SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

PRESENT: Edmead **Justice** **PART** 35

In re Health Republic
-v-
Insurance of NY Corp.

INDEX NO. 450500/16
MOTION DATE _____
MOTION SEQ. NO. 02

The following papers, numbered 1 to _____, were read on this motion to/for _____

Notice of Motion/Order to Show Cause — Affidavits — Exhibits _____ **No(s).** _____

Answering Affidavits — Exhibits _____ **No(s).** _____

Replying Affidavits _____ **No(s).** _____

Upon the foregoing papers, it is ordered that this motion is

The Verified Petition of Maria T. Vullo, Superintendent of Financial Services of the State of New York, as liquidator of Health Republic Insurance of New York, Corp., is hereby resolved in accordance with today's so-ordered transcript (Court Reporter Denise Williams) and the attached, approved Order.

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S): _____

Dated: 10/11/16

HON. CAROL R. EDMEAD **J.S.C.**
J.S.C.

1. **CHECK ONE:** ..... ☐ CASE DISPOSED ☒ NON-FINAL DISPOSITION
2. **CHECK AS APPROPRIATE:** .....**MOTION IS:** ☐ GRANTED ☐ DENIED ☐ GRANTED IN PART ☒ OTHER
3. **CHECK IF APPROPRIATE:** ..... ☐ SETTLE ORDER ☐ SUBMIT ORDER
☐ DO NOT POST ☐ FIDUCIARY APPOINTMENT ☐ REFERENCE

At IAS Part 35 of the Supreme Court of the State of New York, County of New York, at the courthouse located at 60 Centre Street, New York City, New York, on the 11th day of October, 2016.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

----------x	Index No. 450500/2016
In the Matter of the Liquidation of : HEALTH REPUBLIC INSURANCE OF : NEW YORK, CORP. : ----------x	ORDER APPROVING THE PROCEDURE FOR THE LIQUIDATOR'S ADJUDICATION OF CLAIMS

Maria T. Vullo, Superintendent of Financial Services of the State of New York, as liquidator (the "Liquidator") of Health Republic Insurance of New York, Corp. ("HRINY"), by Scott D. Fischer, Special Deputy Superintendent and agent of the Liquidator, having moved this Court by verified petition dated September 9, 2016 (the "Verified Petition"), for an order approving a procedure (the "Claims Adjudication Procedure") for judicial review of the Liquidator's adjudication of claims from Members and Providers (as defined paragraph 3(a) below) for payment under insurance policies issued by HRINY (collectively, "Policy Claims") made in this proceeding, and it appearing from the Verified Petition that the Claims Adjudication Procedure will best serve the interests of HRINY, the holders of Policy Claims, and all other interested persons, and that it should be approved and implemented;

NOW, based upon the application of the Liquidator, it is hereby ordered that:

1. The Claims Adjudication Procedure is approved.

2. This Court finds that the Claims Adjudication Procedure is required for the orderly administration of the HRINY estate. The Claims Adjudication Procedure will enable the Liquidator to seek allowance or disallowance of Policy Claims on an ongoing basis while offering due process to Claimants (defined as Members and Providers, each of which are further defined in paragraph 3(a) below) who object to her recommendations.

3. The Claims Adjudication Procedure is as follows:

a. The Claims Adjudication Procedure shall apply to Policy Claims of persons who were covered by an insurance policy issued by HRINY ("Members") and health care professionals, providers and facilities that provided health care services to Members, whether or not said health care providers/entities are contracting or non-contracting providers/entities with HRINY ("Providers").

b. The Claims Adjudication Procedure shall not apply to any claims other than the Policy Claims referenced in paragraph 3(a) above, and the Liquidator is authorized in her discretion to continue to refrain from adjudicating claims other than claims for actual and necessary expenses and costs incurred by the Liquidator in the administration of this liquidation proceeding and Policy Claims.

c. To the extent anything contained herein is inconsistent with the contracts and policies governing Policy Claims, the Claims Adjudication Procedure shall govern.

d. The explanation of benefits/allowance ("EOB") for Members and Providers substantially in the form attached hereto as Exhibit "1" is approved, which form, for the avoidance of doubt, will provide a column for the determination of the allowable amount, if any, for out of network claims;

e. The EOB shall serve as a "Notice of Determination" for each Policy Claim. The EOB shall be referred to below as the "Notice of Determination." Service shall be made by email or first class mail pursuant to paragraph "h" below. The Notice of Determination shall advise each Claimant that:

i. The Liquidator has examined the claim and the amount, if any, which the Liquidator has recommended for allowance;

ii. In the event that the amount recommended for allowance is zero, that the Liquidator has recommended the claim for disallowance and the reason therefor.

f. The Liquidator shall send Notices of Determination on a rolling basis. The Notice of Determination will allocate charges for rendered services among HRINY, the Provider, and the Member, as applicable.

g. To the extent a Provider or Member disputes a determination contained in the Notice of Determination, the Provider or Member shall have 60 days from the date the Notice of Determination is sent to submit any appeal of a Notice of Determination via the online portal located at www.healthrepublicny.org or via hard copy to be submitted to Health Republic Insurance of New York Case Administration c/o GCG, P.O. Box 10266, Dublin, OH 43017-5766. Providers and Members will be directed to submit all relevant information supporting their appeal at that time. A Provider's or Member's appeal must include any and all determinations set forth in the Notice of Determination that such Member or Provider wishes to dispute by the deadline, or be forever barred from disputing those determinations. If a Provider or Member requires more time to submit their appeal, they may submit a written request to the Liquidator setting forth good cause to extend the deadline. If the Liquidator and the Provider or Member, as applicable, are unable to agree to an extension of time within 30 days of the Liquidator's receipt of such request, or such longer time as both the Liquidator and the Provider or Member agree, the Provider or Member may seek relief from the Court.

h. Notices of Determination and all other correspondence pursuant to this Order shall be sent to each Claimant at their respective email address or physical address as reflected in HRINY's records, unless superseded by a new email or physical address provided by a Member, Provider, or authorized representative via the online portal located at www.healthrepublicny.org. If any Notice of Determination or other mail is returned as undeliverable, the Liquidator shall use commercially reasonable efforts to determine the current address of the Provider or Member.

i. The Liquidator or her agents shall review each appeal and, within 60 days of receipt of the appeal, shall either grant the appeal and issue a revised Notice of Determination or deny the appeal, and provide the reasons for the denial.

j. In the event the Liquidator or her agents deny the appeal, the Provider and/or Member shall have 30 days from the date the notice of denial is sent to file an objection to the denial of the appeal. All such objections must be submitted via the online portal located at www.healthrepublicny.org or via hard copy to be submitted to Health Republic Insurance of New York Case Administration c/o GCG, P.O. Box 10266, Dublin, OH 43017-5766.

k. In the event an objection to the denial of an appeal of a Notice of Determination is filed, the Liquidator may, in her sole discretion, direct any such Policy Claims to mediation. Such direction must be made no more than 60 days after the Liquidator's receipt of the Provider's or Member's objection to the denial of an appeal; *provided*, that the Liquidator shall have the right, in her sole discretion, to extend said time period for an additional 15 days without approval of the Court, and *provided further*, that the Liquidator shall retain the right to apply to the Court at any subsequent time for further extensions. Upon the Liquidator's direction, the holders of such claims will be required to attend mediation with the Liquidator and her agents. The mediator will rely upon the documentation submitted in connection with the appeal, and will not review any additional materials.

l. Any unresolved objection to the denial of an appeal of a Notice of Determination will be referred to a referee or healthcare qualified claim examiner appointed by separate order of this Court. The Liquidator will have discretion to determine whether an unresolved objection is suitable for referral to a referee or healthcare qualified claim examiner. Such referral must be made within the later of (i) 60 days after the Liquidator's receipt of the Provider's or Member's objection to the denial of an appeal or (ii) 30 days after the completion of any unsuccessful mediation; *provided*, that the Liquidator shall have the right, in her sole discretion, to extend said time period for an additional 30 days without approval of the Court, and *provided further*, that the Liquidator shall retain the right to apply to the Court at any subsequent time for further extensions. A referee will review the objection on the disputed Notice of Determination for appeals that did not include a disputed determination of medical necessity and will issue a final determination upon consent of the parties or report to this Court his or her recommendation on the objection. To the extent an appeal implicates a medical necessity determination, those appeals will be determined by a healthcare qualified claims examiner, and will be submitted to the Court for approval unless the parties consent to a final determination. The referee or healthcare qualified claims examiner, as applicable, will base his or her review upon the materials submitted in connection with the appeal, and will not consider any additional documentation as part of the review.

m. Within 30 days of the referee's or healthcare qualified claims examiner's report and recommendation on a disputed Notice of Determination (a "Disputed Recommendation Claim"), a hearing shall be scheduled by the Liquidator, in her sole discretion, to finally determine the amount of the Disputed Resolution Claim.

n. The Liquidator shall, consistent with Insurance Law Section 7433, on a periodic basis, prepare for the Court a list of Policy Claims that have been examined or otherwise resolved by mutual consent of the parties in that period, and which sets forth the Claimant's name, last known address, and the amount, if any, recommended for allowance (the "Policy Claim List"). The Policy Claim List will be filed under seal with the Court; however, those Claimant that have been included on the Policy Claim List will be notified by email or first class mail and will be able to securely review the disposition of their Policy Claim on HRINY's website located at www.healthrepublicny.org.

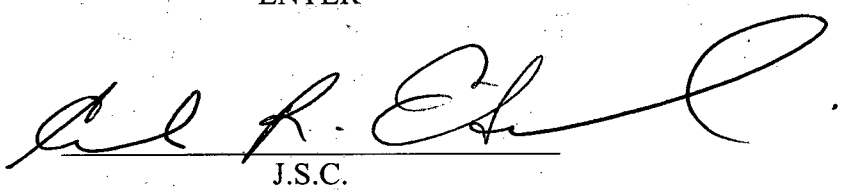
o. The Policy Claim List shall reflect the disposition of (i) Policy Claims for which no appeal was initiated within the timeframe set forth in the Claims Adjudication Procedure; (ii) Policy Claims for which no objection was filed within the timeframe set forth in the Claims Adjudication Procedure disputing the Liquidator's determination of an appeal; (iii) Policy Claims as to which the Provider/Member and the Liquidator have reached a settlement or resolution; (iv) Policy Claims as to which a referee or healthcare qualified claims examiner has reached a final and binding recommendation with the consent of both the Provider/Member and the Liquidator; and (v) Disputed Recommendation Claims, once resolved by order of the Court.

p. Policy Claims will be fully and finally determined by the Court in the amounts set forth on the Policy Claim List.

q. Nothing herein shall preclude the Liquidator or her agents from settling or otherwise resolving any Policy Claim by mutual consent of the parties at any time. The Liquidator shall have the right to amend or revise the Claims Adjudication Procedure at any time, in her sole discretion as necessary to promote the orderly and efficient administration of HRINY's estate; provided, however, that any material modifications to the Claims Adjudication Procedure shall be approved by the Court.

r. The claims process maps attached to the Verified Petition as Exhibit C provide an accurate description of the Claims Adjudication Procedure for Members and Providers and are hereby approved.

ENTER



J.S.C.

HON. CAROL R. EDMEAD
J.S.C.

Exhibit 1

Form of Explanation of Benefits/Allowance for Members and Providers

Health Republic Insurance of New York, Corp. in Liquidation
c/o Garden City Group
P.O. Box 10266
Dublin, OH 43017-5766
Website: www.healthrepublicny.org
Toll-Free: (866) 680-0893

HEALTH REPUBLIC INSURANCE

Customer Service

Explanation of Benefits/Allowance

Voucher #: 123456789

www.healthrepublicny.org

(866) 680-0893

Dr. Allen Someone
Somewhere Hospital
Anywhere, New York 12345

Claim Summary

Claim #	Patient	Amount Billed (A)	Ineligible Amount (B)	Negotiated Rate (A-B)=C	Deductible Amount (D)	Co-Pay Amount (E)	Balance C-(D+E)=F	Allowed Amount (G)
12345678-01	Jane Doe	$700.00	$161.39	$538.61	$0.00	$0.00	$538.61	$538.61
23456789-01	John Smith	$305.00	$193.93	$111.07	$0.00	$75.00	$36.07	$36.07
34567891-01	Harry Jones	$231.00	$155.20	$75.80	$75.80	$0.00	$0.00	$0.00
45678912-01	Ann McDonald	$1,210.00	$624.53	$585.47	$0.00	$0.00	$585.47	$468.37
	TOTALS	$2,446.00	$1,135.05	$1,310.95	$75.80	$75.00	$1,160.15	$1,043.05

Claim #: 12345678-01 — Patient #: Doe0001 — Patient: Jane Doe

Date(s) of Service	Service Code	CPT Code	Amount Billed (A)	Ineligible Amount (B)	Negotiated Rate (A-B)=C	Deductible Amount (D)	Co-Pay Amount (E)	Balance C-(D+E)=F	Allowed At (G)	Allowed Amount (F X G) =H
10/1/2015-10/1/2015	rs	45378	$700.00	$161.39	$538.61	$0.00	$0.00	$538.61	100%	$538.61
Reason Codes: mg										
		TOTALS	$700.00	$161.39	$538.61	$0.00	$0.00	$538.61		$538.61

Other Insurance Credits and Adjustments	$0.00
Total Recommended Allowance	$538.61
Total Patient Responsibility	$0.00

Claim #: 23456789-01 — Patient #: Smith0001 — Patient: John Smith

Date(s) of Service	Service Code	CPT Code	Amount Billed (A)	Ineligible Amount (B)	Negotiated Rate (A-B)=C	Deductible Amount (D)	Co-Pay Amount (E)	Balance C-(D+E)=F	Allowed At (G)	Allowed Amount (F X G) =H
10/08/2015-10/08/2015	I6	99214	$305.00	$193.93	$111.07	$0.00	$75.00	$36.07	100%	$36.07
Reason Codes: mg										
		TOTALS	$305.00	$193.93	$111.07	$0.00	$75.00	$36.07		$36.07

Other Insurance Credits and Adjustments	$0.00
Total Recommended Allowance	$36.07
Total Patient Responsibility	$75.00

Service Codes

rs Routine Services
I6 Provider visits

Reason Code Description

Please reference the Health Republic website (www.healthrepublicny.org) for an expanded description of the Reason Code, which explains why a claim or service line was processed differently than it was billed. If you are unable to access the Health Republic website, please call our call center for more information at (866) 680-0893.

Health Republic Insurance of New York, Corp. in Liquidation
c/o Garden City Group
PO Box 10266
Dublin, OH 43017-5766
Website: www.healthrepublicny.org
Toll-Free: (866) 680-0893

HEALTH REPUBLIC
INSURANCE OF NEW YORK

Understanding your Explanation of Benefits/Allowance

Date(s) of Service	This is the date(s) the provider rendered the service
Amount Billed	This is the full amount the health care provider billed Health Republic for the visit
Ineligible Amount	This is the portion of the bill that is not covered by Health Republic
Negotiated Provider Rate	This is the total amount that is covered by the health plan after subtracting the discount and ineligible charge amounts
Deductible	This is the amount the member needs to pay each year for covered services before the plan starts paying benefits
Copayment	This is the amount the member may pay for certain covered services (i.e. office visits or prescription drugs). Copayments are usually paid at the time of service
Balance	In the Health Republic Explanation of Benefits/Allowance, the "Balance" represents the negotiated provider rate less any copayments or deductible amounts
Coinsurance	This is a percentage of covered expenses that the member may owe after they have met their deductible. In the Health Republic Explanation of Benefits/Allowance, this amount is equal to "F" minus "H" (i.e., if the plan covers 80% of charges, the member may owe the remaining 20%).
Total Recommended Allowance	This is the amount of the provider's allowed claim to Health Republic as part of the liquidation proceeding
What the member may owe (Total Patient Responsibility)	This is the amount the member may owe to the provider. The member may have to pay a deductible, a copayment or a percentage of the covered amount (coinsurance). This line may also include the balance of any amount that is not allowed under the terms of the member's policy with Health Republic

Health Republic Insurance of New York, Corp. in Liquidation
c/o Garden City Group
PO Box 10266
Dublin, OH 43017-5766
Website: www.healthrepublicny.org
Toll-Free: (866) 680-0893

HEALTH REPUBLIC
INSURANCE OF NEW YORK

APPEAL PROCEDURE – This claim was processed according to the terms of your health care plan. We have carefully considered the information provided and applied the terms of the plan that apply to your benefit request. The specific plan provisions related to the service or reason code set forth above is described in detail in your plan document. Clinical reasons that your benefit request was ineligible, either in full or in part, may include, but are not limited to, experimental, investigational, medical necessity or cosmetic reasons. Non-clinical reasons that your benefit request was ineligible, either in full or in part may include, but are not limited to, benefit limitations, exclusions or non-covered expenses. An explanation that applies the terms to the medical circumstances that led to the decision, as well as any internal rule, guideline, clinical judgment or protocol or copies of any other relevant documents that are needed to initiate an appeal will be provided to you upon request. If you decide to appeal this Explanation of Benefits/Allowance, your appeal should be submitted within 60 days of the date this Explanation of Benefits/ Allowance was mailed via the online portal located at www.healthrepublicny.org or by requesting a paper appeal form and submitting it with supporting papers by mail to Health Republic Insurance of New York Case Administration c/o GCG, P.O. Box 10266, Dublin, Ohio 43017-5766. You will be notified of the decision following review no later than 60 days after your appeal is received. If your appeal is denied following the review, you may file an objection. All objections must be submitted within 30 days of the mailing of the denial via the online portal located at www.healthrepublicny.org or by mail to the address listed above. The Liquidator may direct any such objection to mandatory mediation or seek to settle or otherwise resolve the objection. Any unresolved objections will be referred to a referee or healthcare qualified claims examiner, as applicable, to be appointed by the New York State Supreme Court overseeing Health Republic's liquidation. The referee or healthcare qualified claims examiner will be authorized to review and report on the validity of the objection or issue a final determination upon consent of the parties. For further assistance in understanding this notice, please visit www.healthrepublicny.org or call (866) 680-0893. Please be advised that no claim will be paid until all policy claims against Health Republic are adjudicated pursuant to the Claims Adjudication Procedure. Claims will be paid based on available general assets. The amount of payment will depend on the percentage of total assets to total claims in each particular claims class.

Health Republic Insurance of New York, Corp. in Liquidation
c/o Garden City Group
P.O. Box 10266
Dublin, OH 43017-5766
Website: www.healthrepublicny.org
Toll-Free: (866) 680-0893

HEALTH REPUBLIC INSURANCE

Customer Service

Enrollee: Jane Doe
Member ID: Y12345678
Group Name: Health Republic Insurance of NY
Group #: 114
Date: 12/01/2016

Voucher #: 123456789

JANE DOE
123 Street Avenue
Anywhere, New York 12345

THIS IS NOT A BILL

Explanation of Benefits/Allowance for Services Provided By:
SOMEWHERE HOSPITAL

Claim #: 12345678-01

Patient #: 1234567891ABCDE
Patient Name: JANE DOE

Date(s) of Service	Service Code	Amount Billed (A)	Ineligible Amount (B)	Negotiated Provider Rate (A-B)=C	Deductible Amount (D)	Co-Pay Amount (E)	Balance C-(D+E)=F	Allowed At (G)	Allowed Amount (F X G) =H
11/11-11/13/2015	a2	$114.72	$17.21	$97.51	$0.00	$0.00	$97.51	100%	$97.51
Reason Codes:	mg								
11/11-11/13/2015	a2	$49.97	$7.50	$42.47	$0.00	$0.00	$42.47	100%	$42.47
Reason Codes:	mg								
11/11-11/13/2015	a2	$188.35	$28.25	$160.10	$0.00	$0.00	$160.10	80%	$128.08
Reason Codes:	mg dc								
11/11-11/13/2015	a2	$71.54	$10.73	$60.81	$0.00	$0.00	$60.81	100%	$60.81
Reason Codes:	mg								
11/11-11/13/2015	a1	$14,000.00	$2,600.00	$11,400.00	$0.00	$500.00	$10,900.00	100%	$10,900.00
Reason Codes:	mg								
TOTALS		**$14,424.58**	$2,663.69	$11,760.89	$0.00	$500.00	$11,260.89		$11,228.87

Other Insurance Credits & Adjustments	$0.00
Total Recommended Allowance	$11,228.87
Total Patient Responsibility	$532.02

Service Codes

a1 Hospital Room and Board
a2 Hospital Miscellaneous

Reason Code Description

Please reference the Health Republic website (www.healthrepublicny.org) for an expanded description of the Reason Code, which explains why a claim or service line was processed differently than it was billed. If you are unable to access the Health Republic website, please call our call center for more information at (866) 680-0893.

Health Republic Insurance of New York, Corp. in Liquidation
c/o Garden City Group
PO Box 10266
Dublin, OH 43017-5766
Website: www.healthrepublicny.org
Toll-Free: (866) 680-0893

HEALTH REPUBLIC
INSURANCE OF NEW YORK

Understanding your Explanation of Benefits/Allowance

Date(s) of Service	This is the date(s) you received your service
Amount Billed	This is the full amount the health care provider billed Health Republic for your visit
Ineligible Amount	This is the portion of your bill that is not covered by Health Republic
Negotiated Provider Rate	This is the total amount that is covered by your plan after subtracting the discount and ineligible charge amounts
Deductible	This is the amount you need to pay each year for covered services before your plan starts paying benefits
Copayment	This is the amount you may pay for certain covered services (i.e. office visits or prescription drugs). Copayments are usually paid at the time of service
Balance	In the Health Republic Explanation of Benefits/Allowance, the "Balance" represents the negotiated provider rate less any copayments or deductible amounts
Coinsurance	This is a percentage of covered expenses that you may owe after you have met your deductible. In the Health Republic Explanation of Benefits/Allowance, this amount is equal to "F" minus "H" (i.e., if the plan covers 80% of charges, the member may owe the remaining 20%).
Total Recommended Allowance	This is the amount of your provider's allowed claim to Health Republic as part of the liquidation proceeding
What you may owe **(Total Patient Responsibility)**	This is the amount you may owe to your provider. You may have to pay a deductible, a copayment or a percentage of the covered amount (coinsurance). This line may also include the balance of any amount that is not allowed under the terms of your policy with Health Republic

Health Republic Insurance of New York, Corp. in Liquidation
c/o Garden City Group
PO Box 10266
Dublin, OH 43017-5766
Website: www.healthrepublicny.org
Toll-Free: (866) 680-0893

HEALTH REPUBLIC
INSURANCE OF NEW YORK

APPEAL PROCEDURE – This claim was processed according to the terms of your health care plan. We have carefully considered the information provided and applied the terms of the plan that apply to your benefit request. The specific plan provisions related to the service or reason code set forth above is described in detail in your plan document. Clinical reasons that your benefit request was ineligible, either in full or in part, may include, but are not limited to, experimental, investigational, medical necessity or cosmetic reasons. Non-clinical reasons that your benefit request was ineligible, either in full or in part may include, but are not limited to, benefit limitations, exclusions or non-covered expenses. An explanation that applies the terms to the medical circumstances that led to the decision, as well as any internal rule, guideline, clinical judgment or protocol or copies of any other relevant documents that are needed to initiate an appeal will be provided to you upon request. If you decide to appeal this Explanation of Benefits/Allowance, your appeal should be submitted within 60 days of the date this Explanation of Benefits/ Allowance was mailed via the online portal located at www.healthrepublicny.org or by requesting a paper appeal form and submitting it with supporting papers by mail to Health Republic Insurance of New York Case Administration c/o GCG, P.O. Box 10266, Dublin, Ohio 43017-5766. You will be notified of the decision following review no later than 60 days after your appeal is received. If your appeal is denied following the review, you may file an objection. All objections must be submitted within 30 days of the mailing of the denial via the online portal located at www.healthrepublicny.org or by mail to the address listed above. The Liquidator may direct any such objection to mandatory mediation or seek to settle or otherwise resolve the objection. Any unresolved objections will be referred to a referee or healthcare qualified claims examiner, as applicable, to be appointed by the New York State Supreme Court overseeing Health Republic's liquidation. The referee or healthcare qualified claims examiner will be authorized to review and report on the validity of the objection or issue a final determination upon consent of the parties. For further assistance in understanding this notice, please visit www.healthrepublicny.org or call (866) 680-0893. Please be advised that no claim will be paid until all policy claims against Health Republic are adjudicated pursuant to the Claims Adjudication Procedure. Claims will be paid based on available general assets. The amount of payment will depend on the percentage of total assets to total claims in each particular claims class.