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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 Third Interim Status Report as to the progress of the dissolution and liquidation of the APEMT estate and remaining matters to be resolved.

Dated: December 26, 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**

THIRD INTERIM STATUS REPORT SUBMITTED BY

BRIAN W. HOFMEISTER, ESQ.
INDEPENDENT RECEIVER

AS OF DECEMBER 15, 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 Bond 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 the claims process undertaken in the 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.

Consent Order Resolving NJ DOBI Objection to Receiver’s Motion to Retain Mazars USA, LLP as Accountant Dated August 17, 2023

On August 17, 2023, the Honorable Frank J. DeAngelis, J.S.C., in the Superior Court of New Jersey, Law Division of Morris County (the “**Court**”), issued the following consent order (the “**Order**”) resolving **NJ DOBI** objection to **Receiver’s** motion to retain **Mazars USA, LLP** (“**Mazars**”) as **APEMT**’s accountant. The **Court** having reviewed and considered the status of the matter and having been advised of the Parties’ consent to the relief sought ordered:

- The **Receiver** is authorized to retain **Mazars** as his accountant;
- The **Receiver** is authorized to tender monthly payments to **Mazars** in accordance with the other retained professionals as was ordered by the **Court** on March 17, 2023;

- **Mazars'** rate are subject to normal and ordinary course increase; and
- Procedures to notice and authorize monthly payments to **Mazars** were approved.

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 any opposition thereto, ordered on April 5, 2023 that the **APEMT Claims** were expunged or modified as set forth below.

- **Table 1** shows the status of the original Proofs of Claims in accordance with the Bankruptcy Court instructions.
- **Table 2** identifies the value of the remaining claims filed in the Bankruptcy Court which totals \$ 7,285,298.59.

Table 1 Summary Proof of Claim Status as of 4/6/23

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 Summary Proof of Claim Liabilities as of 4/6/23

Net Proof of Claim Dollars (No BrainBuilders or QualCare Claims)	\$652,939.59
Total 2 w/ Original BrainBuilders Claim	\$7,535,809.59
Total 2 w/ Amended BrainBuilders Claim	\$7,285,298.59

3.0 STATUS OF LITIGATION

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

On September 15, 2023, the Honorable Michael B. Kaplan, Chief Judge, having reviewed the second 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 November 30, 2023, unless such time is extended by stipulation or Court order (“Fact Discovery End-Date”).

By Text Order, entered October 12, 2023, the Honorable Michael B. Kaplan, Chief Judge transferred the adversary proceeding to Judge Christine M. Gravelle.

On November 8, 2023, the U.S. Treasury deposed **APEMT’s** expert witness, Christopher Condeluci, of CC Law & Policy.

The parties are in the process of negotiating a third amended joint scheduling order that would provide for a briefing schedule to address respective dispositive motions by **APEMT** and the U.S. Treasury. It is anticipated those motions will be heard by Judge Christine M. Gravelle in February of 2024.

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**. With respect to claims processed by **QualCare**, it could be the case that **APEMT** and **QualCare** maintained a joint account funded solely 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 sufficiently 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 sufficiently 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 any negligence, including (without limiting to) any 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**. Aetna and BrainBuilders have been exchanging information related to Aetna's pending motion to dismiss the BrainBuilders complaint in that case.

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.

By Text Order, entered October 12, 2023, the Honorable Michael B. Kaplan, Chief Judge transferred the adversary proceeding to Judge Christine M. Gravelle. On November 28, 2023, the parties participated in a chambers conference which resulted in the entry, on December 14, 2023, of the *Amended Joint Order Scheduling Pretrial Proceedings and Trial* (the "**Amended JSO**"). Pursuant to the Amended JSO, all fact discovery is to be completed by July 1, 2024. Trial is tentatively scheduled for October 3, 2024.

4.0 STATUS OTHER PROFESSIONAL LIABILITY CLAIMS

Settlement with Employers Association of New Jersey (“EANJ”)

On October 24, 2023, the United State Bankruptcy Court District of New Jersey entered an **Order** approving the settlement and compromise between the SubChapter V Trustee and Employers Association of New Jersey (“EANJ”) pursuant to 11 U.S.C. § 105 and FED. R. BANKR. P. 9019 and granting related relief. The relief set forth in the **Order** numbered two (2) through five (5) identified below were hereby ordered:

- Any objections to the Motion or to the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included in such objections, were hereby overruled and denied.
- That the Settlement, as the term is defined in the Motion, was approved in its entirety pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 9019.
- EANJ shall pay **\$220,000.00** payable to “Brian W. Hofmeister, Court Appointed Receiver/Trustee” within ten (10) days from entry of this Order.
- The Parties are authorized and directed to consummate the Settlement, perform their respective obligations thereunder when due, and take such other actions as are necessary to execute and deliver all documents referenced in, contemplated by, or otherwise necessary to effectuate the Settlement without any further authorization of the Court.

On or about November 9, 2023 Brian W. Hofmeister, the appointed **Receiver/Trustee** received a check for the settlement amount of \$220,000.

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

On July 28, 2023 the plaintiff, **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.

APEMT has held discussions with **Windsor** regarding the claims and to date is continuing to pursue its case.

Status Other Professional Liability Claims

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

- 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.

5.0 CURRENT STATUS APEMT'S BANKRUPTCY PLAN

Extension of Aetna's Contracted Run-Off Services

On Friday, November 19, 2023 Aetna Life Insurance Company (“Aetna”) and APEMT came to an agreement to extend the “SETTLEMENT AND MUTUAL RELEASE AGREEMENT” entered by The United States Bankruptcy Court_District Of New Jersey on November 24, 2021. The Receiver’s Legal Counsel prepared an extension of the stated agreement and submitted the modified agreement to Aetna for their review. On December 20, Aetna agreed to the extension.

Claims Administration and Outstanding Claims To Be Paid

Aetna’s November 10, 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 (Claim Settlements) total \$247,736.90.
- **Item 3:** Claims presented to Aetna for re-processing as of November 10, 2023 are zero.

Table 3 Aetna Claim Report as of November 10, 2023

As of :	11/6/2023	11/7/2023	11/8/2023	11/9/2023	11/10/2023	
Total subscribers on the plan is:	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	
Aggregate liability exposure is:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1
Total Outstanding Administration Fee Funding Requests:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Outstanding Medical Claims Funding Requests:	(\$247,736.90)	(\$247,736.90)	(\$247,736.90)	(\$247,736.90)	(\$247,736.90)	2
Total Held Claims (by Submitted Charges):	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Pended Inventory Claims	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3
Newly Pended Submitted Claims	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Number of Claims on Hold	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	

Aetna Claim Litigation Settlements with Providers

The Receiver monitors the funds that transfer in and out of the “Aetna Medical Request Funding Line” as identified in Table 3 above. Periodically, there are debits in the Fund Account which represent Aetna’s litigation settlements with providers on various payment issues. Aetna will notify APEMT when any settlement exceeds \$25,000. The Receiver monitors the weekly “time of wire” (“TOW”) reports to monitor Aetna settlement payments. The Receiver’s actuarial team will periodically reconcile TOW reports with the APEMT’s claims database.

Below are Tables 4 and 5 which summarize APEMT's medical, and prescription claim payments by year beginning January 1, 2020 through November 30, 2023. Table 4 is Medical Claims and Table 5 is Prescription Claims.

Table 4 Medical Payments January 1, 2020 – November 30, 2023



**APEMT Total Medical Claims Paid
On Behalf of Each Member 1/1/20 - 11/30/23**

Name of Member (Enrolled as of 1/1/2020)	Claims Paid 2020	Claims Paid 2021	Claims Paid 2022	Claims Paid 2023	Total Claims Paid
Medical Claims Paid for 3,961 Members	\$174,528,849	\$82,551,577	\$6,191,678	(\$12,375)	\$263,259,729

Table 5 Prescription Payments January 1, 2020 – September 30, 2023



**APMET Total Rx Claims Paid
On Behalf of Each Member
1/1/20 to 11/30/23**

Name of Member (Enrolled as of 1/1/2020)	Claims Paid 2020	Claims Paid 2021	Claims Paid 2022	Claims Paid 2023	Total Claims Paid
Prescriptions Paid for 3,179 Members	\$35,720,354	\$24,725,470	\$1,421,119	\$0	\$61,866,943

Collection Activities for Overpayments, Rebates and Subrogated Medical and Prescription Claims

QualCare served as APEMT's third party administrator ("TPA") from January 1, 2004 through December 31, 2019. QualCare has contracted with Conduent to review the APEMT claim files with specialized claims management software to determine whether there were claim overpayments and whether a claim can be subrogated due to a car/home accident or workers compensation claim. For 2023 QualCare has collected \$134,499.81 and remitted to APEMT \$121,095.44 as shown in Table 6.

Table 6 QualCare Subrogation Collections in 2023

# QualCare Transactions	Payment Date	Amount Collected	Net Payment APEMT
Four Cases	4/12/23	\$40,381.56	\$35,232.79
Two Cases	5/12/23	\$15,749.17	\$13,741.11
One Case	7/14/23	\$50,564.33	\$44,846.41
Two Cases	8/10/23	\$11,141.29	\$12,769.38
One Case	9/13/23	\$1,500.00	\$1,308.75
One Case	10/18/23	\$163.46	\$109.52
	11/10/23	\$15,000.00	\$13,087.48
	Collected as of 11/10/23	\$134,499.81	\$121,095.44

Aetna was contracted as **APEMT's** third party administrator (“**TPA**”), from July 1, 2019 through December 31, 2022. **Aetna** has contracted with its affiliate, *The Rawlings Group* (“**Rawlings**”), to assist in the collection of claim overpayments and whether a claim can be subrogated due to a car/home accident or workers compensation claim. Table 7 identifies the **Aetna**, **Aetna Rx** and **Rawlings** collections for 2023 as of September 30, 2023.

Table 7 2023 Aetna, Aetna Rx and Rawlings Collections

Category	Vendor	Number of “Open” Claim Files	Number of “Closed” Claim Files	Amount Collected	Additional Amount To Potentially Be Collected
Medical Claim Overpayments	Aetna	Not Reported	Not Reported	\$188,430	Not Reported
Subrogated Medical Claims w Recovery	Rawlings	44	15	\$104,530	\$932,638
Subrogated Covid 19 WC Claims	Rawlings	11		\$137,878	\$27,639
Subrogated Claim Added in 2023	Rawlings	6	Not Applicable	\$0.00	Not Reported
Claims Closed No Recovery	Rawlings		31	\$0.00	\$262,268 Abandoned
Prescription Rebates	Aetna Rx	Not Applicable		\$37,567	None
			Total \$\$ Collected 2023	\$468,405	

Rawlings collection fees remain thirty (30) percent of documented savings related to each subrogated claim. As compensation for the overpayment collection services provided by **Aetna**, **APEMT** shall pay a percentage of the amount of the collected amount as described in the **Aetna** 2019 Service and Fee Schedule.

As previously reported, the **QualCare**, **Aetna** and **Rawlings** subrogation litigation activities may continue for up to ten (10) years. The **Trustee/Receiver** with Court approval may consider a buy-out with the vendors regarding those subrogated claims that remain unsettled and in litigation.

Status of “August 2021 Member Assessment” Collection as of November 20, 2023

Table 8 below shows the successful collection efforts on behalf of **APEMT**. By November 20, 2023 approximately eighty-nine (89%) of the Members’ Assessment has been collected. Many of the Members paid their assessment using a monthly payment plan.

Table 7 “August 2021 Member Assessment” Collection as of 11/20/23

	Sum of Health Plan ASSESSMENT	Sum of TOTAL OWED (Health Fee Balance + ASSESSMENT)	Sum of Receivable as of 11/20/23
COLLECTED BY ATTORNEY	\$1,978,495.74	\$1,889,154.91	-\$8,718.56
COLLECTED BY ATTORNEY - LAWSUIT	\$3,323,819.23	\$3,491,121.31	\$516.44
COLLECTED BY ATTORNEY - PAID LESS ATTORNEY FEE	\$50,472.34	\$50,472.34	\$5,929.02
COLLECTED BY ATTORNEY - PARTIAL PAYMENT MADE	\$165,951.84	\$185,086.83	\$82,820.51
COLLECTED BY ATTORNEY - PAYMENT PLAN	\$353,708.39	\$456,063.14	\$164,994.60
COLLECTED BY ATTORNEY - PAYMENT PLAN - PAID IN FULL	\$234,146.48	\$283,240.59	\$9,983.56
COLLECTED BY CONCORD	\$15,711,707.67	\$15,652,710.55	-\$1,592.76
UNPAID	\$2,861,632.30	\$3,241,202.35	\$3,213,873.14
Grand Total	\$24,679,933.99	\$25,249,052.02	\$3,467,805.95

The **Trustee/Receiver** and his assigned legal counsel, SM Law, are actively pursuing those Members who refuse to pay their Assessment in the State Court system. Table 8 summarizes SM Law’s collection litigation activities as of August 1, 2023.

Table 8 “Member Assessment” Litigation Cases as of August 1, 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;
- Court Judgement in **APEMT's** favor;
- Business dissolved or bankrupt;
- Business address unknown; and/or
- Member is deceased.

As of August 1, 2023 **APEMT** has been awarded two hundred and forty-nine (249) judgements in the Morris County Superior Court of New Jersey, Law Division. Table 9 provides the collection status for these judgments by category.

Table 9 Favorable Judgments for Member Assessment Collection as of 8/1/23

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

APEMT 'Net Free' Cash Flow as of November 17, 2023

Table 10 shows **APEMT** has **\$2,472,101** cash on hand as of November 17, 2023. The table also identifies the increase in available cash on hand from January 2, 2023 until November 17, 2023.

Table 10 APEMT Cash Flow as of November 17, 2023

	Mon 1/2/23	Mon 4/3/23	Mon 7/3/23	Mon 10/2/23	Wed 11/1/23	Fri 11/17/23
Opening Bank Balance	\$ 1,020,700	\$ 638,945	\$ 1,261,373	\$ 1,858,131	\$ 1,858,953	\$ 1,968,534
ACH Payments	-	(3,036)	-	-	(109,318)	-
Operating Bank Balance	\$ 1,020,700	\$ 1,635,866	\$ 1,261,373	\$ 1,858,095	\$ 1,749,636	\$ 1,968,534
Opening Bank Balance	\$ 217,797	\$ 1,236,452	\$ 706,868	\$ 227,444	\$ 227,444	\$ 228,553
Lockbox Deposits						
ACH Payments						
MM Bank Balance	\$ 217,797	\$ 236,452	\$ 706,868	\$ 227,444	\$ 227,444	\$ 228,553
TD Bank Balance (Op+Med)	\$ 3,941	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Outstanding Payments	(21)	0	0	0	0	0
Cleared Checks	-	3,036	-	-	\$ 109,318	-
Vendor Payments		(3,036)			\$ (109,318)	-
Broker Commissions						
Total O/S Payables	\$ (21)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Available Cash	\$ 1,242,418	\$ 1,872,319	\$ 1,968,242	\$ 2,085,539	\$ 1,977,080	\$ 2,197,088
NAP Cap Credit/Wire Line Credits		7,629	23,163			
Deferred Medical Fundings	\$ 343,499	\$ 23,839.40	\$ 189,654	\$ 275,013	\$ 275,013	\$ 275,013
Deferred Rx Fundings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Free Cash Flow	\$ 1,585,916	\$ 1,896,158	\$ 2,157,896	\$ 2,360,552	\$ 2,252,093	\$ 2,472,101

Additional Workers Compensation Subrogation Activities for Covid-19 Paid Claims

On or about November 1, 2023 the senior partner of the Law Office of Shebell and Shebell reported to the **Receiver** that the law firm had encountered serious barriers to their pursuit of collecting monies from Workers Compensation carriers for **APEMT** members whose employees were hospitalized and treated for Covid-19. Barriers encountered included:

- Difficulties in obtaining the requisite proofs to pursue the Covid-19 medical provider claims;
- **APEMT's** third party administrator, **Aetna**, was unable to provide medical treatment records specific to the medical procedure codes for Covid-19 treatment;
- Subpoenas issued to providers for the medical and billing records required a medical record release form executed by the **APEMT** enrollee in accordance with HIPAA requirements; and
- Many of the Covid-19 claims were extended hospitalization stays, and the costs associated with securing the medical records for a majority of the cases would exceed \$500.00.

Therefore, it was agreed that Shebell and Shebell will continue to pursue those Covid-19 cases where medical records were obtained, but it is not feasible to prosecute those claims for which **APEMT** or legal counsel would be required to pay exorbitant costs for medical records and/or obtain **HIPAA** medical record releases from enrollees.

6.0 MEMBER/ENROLLEE OUTREACH TRACKING

The Receiver tracks all Member and/or Enrollee communications with the Plan. The Receiver conducts a weekly team call with his professional team. Issues raised by a Member or Enrollee are discussed at this team meeting. If additional information is needed, the Receiver's professional team will investigate and report the outcome to the Receiver. If the issue is a claim matter, **Aetna** is contacted and will provide information such as claim payments/denial, explanation of benefits sent to the enrollee and/or provider, and whether a timely appeal was submitted for the claim.

Respectfully submitted,

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

Dated: December 22, 2023