

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS**

**SUPERIOR COURT**

**Docket No. 07-E-0517**

**In the Matter of the Liquidation of  
Patriot Health Insurance Company, Inc.**

**LIQUIDATOR'S TWELFTH REPORT**

I, Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of Patriot Health Insurance Company, Inc. ("Patriot"), hereby submit this twelfth report on the liquidation of Patriot, as of December 31, 2010, in accordance with RSA 402-C:25 and the order dated April 11, 2008 granting the Liquidator's motion regarding filing of Liquidator's reports.

1. Patriot's background. Patriot wrote coverage only in New Hampshire and specialized in consumer directed health plans. It started business in 2005. On December 12, 2007, Patriot was placed in rehabilitation and the Commissioner was appointed as its Rehabilitator. The Rehabilitator entered an Assumption Agreement with MVP Health Insurance Company of New Hampshire ("MVP"), which was approved by the Court December 12, 2007. The agreement provided for the transfer of policies effective January 1, 2008 with no disruption to the policyholders or subscribers. The responsibility for claims incurred under Patriot health insurance policies prior to January 1, 2008 remained with Patriot. On January 18, 2008, the Court entered an Order of Liquidation placing Patriot in liquidation and appointing the Commissioner as Liquidator.

2. Claim administration and funding. On February 12, 2008, the Court approved a Claim Administration and Funding Agreement between the Liquidator, the

New Hampshire Life and Health Insurance Guaranty Association (“NHLHIGA”), Comprehensive Benefits Administrator d/b/a EBPA (“EBPA”), and MVP (“Agreement”). Pursuant to that Agreement, EBPA has been adjusting claims incurred under Patriot health insurance policies prior to 11:59 PM on December 31, 2007 when MVP assumed Patriot’s responsibilities. EBPA has determined any amounts properly payable under Patriot health insurance policies, and provided Explanation of Benefits (“EOBs”) to the provider or subscriber. EBPA has informed the Liquidator that where any claimant contacted EBPA regarding a determination set forth on an EOB, EBPA reviewed the issue and then provided a new EOB as appropriate under the Patriot health insurance policy.

EBPA has advised NHLHIGA of the amounts properly payable on claims under Patriot health insurance policies. Where the total payable amounts on any individual life are less than the \$100,000 per life cap on NHLHIGA payments under RSA 408-B, the amounts have been paid to the claimant by or on behalf of the NHLHIGA. There are two subscribers as to whom claims exceed NHLHIGA’s statutory individual life cap of \$100,000.

As of December 31, 2010, EBPA had received and adjusted claims incurred before January 1, 2008 under Patriot health insurance policies totaling \$1,861,029.93. The majority of adjusted claims are within NHLHIGA’s statutory limits and are being paid by NHLHIGA. The Liquidator has been monitoring this process. NHLHIGA has filed a proof of claim for any payments it makes on Patriot’s behalf and its expenses. To date the NHLHIGA has paid \$1,332,562.88 in claims.

3. Proofs of claim. The claim filing deadline in the Patriot liquidation was July 18, 2008. Patriot subscribers or members, or healthcare providers submitting claims on behalf of members or subscribers, were not required to submit proofs of claims unless they were not able to submit the claim in the normal course to EBPA (the claim administrator) by the July 18, 2008 claim filing deadline. Producers, attorneys, vendors and other general creditors were required to file proofs of claim. As of December 31, 2010, the Liquidator has received a total of 98 proofs of claim. Including the amounts paid by NHLHIGA to date, the proofs of claim submitted assert claims that total \$2,703,439.35. Some proofs of claims were submitted without an amount stated. Most proofs of claim are for unpaid medical costs, and the Liquidator has forwarded copies of all supporting material to EBPA for adjusting of the claims. The results of those claims are part of EBPA adjusted claim amount.

4. Claim determinations. The process of determining proofs of claim has now concluded. The Liquidator has issued final notices of determination addressing all of the proofs of claim. As of December 31, 2010, the Liquidator has issued 99 determinations by claimant and priority class for Patriot totaling \$1,976,679.12. (One proof of claim received two notices of determination because the underlying claim fell in two priority classes.) The Liquidator has filed and the Court has approved four reports of Claims and Recommendations totaling \$1,976,679.12. The second of these, the report as of April 14, 2009, addressed at least 1,415 Class II (policy related claims) submissions to EBPA that were deemed proof of claims and resolved by EBPA claim recommendations. The June 8, 2010 report was the final report of Claims and Recommendations filed with the Court.

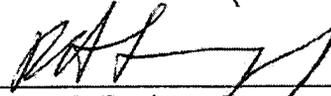
5. Closure Plan. By Order dated October 6, 2008, the Court approved a plan for the closure of the Patriot liquidation. The Liquidation Closure Plan provides a framework for the determination of claims, distribution of assets and closure of the proceeding. Patriot's liabilities exceed its assets, and no distributions will be made to any priority class below Class II (policy related claims). See RSA 402-C: 44.

6. Taxes. Patriot was a subsidiary of its parent company, Patriot Healthcare, Inc. ("Patriot Healthcare"), until Patriot Healthcare was dissolved effective September 21, 2009. Patriot was included in the consolidated federal tax returns of Patriot Healthcare for periods through December 31, 2008. The Liquidator will file federal tax returns for Patriot on a "stand alone" basis for periods subsequent to that date. The tax returns filed by Patriot Healthcare through 2008 do not reflect any tax liability for Patriot, although certain periods are potentially still subject to assessment by the Internal Revenue Service.

7. Financial report. A copy of the unaudited December 31, 2010 statement of assets, receipts, and disbursements for Patriot is attached as Exhibit A to this report. The statement reflects \$635,845 in assets (all cash), after reserving for the accrued liability for NHLHIGA's Class I claim in accordance with the Closure Plan, under the Liquidator's direct control at December 31, 2010, and \$7,725 in cash receipts and \$19,850 in operating disbursements from January 1, 2010 through December 31, 2010. In light of the Assumption Agreement with MVP approved by the Court on December 12, 2007, Patriot's sole asset both on January 18, 2008 (the beginning of the liquidation) and on December 31, 2010 was cash held at TD North Bank and Centrix Bank.

8. The Liquidator is preparing a submission to the Court concerning distribution of estate assets in accordance with paragraph 2 of the Closure Plan and anticipates making that submission in the near future.

Respectfully submitted,



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Roger A. Sevigny, Insurance Commissioner,  
as Liquidator of Patriot Health Insurance  
Company, Inc.

February 22, 2011

**CERTIFICATE OF SERVICE**

I hereby certify that on March 7, 2011, a copy of the Liquidator's Eleventh Report was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

  
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Glenn A. Perlow

**Patriot Health Insurance Company In Liquidation  
Statement of Assets and Liabilities, and Receipts and Disbursements**

January 1, 2010  
to  
December 31, 2010

<b>Beginning Cash</b>	<b>\$ <u>798,202</u></b>
Cash Receipts - Claim Payment Recoveries	7,725
Cash Disbursements:	
Legal Expenses	8,131
Consultant and Outside Service Expenses	2,630
Other Expenses	<u>8,818</u>
Total Cash Disbursements	19,580
Excess of Receipts Over Disbursements	<u>(11,855)</u>
<b>Ending Cash</b>	<b>786,347</b>
<b>Reserve for Allowed NHLHIGA Class I Claim</b>	<b><u>150,502</u></b>
<b>Ending Cash less Reserve for Class I Claim</b>	<b>\$ <u><u>635,845</u></u></b>

**Note - Basis of Accounting**

This financial statement is prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in this financial statement.

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 07-E-0517

In the Matter of the Rehabilitation of  
Patriot Health Insurance Company, Inc.

**SERVICE LIST**

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Association