

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

KENNETH M. ROSS, COMMISSIONER,
MICHIGAN DEPARTMENT OF LABOR AND
ECONOMIC GROWTH, OFFICE OF FINANCIAL
AND INSURANCE REGULATION,

Petitioner / Liquidator,

Case No. 05-1472-CR

Hon. William E. Collette

v.

ULTIMED HMO OF MICHIGAN, INC.,
a Michigan health maintenance organization,

IN LIQUIDATION

Respondent.

NOTICE OF HEARING

To: Clerk of the Court
Interested Parties

PLEASE TAKE NOTICE that the attached *Petition for Order Ratifying Actions of the Liquidator Taken to Date and Approving Recommendations Made in Deputy Liquidator James Gerber's Report and Recommendation Regarding Status of Liquidation, Outstanding Assets and Potential Claims, and Distribution of Estate Assets* filed by the Petitioner, Kenneth M. Ross, Commissioner, Michigan Department of Labor and Economic Growth, Office of Financial and

Insurance Regulation, will be heard by the Honorable William H. Collette on Wednesday, May 28, 2008 at 10:00 a.m., or as soon thereafter as counsel can be heard.

Respectfully submitted

Michael A. Cox
Attorney General

A handwritten signature in black ink, appearing to read "Christopher L. Kerr", is written over a horizontal line.

Christopher L. Kerr (P57131)
Assistant Attorney General
Michigan Department of Attorney General
Insurance & Banking Division
P.O. Box 30754
Lansing, Michigan 48909

Dated: May 5, 2008

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Respondent.

E. John Blanchard (P28881)
Christopher L. Kerr (P57131)
Assistant Attorneys General
Michigan Department of Attorney General
Insurance & Banking Division
Attorneys for Petitioner / Liquidator
Kenneth M. Ross, Commissioner of OFIR
P.O. Box 30754
Lansing, Michigan 48909
Telephone: (517) 373-1160

**PETITION FOR ORDER RATIFYING ACTIONS OF THE LIQUIDATOR
TAKEN TO DATE AND APPROVING RECOMMENDATIONS MADE IN
DEPUTY LIQUIDATOR JAMES GERBER'S REPORT AND RECOMMENDATION
REGARDING STATUS OF LIQUIDATION, OUTSTANDING ASSETS AND
POTENTIAL CLAIMS, AND DISTRIBUTION OF ESTATE ASSETS**

Kenneth M. Ross, Commissioner of the Michigan Department of Labor and Economic Growth, Office of Financial and Insurance Regulation, and Court-appointed Liquidator for Ultimed HMO of Michigan, Inc. (the "Liquidator"), by and through his attorneys, Michael A. Cox, Attorney General of the State of Michigan, and Christopher L. Kerr, Assistant Attorney General, petitions this Court for an Order ratifying the actions of the Liquidator taken to date and

approving the recommendations made in Deputy Liquidator James Gerber's Report and Recommendation Regarding Status of Liquidation, Outstanding Assets and Potential Claims, and Distribution of Estate Assets. In support of this Petition, the Liquidator states as follows:

1. On April 10, 2006, this Court entered an Order placing Ultimed HMO of Michigan, Inc. ("Ultimed") into Liquidation. The Liquidation Order appointed Linda A. Watters, then-Commissioner of the Office of Financial and Insurance Services, as Liquidator for Ultimed. The Liquidation Order further appointed James Gerber and Janice Sylvertooth as Special Deputy Liquidators for Ultimed.

2. Effective February 22, 2008, Governor Granholm named Kenneth M. Ross Commissioner of the Office of Financial and Insurance Services. As Commissioner, Mr. Ross assumed the role of Liquidator for Ultimed.

3. On February 1, 2008, Governor Granholm signed Executive Order 2008-02, which reorganized the Office of Financial and Insurance Services and changed its official name to the Office of Financial and Insurance Regulation ("OFIR"). Executive Order 2008-02 became effective on April 6, 2008.

4. On February 13, 2008, the undersigned filed with this Court Deputy Liquidator James Gerber's Report and Recommendation Regarding Status of Liquidation, Outstanding Assets and Potential Claims, and Distribution of Assets (the "Report").

5. On February 14, 2008, OFIS/OFIR posted an electronic copy of the Report on its website, under the section "Who We Regulate" and the subsection "Ultimed." The electronic copy of the Report, together with Exhibits, continues to be available on the OFIR website.

6. On February 21, 2008, the undersigned served copies of the Report upon Ultimed's five largest creditors via U.S. First Class Mail. Ultimed's five largest creditors (by approved claim amount) are (a) The Henry Ford Medical Group, (b) CVS Pharmacy, (c) The

City of Detroit Fire Department, (d) Rite Aid Corporation; and (e) The Regents of the University of Michigan.

7. On February 27, 2008, the undersigned and Deputy Liquidator James Gerber met with this Court to discuss the information and recommendations contained in the Report. During the meeting, the Court stated no concerns about the actions undertaken (as disclosed in the Report) by the Liquidator, his staff, and legal counsel in connection with the liquidation of Ultimed. Similarly, the Court voiced no objections to and indicated its general agreement with the recommendations made in the Report.

8. Since the filing of the Report with this Court, the posting of the Report on the OFIR website, and the service of the Report upon Ultimed's five largest creditors, the undersigned and Deputy Liquidator Gerber have received only one telephone call regarding the Report's contents. On February 25, 2008, the undersigned received a call from a representative of CVS Pharmacy regarding the Report and the potential claims outlined therein. At that time, the CVS representative indicated that further pursuit of the potential claims discussed in the Report did not appear to be cost-justified, and that CVS was not inclined to pursue the matter further.

9. The Report having been filed, posted, and served on Ultimed's five largest creditors for over two months, Deputy Liquidator James Gerber and the undersigned having met with the Court to discuss the Report's contents, and the Liquidator, his staff, and legal counsel having received no objections to the information or recommendations contained in the Report, the Liquidator now seeks an Order from this Court formally: (a) ratifying the actions of the Liquidator taken to date, as disclosed in the Report; and (b) approving the recommendations made in the Report.

10. With respect to the recommendations made in the Report regarding the Liquidator's pursuit of outstanding assets and potential claims of the Ultimed Liquidation Estate, the Liquidator has recommended, and the Court has agreed, that the Liquidator, his staff, and legal counsel will only pursue the following:

- (a) Claims against former Ultimed affiliate Community Health Care Providers, Inc. d/b/a United Community Hospital;
- (b) A potential settlement of claims against former Ultimed affiliate Community Care Partners, Inc. If a settlement cannot be reached, the Liquidator will reassess whether further pursuit of these claims is warranted; and
- (c) Funds remaining in the ABW Program Trust Account and execution of an appropriate, mutual release in exchange for such funds.

11. The Liquidator additionally seeks formal Court approval of the other recommendations contained in the Report, including but not limited to: (a) accepting and including any approved ABW and PlusCare Program claims as liabilities of the Ultimed Liquidation Estate; (b) dismissing the PlusCare appeal; and (c) initiating proceedings to distribute the remaining assets of the Ultimed Liquidation Estate.

12. As discussed in the Report, the Liquidator will assign to a creditors committee any remaining rights and claims that the Ultimed Liquidation Estate has or may have against third parties. To date, however, no creditors have exhibited an interest in receiving an assignment of rights, pursuing outstanding claims, or forming a creditors committee.

13. Due to the limited assets remaining in the Ultimed Liquidation Estate and the prohibitive cost associated with providing personalized notice to the over 2,400 creditors that have filed Proofs of Claim, the Liquidator further requests that the Court authorize and ratify service of this Petition and any resulting Order by:

- (a) Posting a copy of the Petition and any resulting Order on the OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate" and the subsection "Ultimed"; and

(b) Serving a copy of the Petition and any resulting Order, via U.S. First Class Mail, on Ultimed's five largest creditors listed in Paragraph 6 above.

Service in this manner is reasonably calculated to give interested parties (namely, Ultimed's creditors) actual notice of these proceedings and an opportunity to be heard, and is otherwise reasonable under the circumstances.

WHEREFORE, for the reasons stated above, the Liquidator respectfully requests this Court to enter an Order: (a) ratifying the actions of the Liquidator taken to date, as disclosed in the Report; and (b) approving the recommendations made in the Report.

Respectfully submitted

Michael A. Cox
Attorney General



Christopher L. Kerr (P57131)
Assistant Attorneys General
Michigan Department of Attorney General
Insurance & Banking Division
Attorneys for Petitioner
P.O. Box 30754
Lansing, Michigan 48909
(517) 373-1160

Dated: May 5, 2008

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PROOF OF SERVICE

The undersigned certifies that on May 5, 2008, she served a copy of *Petition for Order Ratifying Actions of the Liquidator Taken to Date and Approving Recommendations Made in Deputy Liquidator James Gerber's Report and Recommendation Regarding Status of Liquidation, Outstanding Assets and Potential Claims, and Distribution of Estate Assets and Notice of Hearing* by: (1) depositing same in a United States Postal Depository in the city of Lansing, Michigan, enclosed in an envelope bearing postage fully prepaid, plainly addressed to Ultimed HMO of Michigan, Inc.'s five largest creditors, which are:

CVS Pharmacy
AT: Mr. Skip Buehl
Third Party Financial
One CVS Drive
Woonsocket, RI 02895

City of Detroit Fire Department
AT: Mr. Gary Kelly
Dept. 153801
P.O. Box 67000
Detroit, MI 48267-1538

Rite Aid Corporation
AT: Mr. William Wolfee, Vice President
30 Hunter Lane
Camp Hill, PA 17011

University of Michigan Regents
AT: Regina Ozias
Paralegal for Billing and Third Party
Collections
Room 1211
3621 S. State Street
Ann Arbor, MI 48108-1652

Henry Ford Medical Group
AT: Mr. James Connelly
Chief Medical Officer
P.O. Box 67-0884
Detroit, MI 48267

and (2) Posting the Petition on the Office of Financial and Insurance Regulation website.



Carol Simon