

**Colorado Health Insurance Cooperative in Liquidation
c/o Regulatory Services Group
100 Pine Street, Suite 1200
San Francisco, CA 94111
www.rsgca.org**

Request for Proposals

Purchase of Title to Net Litigation Proceeds of the Risk Corridor Amounts due from CMS under the Affordable Care Act for 2014 and 2015

**Notice Date: January 26, 2018
Due Date: February 28, 2018
Due Time: 4:00 pm Pacific Standard Time**

Contact Information for Additional Information:

**Joseph B. Holloway, Jr.
Receivership Supervisor
Colorado Health Insurance Cooperative in Liquidation
hollowayj@caclo.org**

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I. Background

A. Colorado Health Insurance Cooperative in Liquidation (“Colorado HealthOp”)

Colorado HealthOp was a domestic health insurance company organized under the laws of the state of Colorado and authorized to write health insurance for 2014 and 2015. Colorado HealthOp operated as a qualified health plan under the provisions of the Patient Protection and Affordable Care Act (“ACA”). Colorado HealthOp was approved and funded as a Consumer Operated and Oriented Plan by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services (“CMS”).

In order to limit the amount of money an insurance company could lose as a result of participating in the marketplace, the ACA established three mechanisms for the spreading of risks and premium stabilization. The ACA risk spreading mechanisms consisted of risk corridors, risk adjustment and reinsurance. The risk corridor program was intended to reduce the risk that insurers faced in setting premiums in a new and unfamiliar marketplace. If a qualified health plan’s allowable costs exceed the target amount by more than a certain percentage, the insurer can collect from the program. However, on December 13, 2014, Congress adopted the Consolidated and Further Continuing Appropriations Act of 2015. A provision of this Act placed in jeopardy the funding of the risk corridor program. As of the date of this RFP, the Colorado HealthOp is due the following from CMS’s risk corridor program:

2014 Risk Corridor \$12,728,178

2015 Risk Corridor 96,472,522

On Nov. 10, 2015, the Denver County District Court (“Liquidation Court”) appointed Colorado’s Insurance Commissioner (“Commissioner”) as the Rehabilitator of Colorado HealthOp (“CO-OP”) pursuant to § 10-3-512(1) of the Colorado Revised Statutes. On January 4, 2016, the Denver County District Court entered an Order of Liquidation and Finding of Insolvency for the Colorado HealthOP. Commissioner Marguerite Salazar, the Insurance Commissioner of the

State of Colorado, was appointed as the Liquidator of Colorado HealthOP.¹ The Liquidator is authorized to liquidate and wind down the business and affairs of the Colorado HealthOP pursuant to 10-3-504(1) and 10-3-516(1)(a), (b) and(c) of the Colorado Revised Statutes. The Commissioner has the responsibility to take these actions whenever a licensed insurance company is deemed to be statutorily impaired.

Pursuant to C.R.S. § 10-3-520, the Commissioner was granted authority to employ David E. Wilson of Regulatory Services Group, acting as Receivership Manager and Joseph B. Holloway of INS Consultants, Inc. acting as Receivership Supervisor to assist in the Liquidation with all of the powers of the Liquidator.

As Liquidator, the Commissioner is vested with title to the impaired insurer's assets and is charged with the responsibility to marshal these assets under the direction of the Liquidation Court.

B. The Risk Corridor Litigation

On May 12, 2017, the Colorado HealthOp joined the class action lawsuit brought by class action counsel Quinn Emmanuel against the United States of America for amounts owed to qualified health plans under the risk corridor program ("Health Republic v. United States"). The class action lawsuit has been stayed pending the outcome of the Moda Health and Land of Lincoln appeals. As a class action participant, the Colorado HealthOp will be obligated to pay up to 5% of any risk corridor recovery in contingent legal fees due to Quinn Emmanuel

II. Objective

The Liquidator is soliciting bids from parties interested in entering into a purchase agreement with the Colorado HealthOp for purposes of purchasing title to the net risk corridor proceeds less any lawful rights of offset asserted by the US Government and net of the Quinn Emmanuel fee.

¹ On January 1, 2018, Governor John Hickenlooper selected Michael Conway to serve as Interim Commissioner of Insurance, replacing Marguerite Salazar who became the Executive Director of the Division of Regulatory Agencies.

III. Non-Disclosure Agreement

All parties interested in receiving financial materials relating to the risk corridor amounts due to the Colorado HealthOp and/or the risk corridor litigation, including known and estimated rights of offsets shall submit a fully executed non-disclosure agreement in the form attached hereto as Attachment 1 to Joseph B. Holloway Jr., the Receivership Supervisor at, hollowayj@caclo.org.

IV. TimeTable

DATE

RFP Notice Date	January 26, 2018
Deadline for Written Questions	February 15, 2018
Responses Posted on RSG website	February 22, 2018
Deadline for Submitting Written Bid	February 28, 2018
Expected Decision	March 31, 2018

Please note the Liquidator is under no affirmative obligation to sell the risk corridor receivable and may, in his sole discretion, reject any or all bids received, in whole or in part; continue or discontinue this request for proposals without liability to any bidder or potential bidder; request clarification, additional information and/or new bids from some or all bidders; make counter offers to some or all bids; accept bids based upon factors other than the highest price; select one or more bids subject to further negotiations and/or approval of the Liquidation Court; and/or take any other action that the Liquidator deems appropriate.

V. Bidders – General Information

Bidders must send or deliver their complete bid package to:

**Joseph B. Holloway, Jr.
Receivership Supervisor**

Colorado Health Insurance Cooperative in Liquidation
100 Pine Street, Suite 1200
San Francisco, CA 94111
hollowayj@caclo.org
415-676-2126

All bid packages must be received by the Receivership Supervisor at the address listed above no later than 4:00 pm Pacific Standard Time on February 28, 2018. Any bid package that is incomplete, or is actually received after 4:00 pm Pacific Standard Time shall be disqualified from consideration.

VI. Bid Guidelines

A. Bids must include the specific information requested below:

1. Name of Bidder
2. Address of Bidder
3. Bidder's telephone number
4. Name of individuals responsible for the completion of the RFP
 - a) Telephone number
 - b) Email address
5. Brief history of the bidder/firm, including ownership. Please include prior business names and length of time your organization has been in business under its present name and ownership.
6. Name of parent firm, if any, and the names of affiliates or subsidiaries.
7. Name of firm's directors, officers and/or managing partner.
8. Name and address of individual investors in the firm.
9. Name and address of all institutional investors in the firm.
10. Copy of the bidder's most recent audited financial statement.

B. Bids must identify the purchase price to be paid to the Colorado HealthOp in consideration of the firm's purchase of an interest in any litigation proceeds.

C. Bids must identify how its return on investment shall be calculated.

- D. Bids must identify whether, in addition to its prospective return on investment, it will be charging the Estate any transactional fees or costs; and, if so: (1) the respective description and amount of each such fee or cost; and (ii) whether the bidder is willing to fund the payment of the fees and costs as part of its purchase price.
- E. The bid package must include a proposed purchase agreement that the bidder/firm would be willing to execute if it were awarded the bid.
- F. Bidder acknowledges that execution of a purchase agreement is subject to approval by the Colorado Liquidation Court overseeing the liquidation.
- G. All bidders must acknowledge that this agreement, and all disputes, claims or controversies arising out of or relating to this agreement, shall be governed by the laws of the state of Colorado and specifically subject to the exclusive jurisdiction of the Liquidation Court.
- H. The Bidders agree to hold a closing of the transaction within 30 days of the Liquidation Court's entry of an order approving the sale unless the closing date is mutually extended.
- I. The transaction contemplated by this RFP involves a substantial risk of loss to the Bidder. The Liquidator's obligation to pay any recovery amount is contingent on the recovery of sufficient proceeds from the risk corridor class action lawsuit. If there is no recovery, net of setoffs related to or arising from the risk corridor litigation, the Bidder shall receive nothing.
- J. The Bidder's interest is limited to entering into a purchase agreement with the Colorado HealthOp for purposes of purchasing title to the net risk corridor proceeds less any lawful rights of offset asserted by the US Government and net of the Quinn Emmanuel fee. Bidder is not a party to the litigation. In consideration of its payment of the purchase price, the Bidder shall not obtain any right or power of direction or control with respect to the litigation, including settlement, or counsel in the litigation.

All information submitted by the Bidder is subject to independent verification by the Liquidator. The submission of false or misleading information in the bid package can be used to disqualify a bid.

VII. Preferred Bids

The liquidator would request that bidders submit two separate bids for title to the net risk corridor receivable of the Colorado HealthOp. The two preferred bids are:

- A. A bid for the purchase of the entire net risk corridor receivable without contingent payments based on future events. This bid if accepted by the Liquidator and approved by the Liquidation Court would result in immediate, guaranteed money for the Colorado HealthOp with all future risk corridor receivable recoveries going to the winning bidder.
- B. The alternative bid would be a more traditional structure with an initial amount of guaranteed money paid to the Colorado HealthOp and a percentage split of future recoveries between the bidder and the Colorado HealthOp.

The Liquidator will consider any and all bids for the purchase of the Colorado HealthOp net risk corridor receivable. The bid structure listed above are preferred but not required components that will be considered.