



Town Council Agenda Report

Date: October 8, 2019 Item No. 11

To: Honorable Mayor and Town Council

Subject: FUNDING FOR UNPAID INSURANCE CLAIMS

From: Douglas Robertson, Town Manager

Submitted by: Douglas Robertson, Town Manager

Budgeted Item: Yes No N/A

RECOMMENDED ACTION

That the Town Council approve an additional appropriation of \$200,000 for the funding of all vouchers related to the unpaid claims received from S&S HealthCare Strategies as a result of the Riverstone termination.

BACKGROUND

With the termination of the Riverstone insurance plan coverage on January 31, 2019, numerous medical claims have gone unpaid. The Town of Apple Valley has partnered with S&S HealthCare Strategies Claims Negotiating Service to help settle the amounts of the unpaid claims. It is estimated the remaining assets of Riverstone amount to only about 10% of the unpaid claims of all insureds. Town staff will regularly submit reports as claims are paid in an effort to recover any of the remaining funds to which we may be eligible to receive.

ANALYSIS

The Town entered into a Service and Consulting agreement with Riverstone Capital, LLC on July 1, 2016 as one of the Town's medical plans. Over the years, staff became aware of occasional complaints of Riverstone not paying claims within a timely manner and stepped in as necessary to press Riverstone for action. These issues came to a head in

early 2018 and the Town terminated its contract with Riverstone effective February 1, 2019.

Meanwhile, parallel investigations were conducted by the California Department of Insurance (CDI) and the U.S. Department of Labor (DOL). The investigation revealed that NexGen and Riverstone have been operating as an unauthorized MEWA (Multiple Employer Welfare Association), an arrangement that offers or provides health and welfare benefits to employers and their employees.

On February 15, 2019, a Cease and Desist was ordered by the CDI, effective immediately against NexGen Insurance Services, Inc., Riverstone Capital, LLC dba Riverstone Capital Insurance Services, LLC and its owner/operators Travis O. Bugli, James C. Kelly, and Robert M. Clarke. The Cease and Desist Order alleges that NexGen and Riverstone were marketing, soliciting, and selling purported “self-insured” health plan arrangements to employers, not health insurance, which is a violation of California law. NexGen and Riverstone have since failed to pay medical provider claims totaling approximately \$24 million dollars, exposing employers and their employees to risks and significant financial liabilities.

The court has assigned a third party receiver to manage the remaining assets. The Town Manager’s Office has received the following claim funding vouchers resulting from the terms of the Riverstone MEWA plan of liquidation. Each voucher represents a subset of the Town’s unpaid claims. S&S Healthcare is currently working on negotiating settlements for these claims; therefore, the total unfunded amount could change based on those negotiations.

Voucher Code	Amount
010461	\$4,417.18
P1000	\$16,233.21
010419	\$9,811.27
010521	\$33,444.62
003524	\$14,881.97
003924	\$41,363.72
004879	\$37,874.25

006160	\$25,802.00
007437	\$7,425.17
008146	\$8,764.91
008963	\$1,267.30
009850	\$1,506.51

FISCAL IMPACT

Cost to fund all claim vouchers is approximately \$202,792.11.

ATTACHMENTS

EXHIBIT A – Funding Vouchers Received from S&S Healthcare Strategies.



July 26, 2019

Nikki Salas
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	07/26/19
Medical Claims:		\$3,504.95
Dental Claims:		\$0.00
Admin Fees:		\$912.23
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$4,417.18

Voucher Code: 010461

If you have any questions concerning the amount of this request, please contact:
The Checkroom at 1-800-717-2872.

Please authorize by signing below and return to
Finance Department
dl-checkroom@ss-healthcare.com

Authorization to Release: 

Date: 8/30/19



June 26, 2019

Nikki Salas
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	06/26/19
Medical Claims:		\$0.00
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$16,233.21
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$16,233.21

Voucher Code: P1000

If you have any questions concerning the amount of this request, please contact:
The Checkroom at 1-800-717-2872.

Please authorize by signing below and return to
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dl-checkroom@ss-healthcare.com

Authorization to Release:  Date: 8/30/19



August 27, 2019

Nikki Salas
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	08/26/19
Medical Claims:		\$29,206.25
Dental Claims:		\$0.00
Admin Fees:		\$4,238.37
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$33,444.62

Voucher Code: 010521

If you have any questions concerning the amount of this request, please contact:
The Checkroom at 1-800-717-2872.

Please authorize by signing below and return to
Finance Department
dl-checkroom@ss-healthcare.com

Authorization to Release: 

Date: 9/27/19



July 12,2019

Nikki Salas
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	07/12/19
Medical Claims:		\$9,811.27
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$9,811.27

Voucher Code: 010419

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June 26,2019

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Claims Funding

	Process Date:	10/17/18
Medical Claims:		\$14,881.97
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$14,881.97

Voucher Code: 003524

If you have any questions concerning the amount of this request, please contact:
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June 26,2019

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Claims Funding

Process Date: 11/17/18

Medical Claims:	\$41,363.72
Dental Claims:	\$0.00
Admin Fees:	\$0.00
Pharmacy:	\$0.00
Over Reinsurance Limit:	\$0.00
Adjustments:	\$0.00
Total amount to be deposited:	\$41,363.72

Voucher Code: 003924

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Claims Funding

	Process Date:	12/16/18
Medical Claims:		\$37,874.25
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$37,874.25

Voucher Code: 004879

If you have any questions concerning the amount of this request, please contact:
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Date: _____



June 27,2019

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Email: vmartinez@ngiins.com

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Claims Funding

Process Date: 01/16/19

Medical Claims:	\$25,802.00
Dental Claims:	\$0.00
Admin Fees:	\$0.00
Pharmacy:	\$0.00
Over Reinsurance Limit:	\$0.00
Adjustments:	\$0.00
Total amount to be deposited:	\$25,802.00

Voucher Code: 006160

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Claims Funding

	Process Date:	02/16/19
Medical Claims:		\$7,425.17
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$7,425.17

Voucher Code: 007437

If you have any questions concerning the amount of this request, please contact:
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June 27, 2019

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Apple Valley, CA 92307
P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	04/16/19
Medical Claims:		\$8,764.91
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$8,764.91

Voucher Code: 008146

If you have any questions concerning the amount of this request, please contact:
The Checkroom at 1-800-717-2872.

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Authorization to Release: _____

Date: _____



June 27,2019

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P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	05/16/19
Medical Claims:		\$1,267.30
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$1,267.30

Voucher Code: 008963

If you have any questions concerning the amount of this request, please contact:
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Authorization to Release: _____

Date: _____



June 28,2019

Nikki Salas
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
P: 760-240-2000 ext 2052
Email: vmartinez@ngiins.com

Please authorize via email -- referencing the voucher code(s), amount, and process date.

Claims Funding

	Process Date:	06/26/19
Medical Claims:		\$1,506.51
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$0.00
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$1,506.51

Voucher Code: 009850

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Claims Funding

	Process Date:	06/26/19
Medical Claims:		\$0.00
Dental Claims:		\$0.00
Admin Fees:		\$0.00
Pharmacy:		\$16,233.21
Over Reinsurance Limit:		\$0.00
Adjustments:		\$0.00
Total amount to be deposited:		\$16,233.21

Voucher Code: P1000

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