

McMANIMON, SCOTLAND & BAUMANN, LLC

75 Livingston Avenue, Suite 201

Roseland, New Jersey 07068

(973) 622-1800

Anthony Sodono, III (007631990)

Sari B. Placona (108842014)

Counsel to Brian W. Hofmeister, Independent Receiver

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

Dated: September 23, 2026

/s/ Brian W. Hofmeister

Brian W. Hofmeister

Independent Receiver

EXHIBIT A



INDEPENDENT RECEIVER REPORT

ON BEHALF OF

AFFILIATED PHYSICIANS AND EMPLOYERS MASTER TRUST

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

TWELFTH INTERIM STATUS REPORT SUBMITTED BY

BRIAN W. HOFMEISTER, ESQ.
INDEPENDENT RECEIVER

AS OF SEPTEMBER 18, 2026

TABLE OF CONTENTS

1.0	Instructions From State Superior Court	3
2.0	Instructions from Federal Bankruptcy Court	6
3.0	Communications with U.S. Department of Labor.....	7
4.0	Status of Litigation	8
5.0	Status Other Professional Liability Claims	9
6.0	Current Status APEMT's Bankruptcy Plan	10
7.0	Member/Enrollee Outreach Tracking	17

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 an order ("March 17, 2023 Order") regarding the relief sought by way of motion (the "**Motion**") by the Independent Receiver on behalf of the **Debtor/APEMT**. The **Motion** was served upon all known creditors and parties in interest by United States first class regular mail pursuant to R. 1:1-2. The **Court** having considered the submissions in support and opposition, if any; and for good cause shown the March 17, 2023 Order provides 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 “**March 31, 2023 Order**”) regarding a request by the New Jersey Department of Banking and Insurance (“**NJ DOBI**”) to modify 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 all parties with a further status report within ninety (90) days of the date of the entry of this **Order** [March 31, 2023 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 regarding 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.

Case Management Call with State Superior Court September 26, 2024

On September 26, 2024, the Honorable Frank J. DeAngelis, J.S.C., conducted a Case Management call with any interested Parties in the matter pending before the Superior Court of New Jersey, Law Division of Morris County (the "**Court**").

The Honorable Frank J. DeAngelis, J.S.C. commended the efforts of the **Receiver** and his professional advisors, and he requested the **Receiver** continue to submit Interim Reports to the Court on ninety-day intervals.

Order Authorizing the Retention of Environmental Litigation Group, P.C. ("ELG") as Special Counsel to the Independent Receiver by the State Superior Court September 16, 2025

APEMT, as a self-funded welfare benefit plan, may have suffered significant monetary loss as a result of inflated insulin prices allegedly engineered by insulin manufacturers and pharmacy benefit managers from 2007 to December 31, 2021.

The Independent Receiver for **APEMT** sought leave from the Court to retain Environmental Litigation Group, P.C. ("**ELG**") as special counsel, in association with McManimon, Scotland & Baumann, LLC ("**MSB**") on a contingency basis, to investigate and pursue a potential recovery arising out of such claims. On the 16th of September 2025, the Court so ordered the retention of special counsel, **ELG**.

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 and settlements as of June 30, 2026.
- **Table 2** identifies the value of the remaining claims filed in the Bankruptcy Court which total \$ 4,230,104.06.

Table 1 Summary Proof of Claim Status as of June 30, 2026

Claim Treatment with Court Orders	# of Claims
Allowed as Filed	4
Paid	8
Expunged	54
Modified	1
Reduced & Recharacterized to GUC	8
Litigation	3
Expunged/General Unsecured Claim (“GUC”)	2
General Unsecured Claim	1
Total Court Approved POCs	81

Table 2 Summary Proof of Claim Liabilities as of June 30, 2026

Total #1: Proof of Claim Dollars Owed (No BrainBuilders/Aetna POC)	\$652,107.06
Total #2 Proof of Claim Dollars + BrainBuilders/Aetna POC	\$4,230,104.06

3.0 COMMUNICATIONS WITH DEPARTMENT OF LABOR

Notice From U.S. Department of Labor

On November 21, 2023 the U.S. Department of Labor (“DOL”) sent to Brian W. Hofmeister, the Court appointed **Independent Receiver** for **APEMT**, a letter that the **DOL** had concluded its investigation of *The Affiliated Physicians & Employers Health Plan* (the “**Plan**”) pursuant to the Employee Retirement Income Security Act. In its letter, **DOL** planned to take no further action at this time against the **APEMT Plan**. **DOL** advised that its decision is binding on the **DOL** only, and does not prevent another individual or governmental agency from taking action.

Form Filings with U.S. Department of Labor

APEMT is current with their submission of the Form M-1 Annual Report filings with **DOL**. **APEMT** has also submitted to **DOL** the required Form 5500 reports through 2025 which identifies the **Plan’s** financial condition, investments and operations of the **Plan**.

4.0 STATUS OF LITIGATION

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

By order, dated February 14, 2025, the Court granted **APEMT's** motion for summary judgment to recover the 2020 HIT Payment, and directed the **IRS** to refund to **APEMT** the 2020 health insurance provider fee paid by **APEMT** to the **IRS**, totaling **\$3,174,786.20**. On September 30, 2025 **APEMT** received an IRS payment totaling \$4,174,672.76 which included the **APEMT HIT** payment, additional adjustment amounts and interest.

BrainBuilders Proof of Claim and Related QualCare Adversary Proceeding

On December 24, 2024, the Honorable Christine M. Gravelle, in the United States Bankruptcy Court for the District of New Jersey ordered the QualCare Adversary Proceeding was hereby dismissed and the Proof of Claim submitted by BrainBuilders was hereby deemed satisfied and paid. The order was limited to the QualCare Era Claims, and no further proceedings may be had as to either the QualCare Adversary Proceeding or the Proof of Claim ("**POC**") with respect to QualCare on any claim that was or could have been asserted therein. The QualCare **POC** was deemed withdrawn and the BrainBuilders **POC** was deemed amended consistent with this Judgment and Order. The QualCare era Claims in BrainBuilders **POC** are alleged to be \$3,054,362.62.

BrainBuilders Proof of Claim and Related Aetna Adversary Proceeding

On or about December 6, 2024 **APEMT** submitted to the United States Bankruptcy Court for the District of New Jersey a motion to expunge the Brainbuilders remaining **POC** that relates to provider claims submitted by BrainBuilders to Aetna Life Insurance Company as claim administrator for **APEMT**. The Aetna Era Claims in the BrainBuilders **POC** are alleged to be \$3,577,997.00. The Court has conducted several hearings on **APEMT's** motion to expunge the claim and the parties are awaiting a decision.

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

Settlement with Windsor Strategy Partners, LLC. ("Windsor")

On August 5, 2024, the Honorable Frank J. DeAngelis, P.J., CH, entered an Order approving the Confidential Settlement Agreement and Release, and granting the related relief ("**Motion**") between the **Independent Receiver** and **Windsor** pending in the Superior Court of New Jersey, Chancery Division, Morris County.

Settlement with William F. Megna, Esq., ("WFM") and his contracted business entities Definitive Insurance Management Services ("Definitive") and Megna Law Firm ("Megna Law")

On August 5, 2024, the Honorable Frank. J. DeAngelis, P.J., CH, entered an Order approving the Confidential Settlement Agreement and Release, and granting related relief ("**Motion**") between the **Independent Receiver** and **WFM, Definitive and Megna Law**, pending in the Superior Court of New Jersey, Chancery Division, Morris County.

Status Other Professional Liability Claims

After conducting an in depth investigation, the **Trustee/Receiver** and his professionals have determined that there are no actionable professional liability claims to pursue against Withum, Smith & Brown ("**Withum**") who served as **APEMT's** public accounting firm from 2016 through 2021.

6.0 CURRENT STATUS APEMT'S BANKRUPTCY PLAN

Termination of Aetna's Contracted Run-Off Services

Aetna Life Insurance Company ("Aetna") and APEMT came to an agreement to terminate the "SETTLEMENT AND MUTUAL RELEASE AGREEMENT" ("Settlement Agreement") entered by The United States Bankruptcy Court District Of New Jersey effective midnight December 31, 2025. Aetna and APEMT agreed that:

- Aetna had completed all claim activities which included: processing credits, monthly reporting, settlement of litigated claims, and completed any provider refunds through midnight December 31, 2025.
- Aetna settled with APEMT any debits and/or credits in the APEMT Fund account by year-end December 31, 2025.
- Aetna acknowledged their subrogation service provider, Rawlings, would continue their efforts to collect and/or close out the remaining six (6) medical subrogation files and Rawlings will provide 2026 quarterly updates to APEMT.
- Aetna advised that any subrogated claim collected by Rawlings in 2026 would be reconciled with the Fund Account, and if there was a favorable amount owed to APEMT it would be paid.

Aetna Medical and Prescription Claims Administration

During the Plan's run-off period the Receiver has monitored the funds that have transferred in and out of the "Aetna Medical Request Funding Line". Periodically, there were debits in the Fund Account which represent Aetna's litigation settlements with Providers on various claim payment issues. The Receiver had received monthly claims files to monitor Aetna litigation settlement payments. The Receiver's actuarial team would periodically download and review these medical and prescription files for claim administration accuracy.

Below are Tables 3 and 4 which summarize the completion of APEMT's Medical and Prescription claim payments by year beginning January 1, 2020 through December 31, 2023. Table 3 are Paid Medical Claims and Table 4 are Paid Prescription Claims.

Table 3 Medical Payments January 1, 2020 – December 31, 2023

 <i>Designed for You.</i>	Affiliated Physicians Employers Master Trust						Claims Paid 1/1/2020 - 12/31/23
	Total Medical Claims Paid						
	On Behalf of Members						

Members 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 4 Prescription Payments January 1, 2020 – December 31, 2023

Members

HealthPlanSM

Designed for You.

Affiliated Physicians Employers Master Trust

Total Rx Claims Paid

On Behalf of Members

Prescriptions Paid

1/1/2020 - 12/31/23

Members Enrolled as of 1/1/2020	Claims Paid 2020	Claims Paid 2021	Claims Paid 2022	Claims Paid 2023	Total Claims Paid
Prescription Claims Paid for 3,961 Members	\$ 35,720,354	\$ 24,725,470	\$ 1,421,119	\$ -	\$ 61,866,943

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

QUALCARE SUBROGATION ACTIVITIES

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 could be subrogated due to an automobile, home or workers compensation accident. *Conduent* collected \$531,512.75 and remitted to APEMT \$461,484.95 as shown in Table 5. As of June 30, 2026 *Conduent* reported there were no additional APEMT medical claims to pursue on behalf of APEMT.

As of June 30, 2026 there have been no subrogation payments received from *Conduent*. *Conduent* reported there was one (1) remaining claim in the subrogation collection process, but *Conduent* advised collection for the remaining claim will not be possible.

Table 5 QualCare Subrogation Collections as of June 30, 2026

# QualCare Transactions	Payment Date	Amount Collected	Net Payments APEMT
Four Cases	4/12/23	\$40,381.56	\$35,232.79
Express Scripts	5/5/23	\$22,045.49	\$22,045.49
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
One Case	11/10/23	\$15,000.00	\$13,087.48
One Case	12/18/23	\$163.46	\$109.52
One Case	1/3/24	\$3,214.74	\$2,804.87
One Case	1/11/24	\$1,552.11	\$1,354.20
One Case	3/6/24	\$163.46	\$109.52
One Case	5/13/24	\$163.46	\$109.52
Two Cases	6/4/24	\$161,000.00	\$140,472.47
Two Cases	7/19/24	\$31,644.15	\$27,487.35
One Case	9/8/24	\$8,725.00	\$8,725.00
One Case	9/24/24	\$50,741.07	\$34,271.58
One Case	5/13/25	\$117,600.00	\$102,899.99
APEMT Collection as of June 30, 2026		\$531,512.75	\$461,484.95

AETNA SUBROGATION ACTIVITIES

Aetna was contracted as APEMT's third party administrator ("TPA"), from July 1, 2019 through December 31, 2025. Aetna sub-contracted with its affiliate, *The Rawlings Group* ("Rawlings"), to assist in the collection of claim overpayments and determine whether a claim could be subrogated due to an automobile, home or workers compensation claim. **Table 6** identifies the **Rawlings** subrogation collection activities through June 30, 2026. Footnote ⁽¹⁾ in Table 6 highlights there was no payout to APEMT for the remaining three (3) subrogated claims **Rawlings** collected in 2026.

Table 6 Aetna/Rawlings Subrogation Collection Summary as of June 30, 2026

Claim Activity 2023 - 2026 (Q1 & 2)	Subrogation Vendor	Number of Claims Open	Total Value of Open Claims	Number of Claims Paid	Net Amount Recovered	Claim Types	Closed Claims (No Recoveries)
Subrogation Activities 2023	Rawlings	44	\$932,538.06	15	\$104,530.35	Assorted	\$262,268.81
Subrogation Activities 2024	Rawlings	28	\$840,866.79	7	\$31,615.51	Assorted	\$2,286.45
Subrogation Activities 2025	Rawlings	17	\$432,631.64	6	\$190,130.22	Assorted	\$1,140.02
Subrogation Activities 2026 (Q1 & Q2)	Rawlings	0	\$0.00	3	\$12,105.28 ⁽¹⁾	Assorted	\$150,404.17
Amount Recovered 2023 - 2026				31	\$326,276.08	Thru 6/30/26	\$416,099.45

⁽¹⁾ In 2026 there were debits in the Aetna Fund Account in excess of \$38,000; therefore the subrogation monies collected by Rawlings, \$12,105.28, were not submitted to APEMT. Aetna applied the subrogation dollars against the Fund Account. As previously reported, Debits in the Fund Account represented Aetna's litigation settlements with Providers on various payment issues. Aetna has agreed not to pursue APEMT for the remaining dollars owed to the Fund Account.

Status of "August 2021 Member Assessment" Collection as of 6/30/26

On or about December 27, 2021 the Superior Court of New Jersey, Law Division issued a *Confirmation Order* approving the retention of Steven Mitnick and his law firm ("SM Law"), as *Special Collection Accounts Receivable Counsel* to address the outstanding receivables owed by Members for any outstanding health care fees and/or the **Plan** Assessment.

APEMT's Court appointed **Independent Receiver** continues to oversee all collection activities pursued by **SM Law**. To organize its legal collection activities, **SM Law** has batched its litigation case filings by groups of thirty (30) Members based upon similar amounts owed and *Demand Letters* were also sent to Members that owed \$3,000 or less. **SM Law** has not pursued collection activities against those Members that:

- Paid their Assessment and/or any outstanding Health Fees owed or were current in an approved payment plan;
- Court Judgement in Member's favor;
- Member's business dissolved or bankrupt;
- Member's business address unknown; and/or
- Member was deceased.

Table 7 identifies the successful collection efforts by SM Law on behalf of **APEMT**. As of March 31, 2026 approximately ninety-seven per cent (**96.6%**) of the **Plan's** Assessment (\$24,679,934) has been collected. Highlighted in yellow in **Table 7** are the Assessment dollars that will not be collected which total approximately **\$1,114,632.87**. Therefore, the remaining **APEMT** Receivable to collect is approximately **\$118,030.62**. The Assessment collection records show many **APEMT** Members paid their Assessment using a monthly payment plan.

Table 7 "August 2021 Member Assessment" Collection as of March 31, 2026

APEMT Collection Activities	Count of Group Numbers	Sum of Health Plan ASSESSMENT	Sum Total Owed (Includes Any Past Due Balance + Assessment)	Sum of Estimated Receivable as of 3/31/26
COLLECTED BY ATTORNEY	295	\$1,663,387.03	\$1,552,987.89	\$0.51
COLLECTED BY ATTORNEY - LAWSUIT	407	\$2,695,790.69	\$2,810,506.94	\$1.05
COLLECTED BY ATTORNEY - LAWSUIT - JUDGMENT	284	\$1,811,615.19	\$2,045,052.74	\$0.00
COLLECTED BY ATTORNEY - LAWSUIT - JUDGMENT - PARTIAL PAYMENT	8	\$32,130.13	\$35,995.25	\$15,634.54
COLLECTED BY ATTORNEY - LAWSUIT - JUDGMENT - PAYMENT PLAN	4	\$34,041.07	\$49,693.54	\$25,229.99
COLLECTED BY ATTORNEY - LAWSUIT - SETTLED	10	\$242,885.09	\$267,506.73	\$44,906.20
COLLECTED BY ATTORNEY - LAWSUIT - SETTLED - PAID IN FULL	27	\$406,541.23	\$471,124.67	\$0.00
COLLECTED BY ATTORNEY - LAWSUIT - SETTLED - PAYMENT PLAN	1	\$46,781.21	\$88,071.69	\$32,099.00
COLLECTED BY ATTORNEY - PAID LESS ATTORNEY FEE	17	\$111,201.00	\$109,444.42	\$17,879.45
COLLECTED BY ATTORNEY - PARTIAL PAYMENT MADE	7	\$20,442.83	\$18,036.61	\$6,114.02
COLLECTED BY ATTORNEY - PAYMENT PLAN	18	\$110,829.63	\$117,020.40	\$23,073.72
COLLECTED BY ATTORNEY - PAYMENT PLAN - PAID IN FULL	87	\$684,048.36	\$818,105.98	\$111.25
COLLECTED BY ATTORNEY - SECOND DEMAND LTR	13	\$15,303.07	\$14,117.96	\$0.00
COLLECTED BY ATTORNEY - SECOND DEMAND LTR - PARTIAL PAYMENT	2	\$4,980.26	\$2,397.86	\$1,722.86
COLLECTED BY ATTORNEY - SECOND DEMAND LTR - PAYMENT PLAN	1	\$1,514.24	\$1,514.24	\$1,014.54
COLLECTED BY CONCORD	2,424	\$15,740,374.25	\$15,681,377.13	\$41.49
DO NOT PROCEED	6	\$15,362.32	\$13,385.84	\$6,999.30
JUDGMENT UNCOLLECTIBLE	75	\$413,441.97	\$480,958.26	\$465,870.09
UNPAID - JUDGMENT	10	\$38,674.00	\$41,035.03	\$44,669.19
UNPAID - LAWSUIT FILED	2	\$12,944.58	\$19,986.55	\$19,986.55
UNPAID - NOT BEING PURSUED (AMT OWED LESS THAN \$3K)	262	\$304,999.12	\$279,460.28	\$277,060.52
UNPAID - SETTLED	7	\$89,416.16	\$123,543.98	\$122,543.98
UNPAID - UNCOLLECTIBLE	79	\$153,005.77	\$177,503.24	\$177,503.24
UNPAID 2	3	\$30,224.79	\$30,224.79	\$39,606.57
GRAND TOTAL	4,049	\$24,679,933.99	\$25,249,052.02	\$1,322,068.06
Per Cent Assessment Collections		96.6%	Estimated Remaining Assessment to Collect	\$118,030.62

APEMT 'Net Free' Collections, Expenses and Cash Flow as of June 30, 2026

Table 8 identifies **APEMT's** collections from January 2025 through the end of second quarter 2026. The **Receiver** and his professional team have collected approximately **\$4,337,494** from January 1, 2025 through June 30, 2026. Detailed information identifying all sources of collections are provided in **Table 8**. The decrease in **APEMT's** cash on hand is due to a Court Ordered Settlement for a litigated proof of claim which was paid out in January 2025 and the ongoing monthly professional fees. Future collections for **APEMT** are limited due to the small number of open subrogation claims and **APEMT's** Assessment/Health Fee collection balances are less than \$100,000.

Table 8 Inserted on Next Page

Table 8 APEMT Collections and Expenses as of January 1, 2025 - June 30, 2026

APEMT Collections & Expense Summary 1/1/25 to 6/30/26						
2025 & 2026	Aetna Rx Credits	Aetna Wire Credits	Conduent & Shebell Subro Credits	SM Law Collections	Settlement Collections/ (Payments)	Admin Expenses
January	\$0	\$127,612	\$0	\$0	(\$300,000)	(\$119,280)
February	\$0	(\$215,709)	\$0	\$134,969	\$0	(\$81,890)
March	\$0	(\$81,553)	\$0	\$0	\$0	(\$104,407)
April	\$0	\$364,099	\$43,750	\$0	\$0	(\$90,537)
May	\$0	\$108	\$0	\$0	\$0	(\$118,477)
June	\$0	(\$45,685)	\$102,900	\$0	\$0	(\$49,001)
July	\$0	\$27,061	\$0	\$0	\$0	(\$31,731)
August	\$0	(\$198)	\$0	\$0	\$0	(\$67,808)
September	\$0	\$4	\$0	\$0	\$0	(\$45,687)
October	\$0	(\$14,734)	\$0	\$0	\$4,174,673	(\$57,286)
November	\$0	(\$3,081)	\$0	\$0	\$0	(\$51,153)
December	\$0	\$23,278	\$0	\$0	\$0	(\$24,305)
January	\$0	\$0	\$0	\$0	\$0	(\$115,078)
February	\$0	\$0	\$0	\$0	\$0	(\$73,842)
March	\$0	\$0	\$0	\$0	\$0	(\$90,971)
April	\$0	\$0	\$0	\$0	\$0	(\$63,238)
May	\$0	\$0	\$0	\$0	\$0	(\$57,686)
June	\$0	\$0	\$0	\$0	\$0	(\$25,942)
Totals	\$0	\$181,202	\$146,650	\$134,969	\$3,874,673	(\$1,268,318)
						Cash Collections for 2025 & Q1+Q2 2026
						\$4,337,494

Table 8 identifies APEMT's collections and expenses from January 1 2025 through June 30, 2026. During the first quarter in 2026 the decision was made by the **Receiver** to transfer APEMT's banking assets from Bank of America to ConnectOne to insure that all APEMT dollars are protected by the Federal Deposit Insurance Corporation ("FDIC") and each is an interest bearing account. The **FDIC** guarantees safety for depositors, insuring bank accounts up to \$250,000 per depositor, per insured bank, for each account ownership category (e.g., single, joint, or trust accounts). This automatic protection covers APEMT checking, savings, CDs, and money market accounts. ConnectOne has the ability to manage and distribute funds to multiple banks to ensure all of APEMT's assets are **FDIC** protected, and the Receiver receives monthly reports for all **FDIC** deposits.

Table 9 identifies APEMT's Cash Flow in 2026 and the distribution of financial assets among the various financial institutions. Table 9 also highlights the financial assets transferred from APEMT's Money Market Account to the ConnectOne Banking program. Table 9 also identifies there were no debits or credits from **Aetna** to APEMT in 2026. As previously reported the **Aetna** Administrative Services Agreement terminated midnight December 31, 2025.

Table 9 Inserted on the Next Page

Table 9 APEMT Cash Flow as of June 30, 2026

	1/31/26	2/28/26	3/31/26	4/30/26	5/31/26	6/30/26
Operating Bank Balance	\$105,000	\$201,932	\$105,593	\$0	\$0	\$0
Money Market Bank Balance	\$7,484,715	\$7,393,849	\$6,628,454	\$5,811	\$0	\$0
TD Bank Balance (State Held Funds)	\$220,800	\$221,301	\$221,858	\$222,397	\$222,956	\$223,499
Connect One Bank	\$0	\$0	\$700,796	\$7,433,608	\$7,381,174	\$7,354,690
Available Cash On Hand	\$7,810,514	\$7,817,082	\$7,656,700	\$7,661,817	\$7,604,130	\$7,578,189
Aetna Medical & Rx Funding Accounts	\$0	\$0	\$0	\$0	\$0	\$0
NET FREE CASH FLOW	\$ 7,810,514	\$ 7,817,082	\$ 7,656,700	\$ 7,661,817	\$ 7,604,130	\$ 7,578,189

2021 APEMT (the "Plan") Audited Financial Statement

On September 16, 2024 the public accounting firm, Forvis-Mazars, submitted to the Independent Receiver the audited statutory financial statements of The Affiliated Physicians & Employers Master Trust (the "**Plan**"), which comprise the statement of admitted assets, liabilities and surplus as of December 31 2021, and the statements of operations, capital and surplus, and cash flows for the year then ended, and the related notes to the statutory financial statements.

Forvis-Mazars stated the Plan's financial statements present fairly, in all material respects, the admitted assets, liabilities, and surplus of the **Plan** as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with accounting practices prescribed or permitted by State of New Jersey Department of Banking and Insurance ("NJDOBI"). A copy of the **Plan's** 2021 Audited Financial Statement can be obtained from the **Independent Receiver's** office.

Additional Workers Compensation Subrogation Activities for Covid-19 In Patient Claims

As of June 30, 2026 the Law Office of Shebell and Shebell reported to the **Receiver** the following regarding the ninety-two (92) inpatient Covid-19 claims they have been pursuing. Shebell and Shebell reported the following:

- A total of four (4) claims have been resolved with a negotiated payment.
- There are no claims pending settlement or any pending offers.
- Seventy-four (74) claims have been dismissed by the Courts due to:
 1. Four (4) claims were dismissed because the **APEMT** enrollee was able to demonstrate that Covid-19 was not contracted within the course of employment; and
 2. Seventy (70) were dismissed due to the inability to obtain the patient's medical records from providers.

- Twelve (12) claims remain open. They are in a pending status and the primary collection issue was the inability to obtain medical records from providers.
- There are two (2) claims in default with no Answer filed.
- There are two (2) claims pending motion to dismiss for failure to prosecute.

7.0 MEMBER/ENROLLEE OUTREACH TRACKING

The **Receiver** has his professional team track all Member and/or Enrollee communications with the **Plan**. The **Receiver** conducts a weekly conference call with his professional team. Issues raised by a Member or an 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 was a claim matter, **Aetna** was contacted to provide information such as claim payments/denial, explanation of benefits that were sent to the enrollee and/or provider, and whether a timely appeal was submitted for a claim. There are times the **Receiver** will respond directly to the Member and/or Enrollee.

Table 10 represents a listing of contacts, telephone calls and/or emails received from **APEMT** Members or Enrollees from January 1, 2026 through June 30, 2026.

Table 10 Member Outreach Tracking January 1, 2026 – June 30, 2026

APEMT Member Outreach Tracking

January 1, 2026 through June 30, 2026

Date	Communication (Telephone/ Email)	Summary of Customer Service Communications
1/16/2026	Email	Email from same member who responded on 9/16. Sent a comment "Affordable" and nothing else.
2/16/2026	Email	Email from same member who responded on 9/16. He provided a picture with "Never underestimate the incompetence of Government".
2/19/2026	Email	Email from Member asking "How long process will take and if there are future liabilities to members". Responded with current status
3/16/2026	Email	Email from same member on 9/16 email. He asked how much money has been wasted on these emails
3/19/2026	Email	Email from Member commenting about the IRS being the dark ages.
4/21/2026	Email	Email from Member commenting with Graphic cartoon referencing the incompetency of the government.
5/18/2026	Email	Email from Member commenting with Graphic cartoon on the waste of taxpayer dollars.
6/8/2026	Telephone Call	Inquiry by Member regarding the status of the BrainBuilders Litigation, and the status of the Doctor's proof of claim for the overpayment of health fees.
6/25/2026	Email	Email from a Member questioning the change in the per cent of Assessment dollars collected and amount APEMT received. Email response was sent to Member regarding the change in collection percent.
7/20/2026	Email	Email from Member with a graphic of a buring \$100 bill.

Table 11 identifies the Constant Contact Data collected regarding the Professional Invoice Notices posted monthly on the **APEMT** website on or about the 15th of each month. Table 11 identifies the number of Constant Contact emails that were sent, opened and/or not opened by the **APEMT** Membership. The data reflects that over fifty (50%) of **APEMT's** membership continue to open the monthly Constant Contact email notice. In 2026 fewer than (10) per cent of the Members have disenrolled from the monthly email notices.

Table 11 Email Notice Data Collected for Member Communications in 2026

APEMT Professional Monthly Invoice Notice: Email Data Information
January 1, 2026 - June 30, 2026

Constant Contact Email Campaign	Emails Sent	Emails Resent	Email Successful Delivery	Emails Opened	DeskTop/ Open/Ignored Rates	Emails Not Opened
Professional Invoice Notice 1/15/26	3,203	1,325	2,873	1,548	83%/17%	1,325
Professional Invoice Notice 2/15/26	3,187	2,136	2,838	1,684	53%/47%	1,283
Professional Invoice Notice 3/15/26	3,167	1,469	2,828	1,394	53%/47%	1,202
Professional Invoice Notice 4/15/26	3,156	1,528	2,809	1,378	57%/43%	1,431
Professional Invoice Notice 5/18/26	3,149	1,549	2,804	1,341	55%/45%	1,462
Professional Invoice Notice 6/16/26	3,146	1,572	2,792	1,308	54%/46%	1,484
Note: Fewer than 10% of the Members have Disenrolled from the Monthly Email Notice.						

Respectfully submitted,

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

Dated: September 18, 2026