

**NEW MEXICO HEALTH CONNECTIONS**  
**BALANCE SHEET**  
**AS OF FEBRUARY 28, 2022**  
Date of Receivership: March 19, 2021

**STATEMENT OF NET ASSETS**

|  | <b>Curent Period to<br/>Date</b> | <b>Date of Liquidation<br/>March 19, 2021</b> |
|--|----------------------------------|---|
| <b>Unrestricted Invested Assets:</b>       |                                  |   |
| Cash                                       | \$ 11,739,720.30                 | \$ 9,550,299.86                               |
| <b>Total Unrestricted Invested Assets:</b> | <b>\$ 11,739,720.30</b>          | <b>\$ 9,550,299.86</b>                        |
| <b>Restricted Investment Assets:</b>       |                                  |   |
| Restricted Cash                            | 13,616.02                        |   |
| Statutory Deposit - NM                     | 412,671.02                       | 412,671.02                                    |
| <b>Total Restricted Investment Assets:</b> | <b>426,287.04</b>                | <b>412,671.02</b>                             |
| <b>Other Unrestricted Assets:</b>          |                                  |   |
| Premiums Due                               | 1,028,912.98                     | 1,108,103.78                                  |
| Unapplied Recoupment Receivable            |                                  | 466,982.64                                    |
| Accrued Reinsurance Receivable             | 803,013.05                       | 1,093,243.30                                  |
| APTC Receivable                            |                                  | 1,774,382.43                                  |
| ACA Risk Adjustment Receivable             | 1,522,436.14                     | 2,436,018.58                                  |
| Pharmacy Rebate Receivable                 | 342,670.81                       | 350,894.29                                    |
| Other Receivables                          | 20,018.98                        | 11,548.98                                     |
| Taxes and Assessments Receivable           | 245,333.91                       | 28,062.66                                     |
| Equipment                                  |                                  | 2,050.00                                      |
| Accum Depr Equipment                       |                                  | (918.07)                                      |
| <b>Total Other Unrestricted Assets:</b>    | <b>3,962,385.87</b>              | <b>7,270,368.59</b>                           |
| <b>TOTAL ASSETS:</b>                       | <b>\$ 16,128,393.21</b>          | <b>\$ 17,233,339.47</b>                       |

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Date of Receivership: March 19, 2021

**STATEMENT OF LIABILITIES**

| <b>Liabilities:</b>                                   | <u>Curent Period to Date</u> | <u>Date of Liquidation<br/>March 19, 2021</u> |
|---|------------------------------|---|
| <b>Class A</b>  |                              |   |
| Administration Costs                                  | \$ 231,135.44                |   |
| <b>Class B</b>  |                              |   |
| Employee Wages  | -                            |   |
| <b>Class C</b>  |                              |   |
| Loss Claims   | 40,150,715.34                | 18,050,539.08                                 |
| <b>Class D</b>  |                              |   |
| Unearned Premiums                                     | 255,648.23                   | 945,727.44                                    |
| <b>Class E</b>  |                              |   |
| Federal Government                                    |                              |   |
| State Government                                      |                              |   |
| Other - APTC over payments due to CMS                 | 104,203.10                   |   |
| <b>Class F</b>  |                              |   |
| Judgments   | -                            |   |
| <b>Class G</b>  |                              |   |
| Interest on Claims Paid                               | -                            |   |
| <b>Class H</b>  |                              |   |
| Miscellenous Subordinated Claims:                     |                              |   |
| Accounts Payable                                      | 779,383.21                   | 3,077,894.85                                  |
| Accrued Expenses                                      | 195,900.65                   | 195,900.65                                    |
| Unclaimed Checks - Escheat                            | 608,933.83                   | 426,000.39                                    |
| Due to Friday Health Plan (TPA)                       | 3,910,483.63                 | 5,898,367.71                                  |
| <b>Class I</b>  |                              |   |
| Preferred Ownership                                   | <u>77,317,782.00</u>         | <u>77,317,782.00</u>                          |
| <b>TOTAL LIABILITIES</b>                              | 123,554,185.43               | 105,912,212.12                                |
| <b>Excess (Deficiency) of Assets Over Liabilities</b> | <u>(107,425,792.22)</u>      | <u>(88,678,872.65)</u>                        |
| <b>TOTAL</b>  | <u>\$ 16,128,393.21</u>      | <u>\$ 17,233,339.47</u>                       |

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**NEW MEXICO HEALTH CONNECTIONS**  
**Liquidation Based Financial Statements**  
**For the Period Ending February 28, 2022**

- 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
- (1) 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 February 28, 2022. 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) **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. Additionally, 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. This amount may be adjusted up or down with RADV audits performed by the CMS on previous years filings.
  - (5) **Restricted Assets.** Amounts consist of restricted cash, which are payments from providers that have not yet been vetted as owed to NMHC and the 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) **EDP Equipment and Software.** The SDR does not expect to realize any proceeds on these assets.
  - (8) **Other Assets.** Other assets consist primarily of potential tax refunds and other receivables.

- (9) **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.
- (10) **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.
- (11) **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.
- (12) **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.