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In Re:

LIQUIDATION AND DISSOLUTION OF
AFFILIATED PHYSICIANS AND
EMPLOYERS MASTER TRUST D/B/A
MEMBER HEALTH PLAN NJ

Petitioner.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION - MORRIS COUNTY

DOCKET NO. MRS-C-111-22

Civil Action

CERTIFICATION OF BRIAN W. HOFMEISTER, INDEPENDENT RECEIVER

BRIAN W. HOFMEISTER, of full age, hereby certifies as follows:

1. I am the Independent Receiver (“Independent Receiver”) appointed in the above-captioned case to oversee the dissolution and liquidation of Affiliated Physicians and Employers Master Trust d/b/a Members Health Plan NJ (“APEMT”).

2. Attached as Exhibit A is my Second Interim Status Report as to the progress of the dissolution and liquidation of the APEMT estate and remaining matters to be resolved.

Dated: August 1, 2023

/s/ Brian W. Hofmeister
Brian W. Hofmeister
Independent Receiver

EXHIBIT A



INDEPENDENT RECEIVER REPORT

ON BEHALF OF

AFFILIATED PHYSICIANS AND EMPLOYERS MULTIPLE TRUST

**FILED WITH THE SUPERIOR COURT OF NEW JERSEY
MORRIS COUNTY**

SECOND INTERIM STATUS REPORT SUBMITTED BY

BRIAN W. HOFMEISTER, ESQ.
INDEPENDENT RECEIVER

AS OF JUNE 30, 2023

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1.0 INSTRUCTIONS FROM STATE SUPERIOR COURT

Appointment of Independent Receiver By State Superior Court (“Court”)

On November 10, 2022, the Honorable Frank J. DeAngelis, J.S.C., in the Superior Court of New Jersey, Law Division of Morris County, issued the following judgment regarding the Liquidation and Dissolution of the **Debtor/Affiliated Physicians and Employers Master Trust (“APEMT”)**:

- Appointed Brian W. Hofmeister as **Independent Receiver (“Receiver”)** to oversee the dissolution and liquidation of **APEMT** in accordance with New Jersey **MEWA** statute *17B:27C-11 Rehabilitation, Liquidation, Conservation, Dissolution*;
- Authorized the **Receiver** to continue to execute **APEMT’s** Bankruptcy Plan;
- Authorized the **Receiver** to take all action necessary to enact and comply with the Plan and Confirmation Order entered in **APEMT’s** Bankruptcy Case;
- Authorized the relief granted in the Plan and Confirmation Order including, but not limited to, **APEMT’s** Post-Confirmation Operations;
- Authorized the **Receiver** to continue pursuing claims on behalf of the APEMT as set forth in the Bankruptcy Court’s “Expansion of Powers and Confirmation Orders”;
- Authorized the **Receiver** and **APEMT** (respectively) to retain attorneys, consultants, accountants, and other specialists as necessary, and pay those professionals from **APEMT’s** assets;
- Authorized the waiver of any Board requirements for the **Receiver**; and
- Such other relief that the State Superior Court may deem equitable.

Independent Receiver Sought Relief from State Superior Court (“Court”)

On March 17, 2023, the Honorable Frank J. DeAngelis, J.S.C., in the Superior Court of New Jersey, Law Division of Morris County, issued the following judgment regarding the relief by way of motion (the “**Motion**”) requested by the Independent Receiver on behalf of the **Debtor/APEMT**. The **Motion** had been served upon all known creditors and parties in interest by United States first class regular mail pursuant to *R. 1:1-2*, and the **Court** having considered the submissions in support and opposition, if any; and for good cause shown a Court Order as follows:

- Affirming and authorizing the continued retention of professionals to the **Receiver**;
- Adopting and approving proofs of claim timely filed in bankruptcy court;
- Authorizing procedures for notice and authorizing monthly payments to professionals; and

- Such other equitable Relief as described in the March 17, 2023 **Court Order**.

Modification of the State Superior Court Order of March 17, 2023

On May 31, 2023, the Honorable Frank J. DeAngelis, J.S.C., in the Superior Court of New Jersey, Law Division of Morris County, issued the following order (the “**Order**”) regarding a request by the New Jersey Department of Banking and Insurance (“**NJ DOBI**”) to modify the **Court’s Order** of March 17, 2023 (the **March 17th Order**). **NJ DOBI’s** submitted a motion to the **Court** for reconsideration and/or to modify the **March 17th Order**. The **Court** granted **NJ DOBI’s** request to modify the **March 17th Order** in part as follows:

- The **Receiver** shall provide to all parties in interest a further status report within ninety (90) days of the date of the entry of this **Order** and provide quarterly updates thereafter. With the status report to be served in accordance with this **Order**, the **Receiver** shall:
 1. Address his recommendation with respect to the proposed distribution of any surplus funds to members of **APEMT**;
 2. Address the status of the feasibility of proposed civil liability actions against professionals of **APEMT**, as identified in the **Receiver’s** Interim Report; and
 3. Address the amount of funds required to be set aside to cover subrogated medical claims.
- The **Receiver** shall provide **NJ DOBI** with updates every forty-five (45) days with regard to the adjudication of any remaining claims and the disposition of provider claims handled by or on behalf of **Aetna** or subrogation litigation presently administered by the Rawlings Group.

2.0 INSTRUCTIONS FROM FEDERAL BANKRUPTCY COURT

Motion to Expunge, Reduce, or Reclassify Proof of Claims in Bankruptcy Court

On February 22, 2023, the **APEMT** submitted a motion to the Bankruptcy Court (the “**Motion**”) which sought entry of an order affecting **APEMT** Claims status filed in 2022. Claim status for each claim were identified in the Court filing, Exhibit A, Schedules A through G (the “**Claims**”). The Honorable Michael B. Kaplan, Chief Judge, having reviewed the **Debtor’s/APEMT Motion** and there being no opposition, ordered on April 5, 2023 that the **APEMT Claims** were expunged or modified as set forth below. A summary status and detailed treatment of each **Claim** with the April 5, 2023 **Court Order** is listed **below**.

Table 1 Summary Proof of Claim Status as of 4/5/23

| Claim Treatment w/ 4/5/23 Court Order | # of Claims |
|---------------------------------------|-------------|
| Allowed as Filed | 6 |
| Paid | 4 |
| Expunged | 57 |
| Modified | 2 |
| Reduced or Recharacterized | 9 |
| Litigation | 3 |

Table 2 Detailed Proof of Claim Status as of 4/6/23

APEMT Proof of Claim Status as of 4/6/23

| Entry # | Entry Detail 1 | Treatment |
|---------|--|--------------------------------|
| 1 | 06/10/2021 Claim #1 filed by Cooper Levenson, P.A., Amount claimed: \$20000.00 (Corma, Edward) | Allowed as filed |
| 2 | 06/17/2021 Claim #2 filed by Department of Treasury, Amount claimed: \$60465.58 (Ajel, Evelyn) | Paid |
| 3 | 07/06/2021 Claim #3 filed by Negin Griffith, MD, Amount claimed: \$11866.50 (Brown, Michael) | Allowed as filed |
| 4 | 07/06/2021 Claim #4 filed by John Taylor, MD, Amount claimed: \$39177.00 (Brown, Michael) | Allowed as filed |
| 5 | 07/08/2021 Claim #5 filed by Leo S Trybulec, Amount claimed: \$0.00 (Brown, Michael) | Expunged |
| 6 | 07/16/2021 Claim #6 filed by Partnerre America Insurance Company, Amount claimed: \$3752807.00 (ePOC, webclaimusr) | Modified [Doc 532] |
| 7 | 07/15/2021 Claim #7 filed by Ambassador Benefits Consulting, LLC, Amount claimed: \$1247.21 (Brown, Michael) | Expunged |
| 8 | 07/22/2021 Claim #8 filed by Preferred Client Group, LLC, Amount claimed: \$43884.00 (smz) | Reduced/Recharacterized to GUC |
| 9 | 07/22/2021 Claim #9 filed by Marty Walsh, Sec. of the U.S. Dept. of Labor, Amount claimed: (ePOC, webclaimusr) | Expunged |
| 10 | 07/26/2021 Claim #10 filed by Monica C Murray, Amount claimed: \$12706.52 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 11 | 07/26/2021 Claim #11 filed by O.C.A. Benefit Services, LLC, Amount claimed: \$44834.48 (Campbell, Donald) | Allowed as filed |
| 12 | 07/26/2021 Claim #12 filed by James A Fretz, Amount claimed: \$4400.00 (Brown, Michael) | Expunged |
| 13 | 07/27/2021 Claim #13 filed by James D. Miller Insurance, Amount claimed: \$3171.12 (smz) | Expunged |
| 14 | 07/28/2021 Claim #14 filed by Daniel Goldstein Insurance Agency, Inc., Amount claimed: \$4272.40 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 15 | 07/28/2021 Claim #15 filed by Aetna Life Insurance Company and Its Affiliates, Amount claimed: (ePOC, webclaimusr) | Paid [Doc 282] |
| 16 | 07/29/2021 Claim #16 filed by Peter Snedeker, Amount claimed: \$0.00 (ePOC, webclaimusr) | Expunged |
| 17 | 07/29/2021 Claim #17 filed by Edward W. Schuler Jr., Amount claimed: \$3487.00 (Brown, Michael) | Expunged |
| 18 | 07/29/2021 Claim #18 filed by Savoy Associates, Amount claimed: \$287094.92 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 19 | 07/29/2021 Claim #19 filed by Sterling Insurance Concepts, Amount claimed: \$23651.00 (ePOC, webclaimusr) | Expunged |
| 20 | 07/30/2021 Claim #20 filed by Joseph A Curcio, Amount claimed: \$1417.61 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 21 | 07/30/2021 Claim #21 filed by Martin Insurance Group, Amount claimed: \$55444.63 (Switkes, Ross) | Expunged |
| 22 | 07/30/2021 Claim #22 filed by Emerson Reid, LLC, Amount claimed: \$132820.79 (ePOC, webclaimusr) | Allowed as filed |
| 23 | 07/30/2021 Claim #23 filed by Brainbuilders, LLC, Amount claimed: \$6882870.00 (Sarmasti, Vafa) | LITIGATION |
| 24 | 07/31/2021 Claim #24 filed by Integrative Health & Benefit Solutions, LLC, Amount claimed: \$8292.35 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 25 | 08/01/2021 Claim #25 filed by Harry Riesenber, Amount claimed: \$3990.20 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 26 | 08/02/2021 Claim #26 filed by Hafetz and Associates LLC, Amount claimed: \$4163.04 (ePOC, webclaimusr) | Reduced/Recharacterized to GUC |
| 27 | 08/02/2021 Claim #27 filed by Back and Neck Center of Brick, LLC, Amount claimed: \$6766.65 (Knowlton, Carol) | Allowed as filed |
| 28 | 08/02/2021 Claim #28 filed by Meeke, Sharkey & Hurley, Amount claimed: \$13031.52 (Vandermark, Jeremiah) | Modified [Doc 473] |
| 29 | 08/02/2021 Claim #29 filed by QualCare, Inc., Amount claimed: \$2938700.00 (Theisen, Brett) | LITIGATION |

APEMT Proof of Claim Status as of 4/6/23

| Entry # | Entry Detail 1 | Treatment |
|---------|---|--------------------------------|
| 30 | 07/30/2021 Claim #30 filed by Kistler Tiffany Benefits Co, Amount claimed: \$200147.00 (Brown, Michael) | Expunged |
| 31 | 07/30/2021 Claim #31 filed by Lobosco Insurance Group, LLC, Amount claimed: \$1900.47 (Brown, Michael) | Expunged |
| 32 | 08/03/2021 Claim #32 filed by Advantage Healthcare Planning, Inc., Amount claimed: \$7500.00 (pbf) | Expunged |
| 33 | 08/03/2021 Claim #33 filed by McCue Benefits, LLC, Amount claimed: \$252.12 (pbf) | Expunged |
| 34 | 08/04/2021 Claim #34 filed by Christopher S. Kudryk, Amount claimed: \$3000.00 (Brown, Michael) | Expunged |
| 35 | 08/09/2021 Claim #35 filed by Professional Group Plans, Amount claimed: \$21806.04 (Brown, Michael) | Expunged |
| 36 | 08/13/2021 Claim #36 filed by Henry DeFrancesco, Amount claimed: \$4573.17 (pbf) | Expunged |
| 37 | 08/30/2021 Claim #37 filed by Pathology Associates of Central Jersey, Amount claimed: \$58753.86 (llb) | Reduced/Recharacterized to GUC |
| 38 | 08/31/2021 Claim #38 filed by David Yakobashvili, MD, Amount claimed: \$3280.00 (llb) | Expunged |
| 39 | 09/16/2021 Claim #39 filed by Sherwood Kitchens Baths & Designs LLC, Amount claimed: \$953.67 (Brown, Michael) | Expunged |
| 40 | 09/16/2021 Claim #40 filed by Robert Van Riper Insurance Agency, Inc., Amount claimed: \$2000.00 (Brown, Michael) | Expunged |
| 41 | 09/20/2021 Claim #41 filed by Michael J Repecky, Amount claimed: \$665.16 (ePOC, webclaimusr) | Expunged |
| 42 | 09/20/2021 Claim #42 filed by Roberts Engineering Group, LLC, Amount claimed: \$4263.72 (ePOC, webclaimusr) | Expunged |
| 43 | 06/10/2021 Amended Claim #43(originally filed as claim #1) filed by Cooper Levenson, P.A., Amount claimed: \$20000.00 (Corma, Edward) | Expunged |
| 44 | 09/20/2021 Claim #44 filed by Bergen Plastic Surgery, Amount claimed: \$20300.00 (gan) | Expunged |
| 45 | 09/20/2021 Claim #45 filed by Ross Cooperman, MD LLC, Amount claimed: \$158632.00 (gan) | Expunged |
| 46 | 09/20/2021 Claim #46 filed by East Coast Advanced Plastic Surgery, Amount claimed: \$305300.27 (Brown, Michael) | Expunged |
| 47 | 09/20/2021 Claim #47 filed by Sculpt Surgical, Amount claimed: \$29600.26 (Brown, Michael) | Expunged |
| 48 | 09/20/2021 Claim #48 filed by Spiro Plastic Surgery, Amount claimed: \$61078.47 (Brown, Michael) | Expunged |
| 49 | 09/20/2021 Claim #49 filed by Spine Exposure Specialists, Amount claimed: \$187686.13 (Brown, Michael) | Expunged |
| 50 | 09/20/2021 Claim #50 filed by East Coast Advanced Plastic Surgery, Amount claimed: \$548691.61 (Brown, Michael) | Expunged |
| 51 | 09/20/2021 Claim #51 filed by East Coast Advanced Plastic Surgery, Amount claimed: \$503808.22 (Brown, Michael) | Expunged |
| 52 | 10/01/2021 Claim #52 filed by Brainbuilders, LLC, Amount claimed: \$6632359.00 (Sarmasti, Vafa) | LITIGATION |
| 53 | 11/17/2021 Claim #53 filed by Nissenbaum Law Group, LLC, Amount claimed: \$21555.66 (Middlebrooks, Melinda) | Expunged |
| 54 | 11/22/2021 Claim #54 filed by State of New Jersey Dept. of Banking & Insurance, Amount claimed: (ePOC, webclaimusr) | Expunged |
| 55 | 12/16/2021 Claim #55 filed by Jacobson, Goldfarb & Scott Inc., Amount claimed: \$15500.00 (Campbell, Donald) | Expunged |
| 56 | 12/16/2021 Claim #56 filed by Jacobson, Goldfarb & Scott Inc., Amount claimed: \$23250.00 (Campbell, Donald) | Expunged |
| 57 | 12/22/2021 Claim #57 filed by EWC Controls, Inc., Amount claimed: \$21917.73 (ePOC, webclaimusr) | Expunged |
| 58 | 12/23/2021 Claim #58 filed by The Kislak Company, Inc., Amount claimed: \$23625.85 (ePOC, webclaimusr) | Expunged |

As of 4/6/23

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| Entry # | Entry Detail 1 | Treatment |
|---------|---|-----------|
| 59 | 12/28/2021 Claim #59 filed by Inspira Medical Centers, Inc., Amount claimed: \$135732.66 (Wright, William) | Expunged |
| 60 | 12/28/2021 Claim #60 filed by Bayshore Medical Center, Amount claimed: \$1419953.02 (Ottomanelli, Kristen) | Expunged |
| 61 | 12/29/2021 Claim #61 filed by Riverview Medical Center, Amount claimed: \$51469.56 (Ottomanelli, Kristen) | Expunged |
| 62 | 12/29/2021 Claim #62 filed by Jersey Shore University Medical Center, Amount claimed: \$374845.88 (Ottomanelli, Kristen) | Expunged |
| 63 | 12/29/2021 Claim #63 filed by Ocean Medical Center, Amount claimed: \$205767.19 (Ottomanelli, Kristen) | Expunged |
| 64 | 12/29/2021 Claim #64 filed by Palisades Medical Center, Amount claimed: \$12033.52 (Ottomanelli, Kristen) | Expunged |
| 65 | 12/30/2021 Claim #65 filed by Regional Cancer Care Associates, Amount claimed: \$325.00 (ePOC, webclaimusr) | Expunged |
| 66 | 01/04/2022 Claim #66 filed by John F. Kennedy Medical Center, Amount claimed: \$242215.04 (Ottomanelli, Kristen) | Expunged |
| 67 | 01/04/2022 Claim #67 filed by Hackensack University Medical Center, Amount claimed: \$582110.78 (Ottomanelli, Kristen) | Expunged |
| 68 | 01/12/2022 Claim #68 filed by Department of Treasury, Amount claimed: \$725899.74 (Ajel, Evelyn) | PAID |
| 69 | 01/14/2022 Claim #69 filed by Francisco Meza Vega, Amount claimed: \$3604.00 (ePOC, webclaimusr) | Expunged |
| 70 | 01/24/2022 Claim #70 filed by State of New Jersey, Amount claimed: \$93021.39 (Morales, Kyriaki) | PAID |
| 71 | 03/22/2022 Claim #71 filed by Children's Specialized Hospital, Amount claimed: \$220307.00 (ePOC, webclaimusr) | Expunged |
| 72 | 03/31/2022 Claim #72 filed by Atlantic Medical Group Primary Care at Warren, Amount claimed: \$414.00 (ePOC, webclaimusr) | Expunged |
| 73 | 04/25/2022 Claim #73 filed by Quest Diagnostics, Amount claimed: \$1350.91 (ePOC, webclaimusr) | Expunged |
| 74 | 04/25/2022 Claim #74 filed by Atlantic Medical Group, Amount claimed: \$423.00 (ePOC, webclaimusr) | Expunged |
| 75 | 04/25/2022 Claim #75 filed by Geisinger, Amount claimed: \$150.00 (ePOC, webclaimusr) | Expunged |
| 76 | 04/25/2022 Claim #76 filed by Family Care, Amount claimed: \$219.00 (ePOC, webclaimusr) | Expunged |
| 77 | 04/25/2022 Claim #77 filed by PM Pediatrics of Livingston, Amount claimed: \$392.00 (ePOC, webclaimusr) | Expunged |
| 78 | 05/15/2022 Claim #78 filed by Weill Cornell Medicine, Amount claimed: \$567.80 (ePOC, webclaimusr) | Expunged |
| 79 | 06/15/2022 Claim #79 filed by Gallagher Benefit Services, Inc., Amount claimed: \$17500.00 (ePOC, webclaimusr) | Expunged |
| 80 | 06/17/2022 Claim #80 filed by Dr. Alexander P. Hughes, Amount claimed: \$7500.00 (ePOC, webclaimusr) | Expunged |
| 81 | 08/30/2022 Claim #81 filed by Children's Specialized Hospital, Amount claimed: \$2132.09 (Electronic Docketing) | Expunged |

APEMT Litigation Against U.S. Treasury for Health Insurance Tax Payments (“HIT Tax”) for Tax Year 2020

On June 2, 2023, the Honorable Michael B. Kaplan, Chief Judge, having reviewed the amended joint scheduling order presented by **APEMT** and the U.S Treasury, issued an order that all fact and expert discovery must be completed by **September 13, 2023**, unless such time is extended by stipulation or Court order (“Fact Discovery End-Date”).

3.0 EXAMINATION FINDINGS BY ACTUARY

Merlinos & Associates Actuarial Examination Findings

The **SubChapter V Trustee/Independent Receiver** (“Trustee/Receiver”) retained Merlinos & Associates, a Davies Company (“M&A”), to review and examine **APEMT’s** actuarial certifications and rate filings issued by **Windsor Strategy Partners, LLC** (“Windsor”) for **Plan** years beginning with 2016 through 2021.

M&A has identified deficiencies in the **Windsor** rating methodologies.

Windsor Contract Amendment Dated September 23, 2015

The **Trustee/Receiver** has received information from **Windsor’s legal counsel** regarding the removal of the cap limit in the **APEMT/Windsor** contract amendment dated September 23, 2015. The **Windsor** response is under review.

Complaint Filed Against Defendant Windsor Strategy Partners, LLC. (“Windsor”)

On July 28, 2023 the plaintiff, Affiliated Physicians and Employers Master Trust (“**APEMT**”), by and through its appointed Receiver and the Receiver’s retained legal counsel, filed a Complaint against defendant **Windsor**, and alleges as follows:

- Actuarial Malpractice;
- Breach of Contract;
- Breach of the Implied Covenant of Good Faith and Fair Dealing;
- Negligent Misrepresentation; and
- Unjust Enrichment.

4.0 STATUS OTHER PROFESSIONAL LIABILITY CLAIMS

The **Trustee/Receiver** continues to investigate potential professional liability claims against the following:

- Employers Association of New Jersey (“**EANJ**”), a sponsoring association with **APEMT** from 2011 through 2021;
- William F. Megna, Esq., and his contracted business entities Definitive Insurance Management Services (“**Definitive**”) and Megna Law Firm (“**Megna Law**”), who served as **APEMT’s** contracted General Counsel from 2011 through 2021; and
- Withum, Smith & Brown (“**Withum**”) who served as **APEMT’s** public accounting firm from 2016 through 2021.

Proposed Settlement with EANJ

The **Trustee/Receiver** is in the process of finalizing a settlement with **EANJ** in the Bankruptcy Proceeding and the Dissolution Proceeding. A Settlement Agreement with **EANJ** (“**EANJ Agreement**”) has been prepared by the **Trustee’s/Receiver’s** legal counsel and sent to **EANJ’s** legal counsel for review and comments. Once the **EANJ Agreement** has been finalized the **Trustee/Receiver** will present the settlement to the United States Bankruptcy Court, District of New Jersey (“**Bankruptcy Court**”) for an order approving the settlement under Fed.R.Bankr.P. 9019(a) (“Approval Order”). The **Bankruptcy Court** will also confirm in the Approval Order that the **Trustee/Receiver** has the right, power, and authority to enter into and perform the **EANJ Agreement**. Not later than ten (10) days after entry of the Approval Order by the **Bankruptcy Court** **EANJ** shall pay the negotiated sum in full. The sum shall be paid to the **Trustee/Receiver** in the form of a cashier’s check payable to Brian W. Hofmeister, Court Appointed Receiver or by wire transfer of U.S. funds in accordance with wiring instructions provided by the **Trustee/Receiver** to **EANJ**.

5.0 CURRENT STATUS APEMT'S BANKRUPTCY PLAN

Claims Administration and Outstanding Claims To Be Paid

The AETNA June 20, 2023, Claim Report contains the following claim summary information as provided in Table 3:

- **Item 1:** Aggregate Liability Exposure is zero (0) and Claims Remaining for Adjudication \$0.
- **Item 2:** Debtor's Funds Available with AETNA for Claim Payments total \$161,714.36.

Note: On or about February 16, 2023 Aetna transferred \$120,000 from the funded medical claims account to APEMT.

- **Item 3:** Claims presented to Aetna for re-processing as of June 20, 2023 total \$12,931.93. These claims are currently being reviewed.

Table 3 AETNA Claim Report as of June 20, 2023

| As of : | 2/1/2023 | 3/1/2023 | 4/3/2023 | 5/1/2023 | 6/1/2023 | 6/20/2023 |
|---|----------------|----------------|---------------|---------------|----------------|----------------|
| Total Subscribers on the Plan is: | 0 EEs | 0 EEs | 0 EEs | 0 EEs | 0 EEs | 0 EEs |
| Total Membership on the Plan is: | 0 Members | 0 Members | 0 Members | 0 Members | 0 Members | 0 Members |
| Aggregate Liability Exposure is: | (\$249,223.91) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Outstanding Administration Fee Funding Requests | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Outstanding Medical Claims Funding Requests: | (\$249,223.91) | (\$114,469.36) | (\$23,839.40) | (\$26,975.04) | (\$138,014.48) | (\$161,714.36) |
| Total Outstanding Rx Funding Requests: | \$0.00 | (\$114,469.36) | (\$3,828.11) | (\$3,828.11) | (\$3,828.11) | (\$3,828.11) |
| Total Held Claims (by Submitted Charges): | \$0.00 | (\$1,522.54) | (\$630.75) | (\$630.75) | (\$630.75) | (\$630.75) |
| Pended Inventory Claims | \$0.00 | | \$12,931.93 | \$12,931.93 | \$12,931.93 | \$12,931.93 |
| Newly Pended Submitted Claims | \$0.00 | | (\$12,931.93) | (\$12,931.93) | (\$12,931.93) | (\$12,931.93) |
| Number of Claims on Hold | 0 | \$0.00 | \$1,522.54 | \$1,522.54 | \$1,522.54 | \$1,522.54 |

Collection Activities for Overpayments, Rebates and Subrogated Claims

Aetna Life Insurance Company ("AETNA") was APEMT's third party administrator ("TPA") contracted July 1, 2019. In 2020 Aetna Rx also contracted with APEMT to administer prescription services. Included in APEMT's Master Services Agreement with AETNA are subrogation services which AETNA has sub-contracted to *The Rawlings Group* ("Rawlings"). Beginning with January 1, 2023 through June 20, 2023 Aetna (medical claim overpayments), Rawlings (subrogated claim collections) and Aetna Rx (rebates) collections are as follows:

Table 4 2023 Rawlings, Aetna and Aetna Rx Subrogation & Rebate Collections

| Category | Vendor | Number of "Open" Claim Files | Amount Collected | Additional Amount To Potentially Be Collected |
|---------------------------|----------|------------------------------|------------------|---|
| Medical Claim Overpayment | Aetna | Not Applicable | \$188,430 | Unknown |
| Medical Claim Subrogation | Rawlings | 52 | \$93,443 | \$881,202 |
| Covid – 19 Subrogation | Rawlings | 11 | \$137,878 | \$ 57,055 |
| Prescription Rebates | Aetna Rx | Not Applicable | \$21,598 | None |
| Total Collected | | | \$441,349 | |

Rawlings collection fees remain thirty (30) percent of documented savings related to each subrogated claim. There are no fees associated with Aetna/Aetna Rx collections. As previously reported, the **Rawlings** subrogation litigation activities may continue for up to ten (10) years. The **Trustee/Receiver** with Court approval may consider a buy-out with **Rawlings** regarding those claims that remain unsettled and in litigation.

Status of "August 2021 Member Assessment" Collection as of June 14, 2023

The table below shows the successful collection efforts on behalf of **APEMT**. By June 21, 2023 approximately eighty-two (82%) of the Members' assessed dollars and health fees owed were collected. Many of the Members paid their assessment using a monthly payment plan. Table 5 below provides an update on the receivables collection effort.

Table 5 "August 2021 Member Assessment" Collection as of 6/14/23

| | Sum of Health Plan Assessment Owed Only* | Sum of Receivable as of 2/28/22 | Sum of Receivable as of 6/14/23 |
|--|--|---------------------------------|---------------------------------|
| COLLECTED BY ATTORNEY | \$1,857,077.30 | \$1,732,163.23 | -\$135.68 |
| COLLECTED BY ATTORNEY - LAWSUIT | \$2,726,297.88 | \$2,855,902.67 | \$48,849.68 |
| COLLECTED BY ATTORNEY - PAID LESS ATTORNEY FEE | \$75,651.94 | \$68,878.59 | \$11,170.02 |
| COLLECTED BY ATTORNEY - PARTIAL PAYMENT MADE | \$181,685.77 | \$201,748.32 | \$104,388.07 |
| COLLECTED BY ATTORNEY - PAYMENT PLAN | \$289,182.71 | \$340,693.06 | \$126,447.51 |
| PAYMENT PLAN | \$44,289.60 | \$22,992.27 | \$41.29 |
| PAYMENT PLAN- DEFAULTED | \$145,264.71 | \$164,834.69 | \$107,052.54 |
| PAYMENT PLAN SELF IMPOSED | \$2,754.54 | \$1,754.54 | \$504.54 |
| NOT PAID | \$3,597,779.69 | \$4,128,108.93 | \$4,092,869.90 |
| PAID | \$15,759,949.85 | \$947,832.56 | -\$8,275.19 |
| Grand Total | \$24,679,933.99 | \$10,464,908.86 | \$4,482,912.68 |

*This amount does not include additional amounts owed for past due balances.

The **Trustee/Receiver** and his assigned legal counsel, SM Law, are actively pursuing those Members who refuse to pay their Assessment in the Court system. The following table summarizes SM Law's collection litigation activities as of June 26, 2023.

Table 6 “Member Assessment” Litigation Cases as of June 26, 2023

| Court Case Number | Remaining Members in Case | Initial Filing Date | Discovery End Date | Trial or Arbitration Date |
|--------------------------|----------------------------------|------------------------------|---------------------------|----------------------------------|
| 01-MRS-L 1141-22 | 16 | 7/5/22 | 12/15/23 | |
| 02-MRS-L 1165-22 | 12 | 7/7/22 | 6/22/23 | |
| 03-MRS-L 1187-22 | 15 | 7/11/22 / Amended 7/18/22 | 7/4/23 | 9//25/23 |
| 04-MRS-L 1206-22 | 14 | 7/13/22 | 6/13/23 | 6/22/23 at 9am |
| 05-MRS-L 1261-22 | 16 | 7/20/22 | 7/19/23 | |
| 06-MRS-L 1296-22 | 16 | 7/25/22 | 7/12/23 | |
| 07-MRS-L 1298-22 | 13 | 7/26/22 | No Date | |
| 08-MRS-L 1336-22 | 12 | 8/1/22 | 12/15/23 | |
| 09-MRS-L 1380-22 | 14 | 8/8/22 | 8/15/23 | |
| 10-MRS-L1384-22 | 17 | 8/8/22 | 6/27/23 | |
| 11-MRS-L 1424-22 | 13 | 8/15/22 | 10/5/23 | |
| 12-MRS-L 1485-22 | 16 | 8/24/22 | No Date | |
| 13-MRS-L 1527-22 | 13 | 8/31/22 | 12/28/23 | |
| 14-MRS-L 1548-22 | 19 | 9/2/22 | 10/2/23 | |
| 15-MRS-L 1578-22 | 19 | 9/9/22 | No Date | |
| 16-MRS-L 1619-22 | 19 | 9/19/22 | No Date | |
| 17-MRS-L 1696-22 | 19 | 9/29/22 | 11/23/23 | |
| 18-MRS-L 1741-22 | 18 | 10/5/22 | No Date | |
| 19-MRS-L 1824-22 | 15 | 10/19/22 | 12/24/23 | |
| 20-MRS-L 1844-22 | 19 | 10/24/22 | 10/5/23 | |
| 21-MRS-L 1881-22 | 24 | 10/27/22 | 12/3/23 | |
| 22-MRS-L 1910-22 | 26 | 11/2/22 | 12/24/23 | |
| 23-MRS-L 1931-22 | 21 | 11/4/22 | 1/8/24 | |
| 24-MRS-L 1958-22 | 16 | 11/10/22 | 10/7/23 | |
| 25-MRS-L 2010-22 | 13 | 11/18/22 | No Date | |
| 26-MRS-L 2032-22 | 26 | 11/22/22 | No Date | |
| 27-MRS-L 2081-22 | 26 | 12/2/22 | 1/10/24 | |

| Court Case Number | Remaining Members in Case | Initial Filing Date | Discovery End Date | Trial or Arbitration Date |
|-------------------|---------------------------|---------------------|--------------------|---------------------------|
| 28-MRS-L 2165-22 | 24 | 12/19/22 | No Date | |
| 29-MRS-L 2190-22 | 26 | 12/22/22 | No Date | |
| 30-MRS-L 2197-22 | 24 | 12/22/22 | 10/31/23 | |
| 31-MRS-L 21--23 | 23 | 1/5/23 | 12/4/23 | |
| 32-MRS-L 31-23 | 22 | 1/6/23 | 2/22/24 | |
| Demand Letters | 276 | 1/5/23 | | |

It is important to note SM Law batched their litigation case filings in groups of thirty (30) Members and by similar amounts owed. For the initial cases filed Members owed the most Assessment money, and the Demand Letters were sent to Members that owed less than \$1,000. Deleted from this table were Members who:

- Paid the Assessment and/or outstanding health fees owed;
- Favorable Court Judgement in **APEMT's** favor;
- Business Closed or Bankrupt;
- Business address unknown; and/or
- Member is deceased.

As of June 30, 2023 **APEMT** has been awarded two hundred and forty-nine (249) judgements in various Superior Courts of New Jersey, Law Division. Table 7 provides the collection status for these judgments by category.

Table 7 Favorable Judgments for Member Assessment Collection as of 6/30/23

| Superior Court Judgments | Number of Members | Amount Paid or Outstanding Amount Owed By Group |
|---|-------------------|---|
| Member Assessment Collected | 34 | \$ 656,619.12 |
| Members Partial Payments (Outstanding Amount) | 16 | \$ 165,942.56 |
| Members SM Law Continues to Pursue | 199 | \$ 2,343,067.46 |

BrainBuilders Proof of Claim and Related QualCare Adversary Proceeding

As previously reported, the **Amended BrainBuilders** proof of claim includes a dispute over medical claims processed by QualCare and Aetna Life Insurance Company (“**AETNA**”).

In the ordinary course, claims deemed valid by the medical claim processor (**QualCare** or **AETNA**) are first paid by the claim processor and then required immediate funding by **APEMT**. In this dispute over the sufficiency of payments made to BrainBuilders based upon the adjudication of medical claims by the respective claim administrator, **APEMT** is not in custody or control of the information it needs to understand the precise basis of BrainBuilders' allegations of underpayment (nor has that basis been explained by BrainBuilders). Similarly, **APEMT** is not responsible for the adjudication of those claims, so **APEMT** is not in possession of any information explaining the basis of any full or partial denial of those claims (nor has that basis been explained by BrainBuilders).

Both **QualCare** and BrainBuilders have provided a significant production of documentation ordinarily exchanged between service providers and claim processors, including thousands of pages of medical notes and diagnoses. **QualCare** and **AETNA** were responsible for the timely adjudication of the claims. Upon information and belief, BrainBuilders is obligated to timely exhaust its administrative remedies (ie. appeals to the claim processor) for payment on services. Until the service provider and claim processor satisfy their obligations, **APEMT** is not obligated to fund any further requests. Furthermore, in the event any of BrainBuilders' claims were not properly adjudicated, **APEMT** is reserving its rights to recover against the respective claim processor for its failure to timely and adequately adjudicate the BrainBuilders claims.

APEMT learned that, in May of 2017, BrainBuilders filed a complaint against **AETNA** in the District Court of New Jersey (the "**2017 District Court Action**"). **APEMT** is not a party to that litigation. Due to various procedural circumstances and delays, including awaiting adjudication from the Third Circuit on similar issues in an unrelated case, the **2017 District Court Action** remained dormant until very recently. On August 15, 2022, BrainBuilders amended its complaint in the **2017 District Court Action**. BrainBuilders has not confirmed that the **2017 District Court Action** does not include a demand for recovery on claims included in the **Amended BrainBuilders' POC**.

Until **APEMT** can determine how and why the BrainBuilders claims were paid or denied in the manner and amounts in which they were paid or denied, **APEMT** is unable to determine whether further funding of any BrainBuilders claim is appropriate, or whether its rights pursuant to the respective service agreement with **QualCare** or **AETNA** have been violated.

APEMT 'Net Free' Cash Flow as of June 26, 2023

Table 8 shows **APEMT** has **\$2,271,846** cash on hand as of June 26, 2023. The table also identifies the increase in available cash on hand from January 2, 2023 until June 26, 2023.

Table 8 APEMT Cash Flow as of June 26, 2023

| | Mon | Wed | Wed | Mon | Mon | Thu | Thu | Thu | Thu | Mon |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1/2/23 | 2/1/23 | 3/1/23 | 4/3/23 | 5/1/23 | 6/1/22 | 6/8/23 | 6/15/23 | 6/22/23 | 6/26/23 |
| Opening Bank Balance | \$ 1,020,700 | \$ 948,626 | \$ 930,112 | \$ 638,945 | \$ 1,670,656 | \$ 1,517,849 | \$ 1,402,944 | \$ 1,402,944 | \$ 1,402,944 | \$ 1,402,944 |
| ACH Payments | - | - | - | (3,036) | (30,300) | (114,868) | - | - | - | - |
| Operating Bank Balance | \$ 1,020,700 | \$ 952,823 | \$ 930,112 | \$ 1,635,866 | \$ 1,640,356 | \$ 1,402,944 | \$ 1,402,944 | \$ 1,402,944 | \$ 1,402,944 | \$ 1,402,944 |
| Opening Bank Balance | \$ 217,797 | \$ 591,911 | \$ 592,011 | \$ 1,236,452 | \$ 236,661 | \$ 246,906 | \$ 246,906 | \$ 706,868 | \$ 706,868 | \$ 706,868 |
| Lockbox Deposits | | | 305 | | | | | | | |
| ACH Payments | | | | | | | | | | |
| MM Bank Balance | \$ 217,797 | \$ 591,911 | \$ 592,316 | \$ 236,452 | \$ 236,661 | \$ 246,906 | \$ 246,906 | \$ 706,868 | \$ 706,868 | \$ 706,868 |
| TD Bank Balance (Op+Med) | \$ 3,941 | \$ 3,941 | \$ 3,941 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Outstanding Payments | (21) | (20) | (21) | 318 | 318 | 319 | 319 | 319 | 319 | 319 |
| Cleared Checks | - | - | - | 3,036 | 30,300 | 114,868 | - | - | - | - |
| Vendor Payments | | | | (3,036) | (30,300) | (114,868) | | | | |
| Broker Commissions | | | | | | | | | | |
| Total O/S Payables | \$ (21) | \$ (20) | \$ (21) | \$ 318 | \$ 318 | \$ 319 | \$ 319 | \$ 319 | \$ 319 | \$ 319 |
| Available Cash | \$ 1,242,418 | \$ 1,548,655 | \$ 1,526,348 | \$ 1,872,637 | \$ 1,877,336 | \$ 1,650,169 | \$ 1,650,169 | \$ 2,110,131 | \$ 2,110,131 | \$ 2,110,131 |
| NAP Cap Credit/Wire Line Credits | | | | 7,629 | | | | 24,478 | | |
| Deferred Medical Fundings | \$ 343,499 | \$ 246,329 | \$ 114,469 | \$ 23,839.40 | \$ 26,975 | \$ 138,014 | \$ 138,329 | \$ 160,676 | \$ 161,714 | \$ 161,714 |
| Net Free Cash Flow | \$ 1,585,916 | \$ 1,794,985 | \$ 1,640,817 | \$ 1,896,476 | \$ 1,904,311 | \$ 1,788,184 | \$ 1,788,499 | \$ 2,270,808 | \$ 2,271,846 | \$ 2,271,846 |

Additional Workers Compensation Subrogation Activities for Covid-19 Paid Claims

In February of 2022, APEMT retained Shebell and Shebell, LLC. ("Shebell"), attorneys at law, to pursue the medical claim payment recoveries from their Member's workers compensation insurers in accordance with N.J.S.A. 34:15-31.11 and 34:15-31.12 ("an Act"). These laws were enacted by the Legislature on September 14, 2020 concerning "essential workers" who contracted Covid-19. These new Workers Compensation regulations took effect immediately and became retroactive to March 9, 2020. N.J.S.A. 34:15-31.12 created a 'rebuttable presumption' that contraction of Covid-19 is work-related and is fully compensable by Workers Compensation insurers for all essential workers.

In April 2022 recovery activities were initiated by Shebell for all ninety-two in patient (92) cases. As of today, sixty-seven (67) cases have been answered by the respondents, leaving the remaining twenty-five (25) cases pending Motions for Default against the workers compensation carrier/employer. Included in the respondent responses, ten (10) cases were dismissed because the respondent produced a patient (Participant) affidavit attesting that he/she did not contract Covid-19 in the workplace. As of this date, Shebell has settled three (3) cases for a settlement amount totaling \$8,070.65 less collection fees totaling \$2,690,21.

Respectfully submitted,

/s/ Brian W. Hofmeister
 Brian W. Hofmeister
 Independent Receiver

Dated: August 1, 2023