

MOTION FOR APPROVAL OF A PROPOSED REHABILITATION PLAN

August 6, 2015: Proposed Claims Filing Deadline

The Rehabilitator has prepared a Rehabilitation Plan for the MEWA (“the Plan”) and filed a motion with the Receivership Court on June 22, 2015 seeking its approval. A complete copy of the Plan may be found online at <http://www.doi.sc.gov/DocumentCenter/View/8314> and may also be accessed on the dedicated webpage (<http://doi.sc.gov/840/SCHC>) by clicking on the link labeled “Motion for Approval of Plan of Rehabilitation and Proposed Plan of Rehabilitation (June 22, 2015)” under the *Latest Updates and Correspondence* heading.

Summary of the Proposed Plan of Rehabilitation (“Plan”)

The Plan has been submitted for the Court’s review and approval. The Rehabilitator has now reviewed the books, records and assets and liabilities of the MEWA and has determined that:

- Claimants are predominantly health care providers who have rendered services to members and their beneficiaries, participants or employees prior to termination of the MEWA Plan on November 30, 2014.
- Private corporate funding has enabled the MEWA to make two partial payments totaling \$2.7 million to providers from the Claim Fund. Currently, the MEWA’s remaining unpaid provider liabilities are estimated to be approximately \$8.4 million as of May 30, 2015.
- There are limited funds available, other than the Claim Fund (funded with private corporate funds), for the administration of the estate.
- The Rehabilitator has concluded that the most prudent and cost effective approach is to pay provider claims on a pro rata basis in installments as funds become available in accordance with a court-approved priority and valuation method.

Accordingly, the Plan consists of the following general components:

- Collection/recovery of remaining assets.
- Obtaining authority to use Medicare reimbursement rates to determine the MEWA’s unpaid claim liability at November 30, 2014 if deemed prudent by the Rehabilitator and approved by the court.
- Make ratable provider claims payments or distributions after administrative expenses have been paid. Prospective distributions, if any, to providers will be adjusted if there have been any prior overpayments.
- Payment of claims subordinate to providers is unlikely.
- Claims will be paid in accordance with the priorities approved by the Court. No subordinate claims will be paid until claims of a higher priority are paid in full. The Plan proposes to pay claims in the following order:
 - Secured claims, if any.
 - Administrative expenses.
 - Provider Claims (MEWA unpaid liability) for services rendered by providers to MEWA members, their employees and dependents on or prior to the termination of the MEWA on November 30, 2014.

At this time, there are not sufficient funds to pay the Provider Claims above in full. Therefore, claims subordinate to provider claims (i.e., lower than) are unlikely to be paid. Subordinate claimants, however, should submit their claims by the proposed claim deadline, August 6, 2015 to be considered.

This is intended to be a summary of the Plan. Please read the motion and the Plan filed with the court for complete details. If there are any conflicts between the content of this summary and the Proposed Rehabilitation Plan, the terms and conditions of the Proposed Rehabilitation Plan control.

Proposed Claims Filing Deadline: At this time it is being proposed that all claims must be filed no later than 45 days from the date of filing of the Plan (August 6, 2015).