

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF WESTCHESTER

----- X
In the Matter of

Index No. 54964/2018

the Liquidation of

AFFIRMATION

TOUCHSTONE HEALTH HMO, INC.
----- X

Manasi Dharia, an attorney at law, duly admitted to practice before the Courts of the State of New York, hereby affirms the following to be true under penalties of perjury:

1. I am an attorney with the New York Liquidation Bureau (“NYLB”), which serves as the staff of Adrienne A. Harris, Superintendent of the Department of Financial Services of the State of New York (“Superintendent”), in her capacity as liquidator (“Liquidator”) of Touchstone HMO, Inc. (“Touchstone”). I submit this affirmation upon information and belief, based on my review of the Touchstone files maintained by the NYLB and the conversations I have had with employees of the Liquidator, in support of the Liquidator’s application for an order approving the Liquidator’s report on the status of and request to close the Touchstone liquidation proceeding (“Closing Report”) and the financial transactions therein detailed.

2. A copy of the proposed order is annexed hereto as Exhibit 1.


3. The Closing Report is annexed hereto as Exhibit 2.

4. The Liquidator proposes to give notice of the return date of the accompanying Order to Show Cause by posting the Order to Show Cause and its supporting papers on the NYLB Internet web page at <https://www.nylb.org/Touchstone.htm> under Legal and Estate Notices within five (5) days following the Liquidator’s receipt of a signed copy of the Order to Show Cause.

5. No previous application for the relief sought herein was made to this or any other court or judge thereof.

WHEREFORE, it is respectfully requested that the Court grant an order substantially in the form of the proposed order annexed hereto as Exhibit 1: (i) approving the Closing Report and the financial transaction detailed therein, annexed hereto as Exhibit 2: (ii) authorizing the continued payment of actual and necessary administrative expenses incurred by the Liquidator in the administration of the Touchstone liquidation proceeding, including such expenses pertaining to the closing of the liquidation proceeding; (iii) authorizing the Liquidator to distribute Touchstone's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Touchstone with allowed claims; (iv) terminating and closing the liquidation proceeding; (v) authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding; (vi) authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Touchstone estate; (vii) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, including the NYLB, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding; and (viii) for such other and further relief that this Court deems just and proper.

Dated: New York, New York
January 29, 2025



Manasi Dharia

Exhibit 1 – Proposed Order

At the Supreme Court of the State of New York, County of Westchester, at the courthouse located at 111 Martin Luther King Boulevard, White Plains, New York, on the ____ day of _____, 2025.

P R E S E N T:

HON. William J. Giacomo, J.S.C.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF WESTCHESTER

-----X
In the Matter of

Index No.: 54964/2018

the Liquidation of

ORDER

TOUCHSTONE HEALTH HMO, INC.
-----X

Upon the motion of the Superintendent of the Department of Financial Services of the State of New York, as liquidator (“Liquidator”) of Touchstone Health HMO, Inc. (“Touchstone”), for an order, *inter alia*: (i) approving the Liquidator’s report on the status of and request to close the Touchstone liquidation proceeding (“Closing Report”), and the financial transactions detailed therein, annexed as Exhibit 2 to the affirmation of Manasi Dharia; (ii) authorizing the continued payment of actual and necessary administrative expenses incurred by the Liquidator in the administration of the Touchstone liquidation proceeding, including such expenses pertaining to the closing of the liquidation proceeding; (iii) authorizing the Liquidator to distribute Touchstone’s assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Touchstone with allowed claims; (iv) terminating and closing the liquidation proceeding; (v) authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding; (vi) authorizing the Liquidator, after termination of the liquidation proceeding and

without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Touchstone estate; (vii) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, including the NYLB, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding; and (viii) for such other and further relief that this Court deems just and proper;

NOW, on the motion of the Liquidator, and no opposition having been filed with the Court, it is:

ORDERED, that the application is granted; and it is further

ORDERED, that the Closing Report and the financial transactions detailed therein are approved; and it is further

ORDERED, that continued payment of actual and necessary administrative expenses, if any, including such expenses pertaining to the closing of the Touchstone liquidation proceeding, is authorized; and it is further

ORDERED, that the Liquidator is authorized to distribute Touchstone's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Touchstone with allowed claims; and it is further

ORDERED, that the liquidation proceeding is terminated and closed; and it is further

ORDERED, that the Liquidator's receipt and disbursement, without further application to this Court, of any receipts that are received after the termination of the liquidation proceeding, is authorized; and it is further

ORDERED, that the Liquidator, after termination of the liquidation proceeding and without further order of this Court, is authorized to destroy or otherwise dispose of any and all of

the books, files, records (paper or electronic) and other property of the Touchstone estate; and it is further

ORDERED, that the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, including the NYLB, are released and discharged from any and all liability arising from their acts or omissions in connection with the liquidation proceeding.

E N T E R

J.S.

**FINAL REPORT ON THE STATUS OF AND REQUEST TO CLOSE
THE LIQUIDATION PROCEEDING OF
TOUCHSTONE HEALTH HMO, INC**

INTRODUCTION

Adrienne A. Harris, Superintendent of the Department of Financial Services of the State of New York (“Superintendent”), as liquidator (“Liquidator”) of Touchstone Health HMO, Inc. (“Touchstone”), reports that she has completed her duties regarding the liquidation of Touchstone. The Liquidator submits this final report to apprise the Court of the status of the liquidation proceeding (“Closing Report”) and to respectfully request that the Court enter an order substantially in the form of the proposed order annexed as Exhibit 1 to the accompanying affirmation of Manasi Dharia, *inter alia*, approving the Closing Report and the financial transactions detailed herein and terminating and closing the Touchstone liquidation proceeding.

BACKGROUND

A. Touchstone Liquidation

Touchstone was incorporated in the State of New York on May 30, 2006. Touchstone became a “Medicare Only” HMO on September 1, 2007, certified by the NYS Department of Health to arrange for the delivery of health care services directly to members of a covered Medicare population in the counties of Bronx, Kings, New York, Orange, Queens, Richmond, and Westchester. Touchstone offered plans (“Plans”) providing Medicare Advantage and Medicare Advantage Part D prescription drug coverage (“MA-PD Coverage”) to Medicare beneficiaries (“Members”) and healthcare services for Members through a network of medical services providers pursuant to Article 44 of the New York Public Health Law. Touchstone’s contract with the U.S. Centers for Medicare & Medicaid Services (“CMS”) to provide MA-PD Coverage was

terminated on October 28, 2015, and expired effective January 1, 2016, by mutual consent of Touchstone and CMS. All of Touchstone's remaining Plans were terminated effective January 1, 2016, and Touchstone has no other Plans in effect and was placed into liquidation on May 14, 2018 ("Liquidation Order"). NYSCEF 15.

B. Bar Date

The Liquidation Order provided that all claims against Touchstone and all evidence supporting such claims were to be submitted to the Liquidator by the Bar Date of November 13, 2018. No additional claims or evidence in support of claims against Touchstone may be presented to the Liquidator.

C. Classes of Creditors

The priority of distribution of assets from a liquidating insurer is set forth in Insurance Law § 7434, which provides that all members of a senior class be paid in full before the members of the next class may receive any payment, and establishes the following classes:

Class One – Administrative Claims

Claims with respect to the actual and necessary costs and expenses of administration incurred by the Liquidator;

Class Two – Claims Under Policies

All claims under policies including claims of the federal, state or local government for losses incurred, third-party claims, claims for unearned premiums, and all claims of the security fund guaranty associations, but excluding claims arising under reinsurance contracts;

Class Three – Federal and Government Claims

Claims of the federal government, except those stated above in Class Two;

Class Four – Employee Claims

Claims for wages owing to employees of an insurer against whom an Article 74 proceeding is commenced and claims for unemployment insurance contributions required by Article 18 of the New York Labor Law;

Class Five – State and Local Government Claims

Claims of state and local governments, except those stated above in Class Two;

Class Six – General Creditor Claims

Claims of general creditors, including, but not limited to, claims under reinsurance contracts;

Class Seven – Late Filed Claims

Claims filed late or any other claims other than claims under Class Eight or Class Nine below;

Class Eight – § 1307 Loans

Claims for advanced or borrowed funds made pursuant to Insurance Law § 1307; and

Class Nine – Shareholder Claims

Claims of shareholders or other owners in their capacity as shareholders.

D. Federal Waiver

On December 4, 2024, the Liquidator and the United States entered into a release agreement under the Federal Priority Statute, 31 U.S.C. § 3713 (the “Release Agreement”), to enable the Liquidator to distribute the assets of the Touchstone estate for allowed claims and close the estate without the threat of being held personally liable under the Federal Priority Statute for unknown or unasserted claims of the federal government.

CURRENT STATUS OF CLAIMS PRESENTED

There were a total of 30 claims submitted to the Liquidator, which consisted of the following:

- Class Two – There are ten Class Two Claims of which seven were allowed for a total of \$2,445,409. Three Class Two Claims were disallowed.
- Class Three – There are no Class Three claims.
- Class Four – There are no Class Four claims.
- Class Five – There is one Class Five state and local government claim that was allowed at \$3,774.

- Class Six – There are eighteen Class Six general creditor claims. Eleven claims were allowed for a total allowance of \$4,884,945. Two claims were voided, one was withdrawn, and four were disallowed.
- Class Seven – There are no Class Seven claims.
- Class Eight – There is one Class Eight claim for \$10,639,750, which claim was not adjudicated, in the Liquidator’s discretion, because no assets are available to pay Class Eight claims.
- Class Nine – There are no Class Nine claims.

CLOSING PLAN

The Liquidator has completed the adjudication of all the claims that will share in the distribution of assets and has been working to close the estate. To date, no distributions of assets has been made. The Liquidator has completed the creditor verification process and is prepared upon approval of this Closing Report to make distributions in February 2025.

Any unclaimed distributions will be escheated to New York State pursuant to the Abandoned Property Law. To that end, the Liquidator has established an online portal through which Touchstone creditors with allowed claims can search for unclaimed funds in their name. Notice of and accessibility to the unclaimed funds portal will be available on the NYLB website at www.nylb.org.

FINANCIAL REPORT

Touchstone’s financial books and records for the period of May 11, 2018, to September 30, 2024 are attached hereto as Exhibit A.

1. Assets

As of September 30, 2024, Touchstone’s records reflect total assets in the amount of \$4,983,541, consisting of \$2,090,579 in cash and cash equivalents, \$2,873,226 in bonds at fair market value, and \$19,736 in accrued investment income.

2. Liabilities

As of September 30, 2024, Touchstone's records reflect total liabilities of \$18,116,504 consisting of \$142,626 in Class One administrative expenses, \$2,445,409 in Class Two policyholder claims, \$3,744 in Class Five state and local and government claims, \$4,884,945 in Class Six general creditor claims, and \$10,639,750 in Class Eight Section 1307 loan claims.

3. Receipts and Disbursements

For the period of May 11, 2018 to September 30, 2024, there were a total of \$2,811,218 in disbursements and a total of \$749,794 in receipts. The disbursements consisted of \$2,809,904 in operating expenses and \$1,314 in loss adjustment expense. The receipts consisted of \$556,697 in net investment income, \$148,555 in CMS recoveries and \$44,542 in miscellaneous expenses.

RELIEF SOUGHT

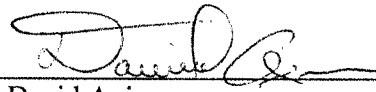
The Liquidator submits this Closing Report to report that the affairs of the Touchstone liquidation proceeding have been completed and that it is in the best interests of the estate to close the liquidation proceeding at this time under the terms and conditions outlined herein.

Accordingly, the Liquidator respectfully requests that the Court issue an order:

1. Approving the Closing Report and the financial transactions detailed herein;
2. Authorizing the continued payment of actual and necessary administrative expenses, if any, including such expenses pertaining to the closing of the liquidation proceeding;
3. Authorizing the Liquidator to distribute Touchstone's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Touchstone with allowed claims;
4. Terminating and closing the liquidation proceeding;
5. Authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding;

6. Authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Touchstone estate; and
7. Releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys, and employees, including the NYLB, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding.

Dated: New York, New York
January 31, 2025



David Axinn
Special Deputy Superintendent and
Agent of Adrienne A. Harris,
Superintendent of the Department of
Financial Services of the State of New
York, as Liquidator of Touchstone Health
HMO, Inc.

Touchstone Health HMO, Inc.

Assets As of September 30, 2024

Unrestricted Assets:

Cash and Cash Equivalents	\$	2,090,579
Bonds, at fair market value		2,873,226
Total Cash, Cash Equivalents and Investments		<u>4,963,805</u>
Accrued Investment Income		19,736
Total Assets	\$	<u>4,983,541</u>

Touchstone Health HMO, Inc.

Liabilities As of September 30, 2024

Secured Claims	\$	-
Class I - Administrative Claims		142,626
Class II - Claims and Related Costs		
Adjudicated		2,445,409
Non-Adjudicated		0
Total Class II - Claims and Related Costs		<u>2,445,409</u>
Class III - Federal Government Claims		-
Class IV - Employee Claims		-
Class V - State and Local Government Claims		3,774
Class VI - General Creditor Claims		4,884,945
Class VII - Late Filed Claims		-
Class VIII - Section 1307 (Shareholder) Loans		10,639,750
Class IX - Shareholder Claims		-
Total Liabilities		<u>18,116,504</u>
(Deficit) Surplus		(13,132,963)
Total Liabilities and (Deficit) Surplus	\$	<u>4,983,541</u>

Touchstone Health HMO, Inc.

Receipts and Disbursements

For The Period May 11, 2018 to September 30, 2024

Receipts:

Net Investment Income	\$	556,697
CMS Recoveries		148,555
Miscellaneous		44,542
Total Receipts		<u>749,794</u>

Operating Expenses:

Salaries		795,447
Employee Relations & Welfare		525,011
Rent and Related Expenses		903,920
Professional Fees		233,925
General and Administrative Expenses		351,601

Total Operating Expenses 2,809,904

Other Disbursements:

Loss Adjustment Expense		<u>1,314</u>
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Total Other Disbursements 1,314

Total Disbursements 2,811,218

Disbursements over Receipts (2,061,424)

Cash and Cash Equivalents; Beginning of Period 7,041,716

Unrealized Gain / (Loss) on Investments (16,487)

Cash and Cash Equivalents; End of Period \$ 4,963,805

