arm Service to:
Kenneth N. Russak
Pillsbury Winthrop Shaw Pittman
725 S. Figueroa Street
Suite 2800
Los Angeles, California 90017

and through the
Louisiana Secretary of State

and to
Nancy Sexton
c/o Med Impact Health Systems, Inc.
10680 Treena Street
San Diego, CA 92131

NINETEENTH JUDICIAL DISTRICT COURT
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FILED: _____

DEPUTY CLERK

PETITION AND RULE TO CONSIDER REPORT OF RECEIVER FOR CLAIMS
AGAINST AMCARE HEALTH PLANS OF LOUISIANA, INC. IN LIQUIDATION
AND RECOMMENDATIONS TO THE COURT ON THE PRIORITY AND
AMOUNT OF ALLOWANCE OF CLAIMS

NOW INTO COURT through undersigned counsel comes Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation (the "Receiver") who respectfully represents that:

1.

AmCare Health Plans of Louisiana, Inc. ("AmCare") was a health maintenance organization that was placed by order of this honorable Court in rehabilitation on October 27, 2002 and in liquidation on November 12, 2002, and the Receiver was appointed by the Court pursuant to those orders. Pursuant to said order of liquidation, the Receiver began to marshal the assets of the estate and prioritize and adjust claims of the estate.

2.

The Receiver, pursuant to Louisiana Revised Statute 22: 749 and the liquidation order and other orders signed by this Court, mailed a proof of claim to all persons listed in the books and records of AmCare at their last known address requesting that they forward the completed proof of claim form with supporting documentation to the Receiver. In addition, pursuant to the orders of this honorable Court, the Receiver placed an advertisement in all major newspapers in the State of Louisiana requesting claimants file proof of claim. The Receiver mailed 17,063 notices and proofs of claim and has received back proofs of claim from 2,683 filed proofs of claim representing 57,951 claims.

3.

The Receiver has reviewed and adjudicated the claims submitted and the books and records of AmCare, and has categorized the claims of the AmCare members, subscribers, providers and creditors, as explained hereto.

EXHIBIT

A

4.

The Receiver reports to the Court as to the claims and seeks instruction from the Court as to the allowance and priority of each claim.

5.

The Receiver has not completed marshaling all of AmCare's assets and therefore this motion does not address the actual distribution of assets that may ultimately be made to AmCare members, subscribers, providers and creditors of AmCare. Given the financial condition of the AmCare estate, the amount distributed on the claims will likely be less than the recommended "allowed" amount because of anticipated insufficiency of funds in the AmCare estate.

6.

L.A. R.S. 22:746 establishes the categories and priorities of claims against an estate as follows:

- (1) the costs and expenses of administration and the claims handling expenses of any applicable guaranty association.
- (2) the claims of policyholders, beneficiaries and insureds and any applicable guaranty association.
- (3) other claims of the federal government.
- (4) compensation due to employees other than officers of an insurer.
- (5) the claims under policies for unearned premiums or other premium refunds and the claims of general creditors, including claims of ceding and assuming companies.
- (6) all other claims, including those deemed untimely filed.

7.

The Receiver has established the amounts due and to be allowed for the AmCare claimants who have filed proofs of claim, other than the claims of Med Impact Healthcare Systems, Inc. ("Med Impact"), which claims are still under investigation by the Receiver, the claims related to the United States Office of Personnel Management ("OPM"), and the claims of the Office of State Group Benefits, which are still under discussion.

8.

Exhibit A, which is attached hereto and incorporated herein, contains a summary listing of all AmCare members, subscribers, providers, and creditors who have filed proofs of claim with the Receiver, both timely filed and untimely filed.

9.

Exhibit A contains the information which reflects the Receiver's recommendation in globo to the Court as to the class and amount of the Class 2 through Class 6 claims filed against the AmCare estate, other than the claims of Med Impact, OPM, and the Office of State Group Benefits. Beginning with Class 1, the members of each class must be paid in full before any member of the next class may be paid at all. The amount recommended as "allowed" for a claim means only that if funds are available for payment, the claim would be paid up to the amount allowed. Neither the Receiver's recommendation that a claim be allowed in a certain amount, nor the Court's order fixing the allowed claims, ensures that a claimant will be paid in whole or in part. Payment of the allowed claims is contingent upon (1) the assets available to the AmCare estate for payment of claims; (2) the class of the claim allowed; and (3) whether the assets of the AmCare estate are sufficient to pay in full all allowed claims in all preceding classes of claims.

10.

The Receiver received 2,683 proofs of claim against the AmCare estate. Of those, 2,317 were timely filed and 366 were untimely filed. The Receiver has adjudicated and analyzed each proof of claim, and each proof of claim is included in and is being reported to the Court in globo in Exhibit A, attached hereto and incorporated herein. The Receiver has determined amounts owed by AmCare claimants to the AmCare estate. In addition, the Receiver has filed under seal with this honorable Court a detailed listing of the claimants, the proof of claim amounts, and the recommended allowed claim amounts.

11.

The Receiver recommends to the Court that each proof of claim be allowed or not allowed in the amounts described in Exhibit A, as further explained below.

12.

In addition, certain persons and entities have not filed proofs of claim, but it appears from the books and records of the company that there are amounts owed to them.

13.

For the Court's benefit, the Receiver has identified, adjudicated and analyzed each such claim against the AmCare estate, of which there are 16,126. These claims are included in and are being reported to the Court in globo in Exhibit B, attached hereto and incorporated herein. In addition,

the Receiver has filed under seal with this honorable Court a detailed listing of those claims and the adjudicated amounts.

14.

Class 1 Claims: The expenses of the Receiver, staff and outside consultants and attorneys have been submitted to the Court, and upon the Court's approval, have been paid. These expenses will continue to be incurred on an on-going basis, until the AmCare estate is closed. No Class 1 claims are being submitted with this report and recommendation.

15.

Class 2 Claims: As a health maintenance organization, AmCare does not fall into the class of entities guaranteed by any guaranty association. The claims of policyholders, providers and other beneficiaries, with timely filed proofs of claim, are shown in globe on Exhibit A. The Receiver recommends an amount allowed of timely filed Class 2 claims in the total amount of \$5,015,940.83, plus interest. Class 2 claims may be paid upon satisfaction of all Class 1 claims. Because there will likely be insufficient funds to pay all Class 2 claims, it is likely that Class 2 claimants may be entitled to a pro rata distribution of the remaining assets, if any, of the AmCare estate, after payment of all Class 1 claims. The Receiver requests an order of this Court instructing the Receiver that no distribution shall be made to Class 2 claimants until all Class 1 claims have been paid in full, and then only pursuant to further orders of this Court.

16.

Class 3 and Class 4 Claims: Information available to the Receiver indicates no federal government claims (other than claims for policy benefits) have been asserted to date and that all claims for employee compensation have been paid in full. The Receiver recommends an amount allowed of timely filed Class 3 and Class 4 claims in the total amount of \$-0-.

17.

Class 5 Claims: Claims for unearned premiums and premium refunds, as well as the claims of general creditors with timely filed proofs of claim are shown in globe on attached Exhibit A. The total amount claimed in Class 5 is \$3,170,012.21. The Receiver recommends an amount allowed of timely filed Class 5 claims in the total amount of \$339,551.75.

18.

Class 6 Claims: All other claims, including those with untimely proofs of claims, in the amount

of \$1,037,847.53, are shown in globe on attached Exhibit A. The Receiver recommends an amount allowed of Class 6 claims in the total amount of \$176,361.33 for those AmCare claimants filing untimely proofs of claim and \$3,681,325.26 for AmCare claims appearing on the books of AmCare but for which no proof of claim was filed. (This does not include the proof of claim filed by Med Impact in the amount of \$323,776.56, which is still under investigation).

19.

The total amount of claims shown on the books and records of AmCare for which no proof of claim has been filed, in the amount of \$3,681,325.26, are shown on attached Exhibit B.

20.

Since it is likely that there will not be sufficient funds to pay all Class 2 claims, it is likely that no distributions will be made to Class 3, 4, 5, and 6, or to those with claims on the books and records of AmCare for which no proof of claim has been filed.

21.

Accordingly, the Receiver requests that the Court enter an order approving the Receiver's recommendation as to the classes identified by the Receiver for all claimants, recognizing the Receiver's right to bring actions on behalf of the AmCare members, subscribers, enrollees, policyholders, providers, and general creditors to recover funds to satisfy the claims asserted, barring any further claims by AmCare creditors, other than Med Impact, OPM, and the Office of State Group Benefits, whether known or unknown, and instructing the Receiver that no distribution shall be made to claimants until all allowed and timely filed Class 1 claims have been paid in full, and then until all timely filed proofs of claim for Class 2 claims have been paid in full with interest, and then only pursuant to further orders of this Court.

22.

Pursuant to the order of this Court and its interpretation of the requirements of Louisiana Revised Statute 22:749, when the Receiver allows or disallows a claim in a lesser amount than claimed, he shall notify the person making the claim by petition in the receivership proceeding, allowing ten (10) days in which to file objections to the action of the Receiver. Accordingly the Receiver will notice the AmCare claimants who filed proof of claims, listed in globe on the attached Exhibit A, and identified in detail on the sealed detailed listing filed with the Court, of this petition filed and order prayed for, the date, location, and time set for hearing objections to the proposed claim amounts, and

allow thirty days after the receipt of said notice to file objections to the proposed action.

23.

The Receiver requests authority of the Court to issue notice to those Amcare claimants who filed proof of claims of the amount allowed for the claim and give them opportunity to be heard in a summary proceeding to be held on July _____, 2005.

24.

The Receiver proposes to send a copy of this petition, a notice of the claim amount and an information sheet all in the form of Exhibit C, which is attached to this petition and incorporated herein, to each of the Amcare claimants who filed proof of claims via mail advising them of the date of the hearing and the procedure for filing objections.

25.

The notice to Amcare claimants who filed proof of claims will notify said claimants that a hearing will be held on July _____, 2005 and require that any Amcare claimants who filed proof of claims who object to the allowed amount must submit the objection in writing to the Court with a copy to the Receiver no later than June _____, 2005. The notice will be sent no later than May _____, 2005 giving the Amcare claimants who filed proof of claims at least thirty (30) days to object to the allowed amount.

26.

The Receiver requests that this Court allow the Receiver to send notices to the Amcare claimants who filed proof of claims via U. S. Mail. There are approximately Eighteen Thousand Eight Hundred Nine (18,809) AmCare claimants who filed proof of claims, shown in the detailed listing filed under seal with the Court and shown in globe in attached Exhibit A. To attempt to serve each individual Amcare claimants who filed proof of claims with a copy of this petition through the sheriff's office would be an undue burden on the estate and significantly depletes the amount available for claimants. The Receiver, therefore, proposes to send notice by mail regarding the July _____, 2005 hearing. The notice will include a copy of this petition. The Receiver believes that this is the most cost-effective means of effecting notice to these claimants of this estate.

27.

The Receiver further requests that since the detailed listing of individual claimants for Exhibit A and Exhibit B may contain confidential healthcare information, the said detailed listings be placed

under seal until further orders of this Court.

28.

The Receiver asks that the Court confirm that the Receiver be allowed to cease any further adjudication or reconciliation efforts for the AmCare claimants, including, but not limited to those shown on Exhibit A and Exhibit B and listed in detail in the detailed listing filed under seal.

29.

Attached Exhibit D shows a listing of matters for which the Receiver is not presently making a recommendation and for which no relief is currently sought, which consists of the claims of Med Impact, OPM, and the Office of State Group Benefits. The Receiver proposes to make recommendations to the Court as to these entities at a later time because of on-going determinations and negotiations.

WHEREFORE, Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Receivership, prays that:

- 1) This Court set a hearing at a date and time to be determined by the Court to consider the report of the Receiver on claims against AmCare Health Plans of Louisiana, Inc. in Liquidation and the recommendations to the Court on the priority and amounts of allowed claims.
- 2) Following the hearing on this matter, this Court issue an order making the following findings and determinations:
 - a) The Court established the date by which all creditors of AmCare must file proof of claims against the AmCare estate. The Receiver has provided proper notice of these proceedings and the claim deadline to all known persons or entities who have a claim against the AmCare estate. Any and all due process interests have been adequately protected by the Receiver.
 - b) As of March 31, 2005, AmCare had assets in the form of cash or cash equivalents and other uncollected assets as reported to the Court. The Receiver has additional assets, including contingent claims, that he is attempting to collect and such efforts are on-going.
 - c) No Class 1 claims have been submitted for payment with this filing but shall continue to be paid in full on an on-going basis subject to the Court's approval.
 - d) The Receiver's recommendation as to the priority and amount allowed for timely filed Class 2 claims should be and hereby is approved. Because there will likely be insufficient funds to pay timely filed Class 2 claims in full, any payment in timely filed Class 2 claims shall be on a pro rata basis, subject to a dollar for dollar reduction of the allowed amount (but not at the distribution amount) for any amount owed to the AmCare estate to be

determined at a later hearing in the event the Receiver determines that there are sufficient AmCare assets for distribution.

c) The Receiver's recommendation as to the priority and amount allowed for all other claims should be and hereby is approved as follows:

(Class 1) the costs and expenses of administration to be paid in full as incurred and submitted to the Court and upon the Court's approval

Claims handling expenses of any applicable guaranty association (\$-0-) Not Applicable.

(Class 2) the claims of policyholders, beneficiaries and insureds \$6,025,940.83 plus interest.

Any applicable guaranty association (\$-0-) Not applicable.

(Class 3) other claims of the federal government (\$-0-) None identified.

(Class 4) compensation due to employees other than officers of an insurer. (\$-0-) None identified.

(Class 5) the claims under policies for unearned premiums or other premium refunds and the claims of general creditors, including claims of ceding and assuming companies, \$339,551.73.

(Class 6) all other claims, including those deemed untimely filed in the allowed amount of \$176,361.55, and claims for which no proof of claim was filed, in the allowed amount of \$3,681,325.26.

All Class 1 and Class 2 claims shall be paid in full, subject to a dollar for dollar reduction at the allowed amount (but not at the distribution amount), for any amounts due the AmCare estate, prior to the payment of any claims of Class 3, 4, 5, and 6, and other AmCare creditors. Because the assets of the estate will likely be insufficient to pay all timely filed Class 2 claims in full plus interest, it is likely that no assets will be available to pay Class 3 through Class 6 claims and the claims of other AmCare creditors and no distributions will likely be made to these claimants.

f) Proper notice was sent out to all AmCare claimants by mail advising affected AmCare claimants of the requirements for filing objections and appearing at the scheduled hearing.

g) The Receiver has diligently engaged in a process of adjudicating amounts due to AmCare claimants.

h) The amounts adjudicated by the Receiver are accurate within a reasonable and not material margin of error based on information available to the Receiver.

i) The costs of engaging in continuing adjudication of claims outweigh any benefit to be gained from such continuing efforts and it is in the best interests of AmCare claimants and other interested parties that the amounts of these claims be fixed.

j) The Receiver shall cease any further adjudication or reconciliation efforts for

the AmCare claimants, including, but not limited to those shown on Exhibit A and Exhibit B and listed in detail in the detailed listing filed under seal.

- 3) The Court fix the allowed claim of each claimant in the amount outlined in the attached Exhibit A. The Court recognize the adjudicated amount of each claimant outlined in the attached Exhibit B. The Court order that the Receiver be allowed to cease any further reconciliation or adjudication efforts for AmCare claimants, except as to Med Impact, OPM, and the Office of State Group Benefits.
- 4) The Court fix a date for each Amcare claimant who filed proof of claims who objects to the amount allowed by and assigned to the Receiver to file a written objection with the Clerk of Court of the Nineteenth Judicial District Court on or before June _____, 2005, with a copy to be mailed to the Receiver at the Louisiana Receivership Office at Post Office Box 91064 Baton Rouge, Louisiana 70821.
- 5) The Court schedule a hearing on July _____, 2005, at 11:00 A.M. for hearing the objections of each claimant and each interested party who timely filed such a written objection.
- 6) The Court allow the Receiver to send notice to all Amcare claimants who filed proof of claims with claims listed in globe in Exhibit A and in detail in the detailed listing filed under seal with the Court, no later than May _____, 2005, in a form similar to Exhibit C attached hereto, giving each Amcare claimant who filed proof of claims notice of this petition/rule and order, the date, location, and time set for filing written objections, the date, location and time set for hearing said objections, and the procedure for filing objections to the proposed claim amount.
- 7) To authorize the Receiver to send notices to the Amcare claimants who filed proof of claims by U.S. mail.
- 8) To seal the detailed listing of the AmCare claimants shown in globe in Exhibit A and Exhibit B until further orders of this Court.
- 9) The Court allow the Receiver to make further recommendations as to the claims of the AmCare claimants listed on Exhibit D -- the Office of State Group Benefits, OPM, and as to Med Impact, at a later time.

and any and all other appropriate general and equitable relief.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR
J. Robert Woolley
Commissioner of Insurance
for the State of Louisiana
in his capacity as Liquidator of
AmCare Health Plans of Louisiana, Inc.

Buser & Associates, APLC

BY: SAM SANDOZ

Sue Buser #18151
1518 Highway 38 East
Gonzales, LA 70737
Telephone: (225) 644-6100
Fax: (225) 644-6111

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the above and foregoing document has been forwarded via First Class Mail, postage prepaid and properly addressed, to the following:

Harry J. Phillips, Jr.
Robert W. Barton
Taylor Purfir Brooks & Phillips
P.O. Box 2471
Baton Rouge, LA 70821-2471

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& Burns, LLC
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Baton Rouge, LA 70884-3260

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R. James George, Jr.
Gary L. Lewis
George & Brothers
114 W. Seventh Street, Suite 1100
Austin, TX 78707

on this _____ day of _____, 2005.



NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____

DEPUTY CLERK

AFFIDAVIT

BEFORE ME, the undersigned authority, personally came and appeared

MARLON V. HARRISON

who after by me being duly sworn did depose and state:

That he is the Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation.

That he has read the Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. in Liquidation and Recommendations to the Court on the Priority and Amounts of Allowed Claims and Order attached hereto and avers that the allegations contained therein are true and correct to the best of his knowledge.

That he agrees that a Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. in Liquidation and Recommendations to the Court on the Priority and Amounts of Allowed Claims is in the best interest of the estate and will efficiently marshal the property and assets of the estate.


MARLON V. HARRISON

SWORN TO AND SUBSCRIBED before me, Notary Public this 7th day of

June, 2005 at Baton Rouge, Louisiana.

EXHIBITS

- EXHIBIT A Summary listing of claims filed against the AmCare estate for which proofs of claim were filed (including timely filed and untimely filed proofs of claim).
- EXHIBIT B Summary listing of amounts shown on the books and records to AmCare members, subscribers, providers and creditors for which no proofs of claims were filed.
- EXHIBIT C Form of copy of this petition/motion, proposed Notice of Claim Amount and proposed Information Sheet
- EXHIBIT D Claims for which no current recommendation is made or relief sought -- Med Impact Healthcare Systems, Inc., United States Office of Personnel Management, and Office of State Group Benefits



AMCARE HEALTH PLANS OF LOUISIANA, INC. IN RECEIVERSHIP		As of 03/31/05
POC CLAIMS LIABILITY SUMMARY		\$ Not Allocated
(P2) TIMELY FILED POC-MEDICAL CLAIMS		\$6,025,940.00
PRIORITY 2 CLAIMS TOTAL		\$6,025,940.00
(P6) GENERAL CREDITOR POCs		\$338,551.75
PRIORITY 6 CLAIMS TOTAL		\$338,551.75
(P8) UNTIMELY FILED POC CLAIMS		\$176,172.00
(P8) UNTIMELY FILED GENERAL CREDITOR PENDING POC CLAIMS*		\$325,778.00
PRIORITY 8 CLAIMS TOTAL		\$501,949.46
POC CLAIM LIABILITY SUMMARY TOTAL		\$6,857,462.04
*Untimely filed Medisport POC pending final reconciliation.		



AMICARE HEALTH PLANS OF LOUISIANA, INC. IN RECEIVERSHIP		As of: 03/10/05
ESTATE CLAIMS LIABILITY SUMMARY*		\$ Not Allowed
ESTATE MEDICAL CLAIMS		\$3,290,321.90
ESTATE GENERAL CREDITOR		\$364,692.99
PRIORITY & CLAIMS TOTAL		\$3,655,014.89
LIABILITY SUMMARY TOTAL		\$3,655,014.89
* Estate Claims - Estate claims were claims adjudicated by Amicare LA but not paid per no POC submitted.		

AmCare Health Plans of Louisiana, Inc. In Liquidation

**NOTICE OF
RECEIVER'S DETERMINATION OF CLAIMS
AND
RULE TO SHOW CAUSE HEARING**

<<Date>>

<<POC NAME>>
<<ADDRESS>>

RECEIVER'S DETERMINATION OF CLAIMS
By Proof of Claim Form

POC # << >>

Vendor #/Claimant #	Name	Priority 1	Priority 5	Late Filed
121212212	Dr. Jekyl	833.81	0.00	0.00
Total allowed for POC # << >>		833.81	0.00	0.00

PLEASE READ THE ATTACHED "INFORMATION REGARDING THIS NOTICE" CAREFULLY as it contains important information and additional details regarding this notice and your claim.

The Court will hear objections to the Receiver's determination of claims on <<Day, Date>>. The Court will only hear objections which have been properly filed on or before <<date>> with the Court and noticed to the Receiver on or before <<date>>.

Should have additional questions, please call 504-848-7700 or mail to AmCare Health Plans of Louisiana, Inc. In Liquidation, 4421 Conlin St., Metairie, Louisiana 70003.

Sincerely,

AmCare Health Plans of Louisiana, Inc. In Liquidation



INFORMATION REGARDING THIS NOTICE

Why did I get this package? What does this concern?

AmCare Health Plans, Inc. of Louisiana ("AmCare LA") was a health maintenance organization that provided healthcare related services for members of Louisiana. On November 12, 2003 AmCare LA was placed into liquidation by the 19th Judicial District Court. All persons who were owed funds and wished to be considered in the distribution of assets were required to submit a Proof of Claim form. You or someone on your behalf submitted a Proof of Claim form to the Receiver claiming that monies were owed on your account. This notice contains information regarding the Receiver's adjudication of your claim and your rights to object to this determination.

What if I disagree with the value the Receiver has determined for my Proof of Claim?

To object to the Receiver's determination you must do so in writing by filing your objection in writing to the Court and the Receiver.

Your written objection must be filed with the Court and you must mail a copy to the Receiver. The mailing address for the Court and the Receiver are listed at the bottom of this notice. Your objection should include the docket number (9<<>>) and the wording *Objection to Claim Determination* in the heading. You should also attach a copy of the attached notice to your objection. You should clearly explain the reasons why the Court should value your claim for a different amount. Your objection should be filed no later than <<Month, Day, Year>>. You will be responsible for court cost. Along with your objection you should enclose a check payable to the 19th JDC Clerk of Court. The initial filing fee is \$2 per page submitted.

You must be present at the hearing and should expect to explain your position before Judge Janice Clark at <<Time>> on <<date>> in Room <<id>> of the East Baton Rouge Parish Government Building, 222 St. Louis Street, Baton Rouge Louisiana.

I did not file a Proof of Claim form. Why did I get this notice?
It is possible someone else filed a claim on your behalf.

What do column headings represent?

POC#	The unique number used to track claims submitted under this Proof of Claim.
Vendor/Claimant Number	The IRS tax identification number or social security number provided to the Receiver for the party to which payment is owed.
Name	The party to whom payment is owed.
Vendor	The unique number used by AmCare LA to identify provider contracts.
Priority II	Claims classified as policyholder claims under La. R.S. 22:746. These claims consist of amounts owed to individuals, groups, medical providers and others which directly relate to the providing of health care services to AmCare LA's <i>enrollees-members and subscribers</i> .
Priority V	Claims of general creditors, including employer groups and subscribers owed unearned premium.
Late File	Claims submitted under Proofs of Claim received after June 15, 2003, the last date for filing of timely Proofs of Claim. La. R.S. 22:748 (B) states that "Proofs of Claim may be filed subsequent to the date specified, but no such claims shall share in the distribution of the assets until all allowed claims, proofs of which have been filed before said date, have been paid in full with interest."

Draft
05/25/05

Will I receive the amounts listed?

The amounts listed reflect the amounts the Receiver believes are owed. Payment of claim by the Receiver is contingent upon the funds available for distribution and the priority of your claim under La. R.S. 22:746. Claims with higher priority are paid in full before lower priority claims receive any distribution. If insufficient assets are available to fully fund a particular priority, all members of that priority would participate in a pro-rata distribution while lower priorities would not receive a distribution. It is premature to estimate the amount of any distribution.

When will distributions take place?

There is no current timetable for distribution of assets to eligible claimants. No payments will be made to claimants unless and until the Court approves the distribution of assets.

Why are other parties names listed under my Proof of Claim?

Health maintenance contracts often produce triangular relationships. In many cases, enrollees file claims in order to report medical services provided by doctors, hospitals or clinics. Usually, the medical provider is due payment for services. Additionally, many provider contracts specify a third party to whom payment should be made and these are being adhered to by the Receiver.

Why are there no amounts listed next to my Proof of Claim?

There are several reasons this occurred. Two causes are most prevalent. (1) the Receiver may have determined that no funds were due on your account and (2) the claims submitted to the Receiver may have been duplicates of claims credited to another party or submitted under another party's Proof of Claim form.

I have previously received a Notice of Determination and Explanation of Process from the Receiver. What is the difference between this notice and prior notices?

During the course of the liquidation, the Receiver noticed the determination of most claims on a detail level. This notice is intended (1) to report the total value of your claim and (2) to inform you of the hearing date, <<date>>, when the 19th Judicial District Court will hear objections.

When I received the Notice of Determination and Explanation of Process detailing each claim, I objected to certain claims. Do I need to object again?

Yes. The Receiver has reviewed all previous objections and has made appropriate adjustments. You were informed of these adjustments by letter and/or subsequent Notice of Determination and Explanation of Process. If you do not agree with the net amount owed to you and you wish the Court to reconsider the value of your claim, you must follow the above instructions.

Direct your objections to:
Clerk of Court
19th Judicial District Court
P.O. Box 1991
Baton Rouge, LA 70821
(225) 389-3992

Mail a copy of objections to:
AmCare Health Plans of Louisiana in Liquidation
4421 Canlis St., Ste 401
Metairie, LA 70003
(504) 349-7000

EXHIBIT D

OFFICE OF STATE GROUP BENEFITS
UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
MBO IMPACT HEALTHCARE SYSTEMS, INC.



NINETEENTH JUDICIAL DISTRICT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

RECEIVED
JAN 9 2006

NUMBER: 499-737

BY: DIVISION: D

J. ROBERT WOGLBY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA
VERSUS
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____
DEPUTY CLERK

REPORT OF AmCare Health Plans of Louisiana, Inc. IN LIQUIDATION AS TO WRITTEN OBJECTIONS TO ALLOWED CLAIM AMOUNTS

AmCare Health Plans of Louisiana, Inc. in Liquidation ("AmCare-La") filed a petition and rate to consider the report of the Receiver on claims against AmCare Health Plans of Louisiana, Inc. in Liquidation and Recommendations to the Court on the Priority and Amount of Allowance of Claims. By order of the Court dated August 15, 2005, the Court set a deadline of December 15, 2005 for any AmCare-La claimant who filed a proof of claim and who objected to the allowed amounts of their claim to file a written objection of the amount allowed by the AmCare-La Receiver with the Court and with the AmCare-La Receiver.

In response to the mailing of the claims determination notices approved by the Court to all AmCare-La claimants who filed proofs of claim, the AmCare-La Receiver received four objections to the allowed amounts. The AmCare-La Receiver has reviewed each of the four objections in detail, has made efforts to resolve, where possible, the issues raised by the claimants who filed the objections, and now makes recommendations to the Court on the three objections filed, as follows:

REVIEW OF THE THREE WRITTEN OBJECTIONS FILED:

1. Dr. Alan J. Ostrows
c/o Elaine Erasteaux
Office Manager
3319 Didoeste Drive
Suite A
Baton Rouge, LA 70808-4305

AmCare-La Claim Determination: \$416.50 allowed as Priority 2 timely filed claim for treatment provided to Mary Lann

Nature of Objection: Claims treatment for Thomas Seely for \$50.05 should have been allowed as timely filed claim.

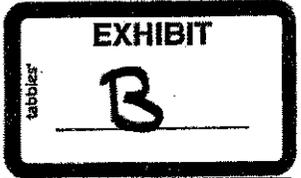
Liquidator's Recommendation:

Recommendation is made that an additional \$35.05 should be allowed as a timely filed claim for Thomas Seely, increasing the amount of the claim from \$416.50 to \$451.55 as a timely filed claim. \$15.00 of the \$50.05 is a co-payment due from the member.

Reasons for Recommendation:

Further investigation indicates that the claim at issue was timely filed. A copy of the letter of January 10, 2006 advising Dr. Ostrows of this decision is attached as Attachment 1.

19th JUDICIAL DISTRICT
 PARISH OF EAST BATON ROUGE
 STATE OF LOUISIANA
 RECEIVED
 JAN 19 2006
 DEPUTY CLERK



2. Scott Westbrook
7777 Hennessy Boulevard
Suite 1004
Baton Rouge, LA 70808

AmCare-La Claims Determination: \$-0-

Nature of Objection: Seeks reclassification of claim as priority claim for employment wages lost.

Liquidator's Recommendation:

Deny the objection and leave the claim determination at \$-0-

Reasons for Recommendation:

The claim was submitted by Scott Westbrook and seeks \$32,500.00 claimed as three months of severance pay as a "key employee". The employment contract at issue was with Amcareco, Inc. and not with AmCare-La. See copy of the "Agreement" attached hereto and incorporated herein. Scott Westbrook was not employed by and was not paid by AmCare-La.

La. R.S.22:745 (4) provides for compensation "actually owing" to employees other than officers of an insurer for services rendered within three months prior to the commencement of proceedings against the insurer. There is no provision for payment of "severance pay". Severance pay is not paid for services actually rendered but represents an amount paid upon separation from a company. Further, Scott Westbrook was not employed by and was not paid by AmCare-La. The severance pay claimed is due and owing from Amcareco, Inc. per the terms of the Agreement between Scott Westbrook and Amcareco, Inc. A copy of that agreement is attached as Attachment 2.

The "Agreement" between Scott Westbrook and Amcareco, Inc. shows that Scott Westbrook was to serve as Vice President of AmCare-La (paragraph 3). He was also shown as an officer of AmCare-La (Vice President) on filings submitted to the Louisiana Department of Insurance. Officers of insurance companies in liquidation are ineligible for treatment as an employee.

Additionally, Scott Westbrook was named as a defendant in a lawsuit filed by the AmCare-La Liquidator, and the receivers for AmCare Health Plans of Texas, Inc. ("AmCare-Tx") and AmCare Health Plans of Oklahoma, Inc. ("AmCare-Ok") alleging his breach of fiduciary duty and involvement in a scheme.

In settlement of the claims asserted by the AmCare-La Liquidator against Scott Westbrook, the parties entered into a Settlement Agreement and Mutual Release in which they agreed to release:

... all existing, known, and unknown claims, demands, causes of action and counterclaims, pending or threatened, asserted or unasserted, direct or indirect, personal, or received by assignment or other operation of law, presently existing or which might accrue in the future, which have been or which could have been asserted by any party, by or through an assignment, operation of law, or in any capacity, for all existing, known, and unknown damages and remedies arising out of or related to (definition of Claims, p.6 of 36) ...

... all actions or omissions relating in any way to AmCareco, ... AmCare-La, ... (definition of Incident, p. 8 of 36).

That Agreement further provides that the parties to that agreement, including Scott Westbrook and AmCare-La, intend:

...to globally resolve all alleged liability between and among the Parties arising

out of or relating to the Incident, and/or the Claims, for the Consideration. ...

That settlement agreement provides that the Settling Defendants, including Scott Westbrook, release, acquit and forever discharge each other and the plaintiffs, including AmCare-La, from all Claims. (Agreement, p 13 of 36). Any claim that Scott Westbrook may have had as to AmCare-La have all been compromised by settlement and released. A copy of that agreement is attached as Attachment J.

Based on all these reasons, the AmCare-La Liquidator recommends to the Court that the claim of Scott Westbrook be disallowed in its entirety at \$-0-

3. Med Impact Healthcare Systems, Inc.
through attorney
Kenneth N. Rissak
Pillsbury Winthrop Shaw Pittman
725 S. Figueroa Street
Suite 2800
Los Angeles, California 90017

AmCare Claim Determination: \$-0- allowed as untimely filed for claim submitted for \$325,776.56 for services to AmCare-La, AmCare-Oic, and AmCare-Tx as pharmacy benefits manager.

Nature of Objection: The Med Impact proof of claim was filed with the AmCare-Tx Receiver on October 14, 2003, after the June 13, 2003 AmCare-La filing deadline. The Med Impact proof of claim was not filed with AmCare-La. The AmCare-La Liquidator agreed to accept the Med Impact proof of claim as being filed with AmCare-La as of the date it was filed with the AmCare-Tx Receiver. See attached letter of February 9, 2004, a copy of which is attached.

Med Impact contends that the entire Med Impact proof of claim should be treated as a timely filed general creditor claim with AmCare-La.

Liquidator's Recommendation: By agreement with counsel for Med Impact the Liquidator recommends that this matter be taken up at the hearing set for March 6, 2006 on the pending motion for rule to show cause why Med Impact Healthcare Systems, Inc. should not be required to provide requested documentation and data, to allow the parties additional time to continue to work on resolving the issues related to data and document production and the issues related to the Med Impact proof of claim determination.

RECOMMENDATIONS:

Based on the recommendations of the AmCare-La Receiver as to each of the three objections, the AmCare-La Receiver makes the following recommendations to the Court as to the allowed amounts of the AmCare-La claims:

RECAP ON RECOMMENDATIONS:

PROOF OF CLAIMS FILED: 2,681 representing 57,951 claims
Timely Filed: 2,317
Untimely Filed: 366

Recommendations of the AmCare-La Liquidator to the Court as to AmCare-La claims:

CLASS 1 CLAIMS: Costs and expenses of administration

Recommendation: Continue paying as incurred

CLASS 2 CLAIMS: Timely filed claims of policyholders, beneficiaries and insureds

Recommendation: \$6,038,663.42 plus interest filed and all recommended as allowed (with an increase of \$35.05 to reflect the charge of Dr. Ostrow's allowed proof of claim).

CLASS 3 and 4 CLAIMS: Other claims of the federal government and compensation due to employees other than officers of an insurer.

Recommendation: \$-0- recommended as allowed

CLASS 5 CLAIMS: Claims under policies for unearned premiums or other premium refunds and the claims of general creditors.

Recommendation \$3,170,012.21 filed
\$339,551.75 recommended as allowed.

CLASS 6 CLAIMS: All other claims, including those deemed untimely filed and claims for which no proof of claim was filed.

Recommendation: \$1,037, 847.55 filed
\$101,051.90 recommended as allowed.

\$3,681,325.26 appearing on the books of AmCare for which no proof of claim was filed and recommended not allowed.

A spreadsheet showing the recommendations as to Court as to the Final Claims Determination is attached as Attachment 4.

As to the Med Inspect proof of claim and objection, the Liquidator recommends referring this for hearing on March 6, 2006 by consent of the parties.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR
J. Robert Woolley
Commissioner of Insurance
for the State of Louisiana
in his capacity as Liquidator of
AmCare Health Plans of Louisiana, Inc.

Duser & Associates, APLC

BY: SUBWAY
Sue Buser #18151
1518 Highway 30 East
Gonzales, LA 70737
Telephone: (225) 644-6100
Fax: (225) 644-6111
