

NEW MEXICO HEALTH CONNECTIONS
BALANCE SHEET
AS OF MAY 31, 2023
Date of Receivership: March 19, 2021

STATEMENT OF NET ASSETS

Unrestricted Invested Assets:	Current Month May 31, 2023	Date of Liquidation March 19, 2021
Cash & Cash Equivalents	\$ 363,956.99	\$ 9,550,299.86
Government Securities	\$ 9,466,265.50	9,550,299.86
Certificates of Deposit	\$ 5,165,723.25	9,550,299.86
Total Unrestricted Invested Assets:	\$ 14,995,945.74	\$ 9,550,299.86
Restricted Assets:		
Restricted cash	Note 5	
Statutory Deposit - NM	412,671.02	412,671.02
Total Restricted Assets:	412,671.02	412,671.02
Other Unrestricted Assets:		
Premiums Due	1,028,912.98	1,108,103.78
Unapplied Recoupment Receivable		466,982.64
Accrued Reinsurance Receivable	767,744.02	1,093,243.30
APTC Receivable		1,774,382.43
ACA Risk Adjustment Receivable	162,423.00	2,436,018.58
Pharmacy Rebate Receivable		350,894.29
Other Receivables		11,548.98
Taxes and Assessments Receivable	-	28,062.66
Equipment	2,050.00	2,050.00
Accum Depr Equipment	(2,050.00)	(918.07)
Total Other Unrestricted Assets:	1,959,080.00	7,270,368.59
TOTAL ASSETS:	\$ 17,367,696.76	\$ 17,233,339.47

NOTE: The information contained in this report is prepared by the receiver from information available to or known by the receiver as of the date of the report. The receiver makes no warranty as to the accuracy of the information or of the opinions or evaluations contained in this report and expressly disclaims any liability arising from the statements of facts, evaluation or opinion contained in the report.

NEW MEXICO HEALTH CONNECTIONS
BALANCE SHEET
AS OF MAY 31, 2023
Date of Receivership: March 19, 2021

STATEMENT OF LIABILITIES

Liabilities:	<u>Current Month</u> <u>May 31, 2023</u>	<u>Date of Liquidation</u> <u>March 19, 2021</u>
Class A		
Administration Costs	\$ 1,069.31	Note 13
Class B		
Employee Wages	-	
Class C		
Loss Claims	40,150,715.34	Note 12, 13 18,050,539.08
Class D		
Unearned Premiums	219,160.62	Note 13 945,727.44
Class E		
Federal Government		
State Government	271,971.05	Note 11, 13
Other - APTC over payments due to CMS	104,203.10	Note 13
Class F		
Judgments	-	
Class G		
Interest on Claims Paid	-	
Class H		
Miscellaneous Subordinated Claims:		
Accounts Payable	751,662.49	Note 13 3,077,894.85
Accrued Expenses	195,900.65	Note 13 195,900.65
Unclaimed Checks - Escheat	604,468.23	Note 13 426,000.39
Due to Friday Health Plan (TPA)	3,910,483.63	Note 13 5,898,367.71
Class I		
Preferred Ownership	<u>77,317,782.00</u>	Note 13 <u>77,317,782.00</u>
TOTAL LIABILITIES	123,527,416.42	105,912,212.12
Excess (Deficiency) of Assets Over Liabilities	<u>(106,159,719.66)</u>	Note 14 (88,678,872.65)
TOTAL	<u><u>\$ 17,367,696.76</u></u>	<u><u>\$ 17,233,339.47</u></u>

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NEW MEXICO HEALTH CONNECTIONS
Liquidation Based Financial Statements
AS OF MAY 31, 2023

- (1) **Receivership Information.** New Mexico Health Connections (NMHC) is a HMO CO-OP health insurance company organized under the laws of the state of New Mexico and Section 1322 of the Affordable Care Act which implemented the Consumer Operated and Oriented Plan (CO-OP) Program. NMHC is domiciled in the state of New Mexico and was ordered into liquidation on March 19, 2021.
- (2) **Basis of Presentation.** The accompanying financial statements have been prepared on a modified cash basis of accounting as of March 19, 2021 (date of liquidation) through May 31, 2023. The assets are stated at their estimated realizable values, while the liabilities are estimated amounts and are periodically adjusted as evaluated, adjudicated and/or paid. In addition the statements do not provide accruals for all future administrative expenses to liquidate the company and discharge the receivership or costs to pursue or litigate claims against others.
- (3) **Unaudited.** The financial statements are prepared by the Special Deputy Receiver ("SDR") from information available to, known, or estimated by the SDR as of the date of the financial statements. The financial statements are unaudited. Failure of the numbers to add in all cases is due to rounding. Amounts reported in the financial statements do not include all possible recoveries that may result from various legal and/or collection efforts. Inclusion of an item as a liability is not admission by the SDR that such amount is owed. The estimates reflected will continue to be updated as the SDR gathers additional information.
- (4) **Investments.** Chevy Chase investment account was established September 2022 and balance are recorded in cash, cash equivalents, government securities and certificates of deposit.
- (5) **Restricted Assets.** Amounts consist of a restricted balance confirmed due to NMHC that was transferred to operating account in March 2022 and a statutory deposit required in New Mexico.
- (6) **Premiums Receivable.** Amount is based on unaudited balances reported due as of December 31, 2020. All policies were cancelled as of December 31, 2020. This receivable may be adjusted up or down as more information becomes available.
- (7) **Reinsurance Recoverable on Losses.** Reinsurance receivable balances are reported based on prior balances provided by the Third Party Administrator, Friday Health Plan. These amounts are based on two reinsurance agreements, the first being an excess of loss with a retention limit for NMHC of \$500,000. The second reinsurance agreement was between NMHC and its TPA, Friday Health Plan, which is a 100% ModCo subject to the terms of the excess of loss agreement. This receivable may be adjusted up or down as more information becomes available.

- (8) **ACA Risk Adjustment Receivable.** As NMHC was a health CO-OP formed under the Patient Protection and Affordable Care Act Consumer Operated and Oriented Plan (CO-OP) Program, the company may also report a receivable or liability to CMS based on calculations under the Risk Adjustment Reinsurance. The Risk adjustment program transfers funds from plans with relatively lower-risk enrollees to plans with relatively higher-risk enrollees to protect against potential effects of adverse selection. As of the June 30, 2021 Summary Report on Permanent Risk Adjustment Transfers, CMS reported a balance due NMHC in the amount of \$1,522,436. NMHC received a \$1,162,943 Risk Adjustment payment from CMS in May in 2022. The balance was adjusted down by \$197,070 for the 2018 audit year and may be adjusted up or down with RADV audits performed by the CMS on previous years filings.
- (7) **EDP Equipment and Software.** The SDR does not expect to realize any proceeds on these assets.
- (8) **Other Assets.** Other assets consist primarily of an ACA risk adjustment receivable. This receivable may be adjusted up or down as more information becomes available.
- (9) **Pharmacy Rebates Receivable.** Receivable was reduced to zero in March 2023 based on a pre-liquidation agreement between Optum and NMHC to offset future rebates due NMHC against claims and administrative fees due Optum.
- (10) **Other Receivable.** Receivable reduced to zero due to the closing of bank accounts into operating account in May 2022
- (11) **Premium Tax Receivable. Balance was** based upon 2019 and prior credits carry forwards. Additional 2020 premium taxes due New Mexico shifted the receivable to a payable in March 2023.
- (12) **Claims.** Unless otherwise noted, the Statement of Liabilities contains claim liabilities by priority class pursuant to New Mexico statutes. Loss claims reported are gross, unadjudicated, and have not been reduced by ceded reinsurance agreements. Claim liability amounts are based upon the most current available information and documentation provided to the SDR.
- (13) **Priorities of Claims:** There are ten (10) classes in the order of distribution and of priority in the liquidation of claims that are labeled as A - J (§ 59A-41-44, NMSA1978).
A- is top priority and includes the expenses of the Receiver, attorney fees incurred in the course of the liquidation and operating expenses.
B- includes employee wages, however, there have been no employees as of December 31, 2020.
C- loss claims, the claims incurred under policies issued for health coverage.
D- unearned premiums and/or other premium refunds.
E-a residual classification consisting of federal, state or local governments that do not fall into other classes.
F- claims based solely on judgments, which currently there are none against NMHC.
G- interest that would be payable on claims that have already been paid.
H- miscellaneous subordinated claims, consist of remaining claims or portions of claims not already paid, with interest as in Subsection G.
I- surplus notes or contribution notes.
J- claims from shareholders, however, NMHC does not have any shareholders.
- (14) **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. The excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the company and discharge the receivership or costs to pursue or litigate claims against others.

(15) **Proof of Claim (POC).** The POC filing deadline was September 19, 2021. The First Interim Claim Report was filed with the Court on March 9, 2022. All Class C claims have been adjudicated. The Second Claim Report was filed on September 9, 2022 and included late filed Class C claims, Class D, E and H claim amounts, of which it was proposed that the Class C claim be valued at \$2,340.22 and Classes D, E and H be valued at \$0. The Second Claim Report was approved by the Court on September 30, 2022.