STATE OF MINNESOTA DISTRICT COURT

COUNTY OF RAMSEY SECOND JUDICIAL DISTRICT

In the Matter of the Rehabilitation of UCare Minnesota	Court File No. 62-CV-25-10053 **ORDER APPROVING REHABILITATION PLAN AS MODIFIED**

INTRODUCTION

The Honorable Stephen L. Smith heard this matter on March 17, 2026. The court appointed the Commissioner of the Minnesota Department of Health ("Commissioner") as Rehabilitator of UCare Minnesota ("UCare") on December 17, 2025, pursuant to Minn. Stat. Ch. 60B. Among other things, the court authorized the Rehabilitator to file a rehabilitation plan for the court's consideration, pursuant to Minn. Stat. § 60B.17, subd. 8. The Commissioner, in her capacity as the Rehabilitator ("Commissioner" or "Rehabilitator"), filed a proposed rehabilitation plan on February 3, 2026. Five healthcare providers objected to the plan and/or offered modifications to it.

The Rehabilitator filed a revised version of the plan on March 13, 2026, incorporating many but not all of the objecting providers' modifications. The plan contemplates the Rehabilitator will coordinate with the Minnesota Life and Health

Guaranty Association ("Association") to ensure payment of claims by the Association to its members and enrollees. The Rehabilitator now moves the court for approval of the plan. The Association supports the rehabilitation plan. Counsel of record noted their appearances. The court took the matter under advisement following the hearing.

DISCUSSION

The question for the court is whether the Rehabilitator's revised plan satisfies the statutory requirements of Minn. Stat. § 60B.17, subd. 8. The Rehabilitator has the sole authority to propose a rehabilitation plan for a health maintenance organization. Minn. Stat. § 60B.17, subd. 8(a).[1] The court shall approve the plan if it satisfies the following criteria:

> (1) the plan provides for payments to lien claimants equal to the value of each lien claim on the date of approval of the plan and may provide for payment of lien claims beyond the effective date of the plan and beyond the original repayment period for the obligation underlying the claim where the plan provides sufficient protection for the lien claim during the period for such claim under the rehabilitation plan;
>
> (2) the plan provides for payment in full of each prior class of claims before payment of the next class;
>
> (3) the plan provides for payment in full of all claims for taxes of the United States government, except for claims for interest accruing during the rehabilitation or claims for penalties. The plan

[1] Subd. 8(a) provides: The rehabilitator of a health maintenance organization, after consultation with the board of directors of the health maintenance organization, has the sole authority to propose a plan of rehabilitation. UCare's board of directors apparently disbanded in late December after the court issued its rehabilitation order, dated December 17, 2025. Second Declaration of Donald Roof ("Second Roof Dec."), Ex. 2 at 12.

> may provide for payment of the claims over any period of time up to ten years after the effective date of the plan; and
>
> (4) the plan is fair and equitable as to each class of claims for which the plan does not provide full payment. In determining whether the plan is fair and equitable to these claimants, the court shall consider the feasibility of the plan, the health maintenance organization's ability to generate a significant surplus, the health maintenance organization's need to expend money to change or expand its business, and the injury to enrollees through loss of coverage if such a plan is not approved.

Minn. Stat. § 60B.17, subd. 8(b).

The Rehabilitator argues that if the court finds the plan meets these criteria, it must approve the plan. Rehab. Opp. Br. at 12. Conversely, if it finds the plan fails to meet these criteria, the Rehabilitator confirmed during oral argument, the court must send the Rehabilitator back to the drawing board. The healthcare providers suggest the court has the authority to modify the plan without returning it to the Rehabilitator. *See* Prov. Jt. Br. at 5-6. The statutory scheme here does not provide a clear answer to this quandary. So, the court must interpret the relevant provisions of Minn. Stat. § 60B.17, subd. 8. [2]

Statutory construction requires the court to give effect to the legislature's intent. *Ly v. Harpstead*, 16 N.W.2d 788, 797 (Minn. 2024) citing *Roberts v. State*, 945 N.W.2d 850, 853 (Minn. 2020). In doing so, the

[2] The court has found no published or unpublished decisions interpreting this provision, which outlines the duties and authority of the Rehabilitator.

court first must discern whether the statutory language is susceptible to more than one reasonable interpretation. *Id*. The court reads the statute as a whole and interprets each provision in light of the surrounding provisions. *Roberts*, 945 N.W.2d at 853 (Minn. 2020); *Spann v. Minneapolis City Council*, 979 N.W.2d 66, 73 (Minn. 2022). A statute amenable to more than one reasonable interpretation is ambiguous and thus allows for application of statutory canons to determine which interpretation prevails. 979 N.W.2d at 73. Absent any ambiguity, the court will interpret the statute by its plain meaning without resorting to statutory canons. *Id*.

The Rehabilitator has the authority to take any action deemed necessary or expedient to reform and revitalize an insurer with the court's approval. Minn. Stat § 60b.17, subd. 2. In the context of a rehabilitation plan, the Rehabilitator must consult with the insurer's board of directors but otherwise has sole authority to propose a rehabilitation plan. Minn. Stat § 60b.17, subd. 8(a). One way to read this provision is that while the Rehabilitator is the sole arbiter of the elements of a rehabilitation plan submitted to the court, the Rehabilitator must at least consult with the insurer's board of directors. Thus, this provision arguably speaks to the authority of the Rehabilitator relative to the insurer's board of directors, not the court.

Another way to read subd. 8(a) is that the Rehabilitator is the sole purveyor of the plan - period. And the court may only approve it or reject it. This is the interpretation the Rehabilitator proffers. But the court is not persuaded it is relegated simply to accepting or rejecting the plan. The Rehabilitator cannot proceed with a rehabilitation plan unless the court approves it. Minn. Stat § 60b.17, subd. 2. In light of the court's overall authority in supervising UCare's rehabilitation and ultimate liquidation, it appears contrary to legislative intent that the court may reject the plan but not modify it.

There is nothing in subd. 8 that expressly proscribes the court's authority to modify a rehabilitation plan. Arguably, the court may reject a plan and propose modifications it will accept. As a practical matter, if the court rejects the plan how would the Rehabilitator know what the court finds acceptable if it does not offer modifications? The Rehabilitator otherwise is working in the dark to devise a plan the court will approve. For these reasons, the court finds a reasonable interpretation of subd. 8(a) is that it grants the rehabilitator (and not the insurer's board of directors) the sole authority to propose a plan to the court, but the court retains authority to approve, reject, or modify the plan.

- The Plan

The Rehabilitator is aware of no liens against UCare. Roof Dec, Ex. 2 at 14. Thus, the requirement under subd. 8(b)(1) that the plan provide for

payment of liens is not implicated at this time. The plan also provides for payment of all applicable federal taxes, as required under subd. 8(b)(3).[3]

- Full Payment

The court looks next at whether the plan provides for full payment of claims for each successive priority class pursuant to subd. 8(b)(2). The Rehabilitator proposes to service UCare's debt obligations by converting various assets into cash.[4] Roof Dec, Ex. 2 at 12-13. The Rehabilitator will use these funds to pay claims pursuant to the priority schedule outlined in Minn. Stat. § 60B.191, subd. 1. This provision authorizes the Rehabilitator to prioritize claims as follows.

Priority Class 1. This includes claims for ordinary and necessary expenses incurred in operating and administering the health maintenance organization during a rehabilitation or liquidation process.

Priority Class 2. Claims for unpaid federal taxes.

Priority Class 3. Claims for employee services rendered within the four months preceding the start of insolvency proceedings, not to exceed $1,000.

Priority Class 4. Claims by healthcare providers for goods and services covered under health maintenance contracts with enrollees and claims by enrollees for coverage under those contracts.

Priority Class 5. Claims not secured by a perfected lien or other security interests the health maintenance organization's assets and are otherwise unclassified.

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[3] UCare is a 501 (c)(4) health maintenance organization, and as such is exempt from federal income taxes. Roof Dec., Ex. 2 at 14.

[4] This proposal incorporates the joint recommendation of certain healthcare providers that have objected to the initial rehabilitation plan. Declaration of Richard R. Voelbel ("Voelbel Dec."), Ex. B at 7-8.

Priority Class 6. Claims subordinated under Chapters 60B or 62D, or pursuant to an agreement with the health maintenance organization or the commissioner of health.

The Rehabilitator will pay ordinary and necessary expenses of operating and administering UCare during rehabilitation and will reserve funds for future administrative expenses. Roof Dec, Ex. 2 at 14. The Rehabilitator will pay federal excise taxes and federal employment taxes and reserve funds for future federal tax obligations. *Id*. at 14-15. These plans are consistent with the requirements of Priority Classes 1 and 2. The Rehabilitator is unaware of any eligible employee claims covered under Priority Class 3.

Regarding Priority Class 4, the Rehabilitator has devised a scheme to preserve the statutory priority structure and to ensure the claimants are treated fairly and equitably. Roof Dec, Ex. 2 at 15. Presumably, this is the largest class of claimants. Under the plain language of the rehabilitation statute, however, the court need only evaluate whether the plan is fair and equitable regarding "each class of claims for which the plan does not provide full payment." Minn. Stat. § 60B.17, subd. 8(b)(4). The Rehabilitator anticipates sufficient funds to satisfy all eligible claims within Priority Class 4 "as funds are available." [5] Roof Dec. at ¶ 9. But in the event full payment is not possible, the plan proposes a payment method to ensure fair and equitable treatment. In determining whether the plan is fair and

[5] The state represented to the court that UCare has sufficient funds to pay all eligible claims in Priority Class 4. This language, however, seems a bit less definitive.

equitable, the court must consider the feasibility of the plan; UCare's ability to generate significant surplus; whether it needs to spend money to change or expand its business; and whether enrollees will lose coverage if the court does not approve the plan. Minn. Stat. § 60B.17, subd. 8(b)(4).

- Feasibility of the Plan

As the court mentioned earlier, The Rehabilitator adopted many of the proposals the healthcare providers offered. The court appreciates this cooperation. That said, there remain differences between the Rehabilitator and the healthcare providers. One of them pertains to setoffs and counterclaims. The rehabilitation plan indicates that disputes regarding applied setoffs will be reconsidered between the Rehabilitator and the healthcare provider pursuant to the provider's contract. Roof Dec, Ex. 2 at 16. The healthcare providers propose Class 4 claimants receive notice of proposed setoffs and an opportunity to dispute them, if necessary, before the court or a special master. Voelbel Dec., Ex. B at 10. The integrity of this rehabilitation process matters. And fair and equitable treatment of all Class 4 claimants are best served by a transparent and neutral process. To that end, the court finds that an impartial third party is better suited to resolve disputed setoff claims. The court adopts the following language which the Rehabilitator will incorporate into the plan:

> The Rehabilitator will inform Priority Class 4 claimants if any amounts will be set off under this provision with sufficient time for

> the claimants to dispute the existence or amount of the setoff. If Priority Class 4 claimants dispute any mutual debts or mutual credits, then such disputes shall be resolved by filing the dispute with the Court for its determination or the determination of a Special Master designated by the Court to adjudicate such disputes.

Id. Despite the other differences between the rehabilitation plan and proposals from the healthcare providers, the court finds the approach for paying Priority Class 4 claimants outlined in the plan is a practical one.

Theoretically, there is enough money to satisfy all of UCare's liabilities. UCare's year-end financial statement indicates assets of nearly $1.2 billion dollars. Roof Dec, Ex. 2 at 9. Liabilities total just over $1 billion dollars, and most of that is for healthcare provider goods and services, enrollee claims, and contracted services by others. *Id*. UCare's assets exceed it liabilities. The Rehabilitator has put a plan together that anticipates servicing all of UCare's debt to the Priority Class 4 claimants. It may take a while but in its present form the court finds that it is a feasible plan.

- The Other Fair and Equitable Factors

In assessing the fairness and equity of the plan, the court considers UCare's ability to generate significant surplus. "Significant surplus" is not defined in the statute, but in the context of a rehabilitation process, a reasonable assumption is that it refers to UCare's ability to generate revenue.

And given that UCare has ceased operations as of December 31, 2025, it will not be generating any surplus revenue. Roof Dec, Ex. 2 at 7. Nor will UCare be spending any money to change or expand its business. Any money it spends goes to transition services and debt service.

Finally, the court must consider whether enrollees will lose coverage if the court rejects the rehabilitation plan. UCare offered Medicare Advantage Plans, Dual Eligible Special Needs Plans that provide Medicare and Medicaid, Medicare Supplement Plans, Individual and Family Plans, and Medical Assistance Plans, or Medicaid. Roof Dec, Ex. 2 at 6. Medica will assume responsibility for coverage of enrollees in UCare's Individual and Family Plans, as well as it Medicaid Plans. *Id*. at 7. Alternative coverage options have been provided for enrollees of UCare's other plans to the extent they are available. *Id*. at 6-7. UCare will remain liable for any claims under these plans incurred on or before December 31, 2025. In light of the considerations outlined in subd. 8(b)(4), the court finds that the plan to pay Priority Class 4 claimants is a fair and equitable plan.

Priority Classes 5 and 6 are the remaining classes contemplated under the rehabilitation plan pursuant to Minn. Stat. § 60B.191, subd. 1. These classes include unsecured claims not otherwise classified and claims subordinated under chapter 60B, chapter 62D, or by agreement with UCare

or the Commissioner. *Id*. The Rehabilitator proposes to defer payment of these claims until the preceding classes are paid in full. Roof Dec., Ex. 2 at 11. This is consistent with the requirements of Minn. Stat. § 60B.191, subd. 1. Moreover, the Rehabilitator proposes a plan to determine the exact amount of the claims that comprise Class 5 and Class 6. The objective here is to quantify and liquidate these claims pursuant to the process outlined in Minn. Stat. § 60B.37 and Minn. Stat. § 60B.38. The Rehabilitator will only have authority to disavow UCare contracts of Class 5 and Class 6 claimants, with proper written notice. The Rehabilitator will have no authority; however, to disavow any UCare contracts for healthcare provider goods and services that fall under Minn. Stat. § 60B.191, subd. 1(4).[6]

With the modification discussed above, the court finds the rehabilitation plan satisfies the requirements of Minn. Stat. § 60B.17, subd. 8(b). The court now turns to the Rehabilitator's request for injunctive relief. The healthcare providers have offered several revisions to the request for injunctive relief. This includes a recent proposal to revise the section that addresses premiums and "other receivables." Prov. Jt. Letter, dated March 25, 2026. The court has considered these proposals. But it finds the value added from them insufficient to change the Rehabilitator's proposal, and

[6] The rehabilitation plan mistakenly refers to Minn. Stat. § 60B.191, subd. 2(4) as the provision that covers UCare healthcare provider contracts for goods and services. This provision does not exist.

they may in fact add a bit of confusion to a straight-forward request. The nature of injunctive relief in this extraordinary circumstance is such that it allows the court to manage the rehabilitation process as expediently as possible while treating all claimants fairly. The court finds the Rehabilitator's request for injunctive relief is reasonable and necessary.

IT IS HEREBY ORDERED:

1. The revised rehabilitation plan is **APPROVED**, as modified.

2. The request for injunctive relief is **GRANTED**.[7]

3. The Rehabilitator will file a revised rehabilitation plan consistent with this order no later than April 7, 2026.

4. While UCare remains in rehabilitation, the Rehabilitator shall submit an accounting to the court of UCare's financial condition and progress toward rehabilitation at six-month intervals.

Dated:

BY THE COURT:

Smith, Stephen (Judge)
Mar 31, 2026 3:49 PM

Stephen L. Smith
Judge of the District Court

[7] The court approves the Rehabilitator's proposals regarding the Minnesota Life and Health Guaranty Association and the provision of administrative services regarding Medica and Aspirus. Roof. Dec., Ex. 2 at 18. Although, consideration of these elements of the plan are not required under Minn. Stat. § 60B.17, subd. 8(b). Nor is the proposal for a Priority Class 4 committee. The court, however, does sanction the formation of such a committee consistent with the Rehabilitator's proposal. Roof. Dec. at ¶ 4.

Plan of Rehabilitation for UCare Minnesota

On December 17, 2025, this Court issued an Order for Rehabilitation of UCare Minnesota ("UCare"). Pursuant to the Order for Rehabilitation (the "Order"), Dr. Brooke Cunningham, Commissioner of the Minnesota Department of Health was appointed as Rehabilitator of UCare and Examination Resources, LLC was appointed special deputy commissioner. The Order directed the Rehabilitator to file a plan of rehabilitation for the Court's approval, pursuant to Minn. Stat. § 60B.17.

This is the Plan of Rehabilitation directed by the Order and consistent with Minn. Stat. § 60B.17, subd. 8, and all other applicable statutes.

This document is divided into the following four sections:

I. **Background context for the rehabilitation**, including details regarding the disposition of UCare's insurance contracts, a special note regarding the UCare Foundation and settlement agreement with the University of Minnesota, and the plan for eventual liquidation of UCare;

II. **An overview of UCare's financial condition and current operations,** which includes information regarding UCare's assets and liabilities;

III. **Plan of rehabilitation,** which addresses (a) the conversion of UCare's assets to cash; (b) payment of UCare's obligations, with each class of creditor claims listed in Minn. Stat. § 60B.191, subd. 1, addressed in turn; (c) coordination with the Minnesota Life and Health Guaranty Association; and (d) administrative services to third parties.

    Of note, subsection III(b)(v) addresses claims for covered health care goods or services (Minn. Stat. § 60B.191, subd. 1(4)). This subsection provides information about payments for such claims (including details regarding an initial distribution and the order/methodology for payments) as well as dispute resolution mechanisms for claimants in this class, among other details;

IV. **Injunctive relief** necessary to protect UCare's assets, protect the rights of its members, enrollees, and creditors, and to ensure an orderly administration of the rehabilitation proceeding; and

Formation of a Class 4 Representative Committee is addressed in a separate document.

I. BACKGROUND

a. Rehabilitation of UCare

On December 1, 2025, the Minnesota Department of Health filed a Verified Petition for Rehabilitation Order with this Court (the "Petition"). As provided in the Petition, due to liquidity constraints, UCare Minnesota ("UCare") is currently unable to meet its debts as they become due.

On December 17, 2025, this Court issued an Order for Rehabilitation of UCare. Pursuant to the Order for Rehabilitation (the "Order"), Dr. Brooke Cunningham, Commissioner of the Minnesota Department of Health was appointed as Rehabilitator of UCare and Examination Resources, LLC was appointed special deputy commissioner. As provided in the Order, the Rehabilitator is authorized to exercise all powers set forth in Minn. Stat. §§ 60B.17, 60B.171, and 62D.18.

b. Disposition of UCare's Insurance Contracts

Prior to December 31, 2025, UCare offered Medicare Advantage Plans, Dual Eligible Special Needs Plans for people who qualify for both Medicare and Medicaid, Medicare Supplement Plans, Individual and Family Plans, and Medical Assistance ("Medicaid") Plans.

Ahead of the Medicare open enrollment period, UCare announced that it was terminating its Medicare Advantage contracts effective December 31, 2025. UCare's Medicare Advantage enrollees were notified to choose a different plan during open enrollment to remain covered for 2026. UCare will remain liable for all valid claims incurred on or before December 31, 2025, under its Medicare Advantage plans.

UCare's Dual Eligible Special Needs coverages were discontinued as of the end of the day, December 31, 2025. Enrollees in UCare's Dual Eligible Special Needs Plans ("D-SNPs") can select a new Dual Eligible Special Needs Plan (if one is available) or a Minnesota Senior Health Options Plan ("MSHO") anytime throughout calendar year 2026. Coverage was split for enrollees that did not enroll in another D-SNP or MSHO by December 31, 2025, as follows:

Medicare Coverage: Enrollees were moved to traditional Medicare and the Centers for Medicare & Medicaid Services ("CMS") automatically enrolled the enrollees in a Medicare Part D prescription drug plan.

Medical Assistance (Medicaid) Coverage: Enrollees were automatically enrolled by the Minnesota Department of Human Services ("DHS") in a UCare MSC+ Plan (for MSHO enrollees) or in a UCare Connect Plan (for D-SNP enrollees).

UCare will remain liable for all valid claims incurred on or before December 31, 2025, under its D-SNPs.

UCare's Medicare Supplement coverages were discontinued as of the end of the day, December 31, 2025. Members enrolled in UCare's Medicare Supplement Plans were notified they have a guaranteed right to buy a Basic Medicare Supplement Plan from any company offering such plans in Minnesota. Members were also notified to take advantage of these rights they must enroll in a new Medicare Supplement Plan within 63 days of receiving UCare's termination notice. UCare will remain liable for all valid claims incurred on or before December 31, 2025, under its Medicare Supplement Plans.

As more fully described herein, UCare's Individual and Family Plans and Medicaid Plans were transferred to a subsidiary of Medica Holding Company ("Medica") effective January 1, 2026. UCare will remain liable for all valid claims incurred on or before December 31, 2025, under its Individual and Family Plans and Medicaid Plans.

As a result of the above-described actions, UCare had no remaining in-force insurance contracts as of January 1, 2026. UCare will not write new insurance contracts in the future.

The Rehabilitator has created a website to provide information to UCare members and providers regarding the rehabilitation proceeding, which is located at: *https://ucare-inreceivership.com*. The website will be frequently updated with additional frequently asked questions, publicly available documents, and material occurrences or changes to UCare's rehabilitation status.

c. Special Note Regarding UCare Foundation and University of Minnesota Settlement

On August 31, 2023, UCare and the University of Minnesota ("UM") entered into a Settlement Agreement whereby the parties settled a lawsuit brought by UM against UCare for $100 million. As part of the settlement, the entirety of the settlement proceeds were transferred to the UCare Foundation on or before the August 2023 execution of the Settlement Agreement.

As described below, the $100 million settlement funds were held in UCare Foundation's Wells Fargo accounts, with UM holding a security interest in the funds.

- Concurrent with the execution of the Settlement Agreement, the UCare Foundation and UCare (together the "Grantor"), and UM (the "Secured Party") entered into a Security Agreement, and UCare Foundation, Wells Fargo Securities, LLC, Wells Fargo

Bank, N.A., and UM entered into a Securities Account Control–Consent Agreement.

- Pursuant to the Security Agreement, the Grantor granted to the Secured Party a security interest in all financial assets and other property maintained in the Wells Fargo accounts subject to the Securities Account Control–Consent Agreement.

- Payment of the settlement amount was made from the Wells Fargo accounts, subject to the Securities Account Control–Consent Agreement, in four payments of $25 million over a three-year period as required by the payment terms of the Settlement Agreement. The final $25 million payment was disbursed to UM on December 31, 2025.

UCare Foundation currently has $8 million of short- and long-term invested assets. The Rehabilitator is consulting with those who have oversight authority regarding charitable organizations to obtain guidance on how to dissolve the Foundation, and distribute its assets, in a manner consistent with applicable law.

d. Liquidation

This rehabilitation proceeding is an interim step to the ultimate liquidation of UCare. Accordingly, this Plan of Rehabilitation is designed to allow UCare and the Rehabilitator to: (1) provide transitional services to Medica necessary to minimize enrollee and provider disruption for the transferred Medicaid and Individual and Family business; (2) transition services currently provided to Aspirus Health Plan, Inc. ("Aspirus"), a Wisconsin domiciled health maintenance organization, to another service provider to avoid disruption to Aspirus' members and providers; (3) allow the Rehabilitator the opportunity to coordinate with the Life and Health Guaranty Association to best protect members and enrollees and allow the association to assume in an orderly manner its statutory responsibilities; (4) facilitate and maximize payments to enrollees and providers before a liquidation proceeding is instituted; and (5) fix the amount of certain general creditor claims by terminating contracts that are not necessary for the administration of this rehabilitation proceeding and establishing a proof of claim process that will include general creditor claimants.

There are several factors, including but not limited to, the time necessary to transition administrative services provided by UCare to Medica and Aspirus and the timing of collecting UCare's outstanding receivables, that will influence the exact duration of this rehabilitation proceeding and subsequent conversion to a liquidation proceeding. Nevertheless, if at any time the Rehabilitator believes further execution of this Plan of Rehabilitation, or any subsequent amendment thereto, would substantially increase the risk of loss to creditors, members and enrollees, or the public, or would be futile, the Rehabilitator will petition the Court for an Order of Liquidation.

II. OVERVIEW OF UCARE'S FINANCIAL CONDITION AND CURRENT OPERATIONS

Attached as Exhibit A is UCare's completed Financial Statement as of December 31, 2025. The financial statement has been prepared on the basis of statutory accounting principles as adopted by the National Association of Insurance Commissioners.

As of December 31, 2025, UCare's reported net admitted assets were $1,190,866,418 and its reported liabilities were $1,095,394,185. Therefore, UCare's reported equity was $95,472,233. A discussion of UCare's material assets and liabilities follows.

The table below is a summary of UCare's reported assets as of December 31, 2025.

Cash & Invested Assets	624,326,310
Accounts Receivable	558,230,850
Other Assets	8,309,258
	1,190,866,418

UCare's receivables include amounts due from federal and state agencies, pharmacy benefit managers, and reinsurance programs. Collections of these receivables are anticipated to occur during calendar years 2026 through 2028. The Rehabilitator will continue to compile and submit necessary data to counterparties to maximize the value and timely collection of amounts owed to UCare. Given these receivables are based on specific contractual criteria including performance measures and medical claim payments, there can be no assurance the reported receivables will be collected in full and when expected. A schedule of the reported receivables and estimated collection dates ("ECD") is as follows:

DHS Withhold (ECD = 7/31/26)	265,544,259
CMS Risk Adjustment /Part D (ECD = CY 2028)	120,154,504
Pharmacy Rebates/Guarantees/Other (6/30/26)	88,462,804
State Reinsurance Program (ECD = 8/31/26)	70,000,000
Medicare/IFP/Other (ECD = 10/31/26)	11,592,399
Interest Receivable (ECD = 4/30/26)	2,476,884
	558,230,850

UCare's reported liabilities of $1,095,394,185 include $908,778,187in amounts due to providers for health goods and services under UCare's insurance contracts and claims by UCare's enrollees for coverage, and amounts due to providers for other contracted services that are not related to the provision of medical services and goods (*i.e.*, includes claims from providers under both paragraphs (4) and (5) of Minnesota Statutes, section 60B.191, subdivision 1). These estimated liabilities include both reported claims and claims incurred but not yet reported.

Statutory accounting principles do not contemplate an accrual for future administrative expenses. As such, the financial statement attached as Exhibit A does not include an accrual. Based on currently available information, the Rehabilitator estimates net future administrative expenses of $77 million. This estimate is net of services fees expected to be received from Medica and Aspirus. The Rehabilitator anticipates actual administrative expenses will be less than this estimate if the relief requested herein to disavow contracts that are not needed for administration of the rehabilitation is granted.

On November 14, 2025, UCare entered into a Purchase Agreement (the "Agreement") with Medica whereby UCare agreed to assign its 2026 Medicaid and Individual and Family Plan contracts to UCare Community Health Plan ("UCHP"), a Minnesota domiciled 501(c)(4) health maintenance organization. In exchange for monetary consideration and pursuant to the terms of the Agreement, Medica acquired the sole membership interest in UCHP, thereby accepting responsibility for the UCare contracts transferred to UCHP from January 1, 2026, forward. The Agreement predated the rehabilitation. There were no liquid assets transferred to Medica by UCare to consummate the Agreement.

To facilitate Medica's acquisition of UCare's 2026 Medicaid and Individual and Family Plan Contracts, UCare and Medica entered into a Transitional Services Agreement ("TSA") pursuant to which UCare will provide Medica certain transitional services and operational support. Services provided by UCare under the TSA will minimize disruption to enrollees and providers by ensuring continuity of services and processes until Medica can fully integrate the acquired insurance contracts into its existing operations. Medica is paying a fee pursuant to the terms of the TSA to compensate UCare on a commercially reasonable basis in the context of the operational requirements of the Rehabilitation for its actual costs and expenses incurred to provide the transitional services.

UCare is also providing administrative services to Aspirus, a non-affiliated Wisconsin domiciled health maintenance organization. The Rehabilitator is working with management of Aspirus and the Wisconsin Office of the Commissioner of Insurance to transition these services to another service provider. The Aspirus relationship and service arrangement predated the Rehabilitation (initiated in 2024).

III. PLAN OF REHABILITATION

Pursuant to the Order, the Rehabilitator shall file a plan of rehabilitation, in accordance with Minn. Stat. § 60B.17, subd. 8, which provides:

(a) The Rehabilitator of a health maintenance organization, after consultation with the board of directors of the health maintenance organization, has the sole authority to propose a plan of rehabilitation.

(b) The court shall approve a plan of rehabilitation of a health maintenance organization if it meets the following criteria:

(1) the plan provides for payments to lien claimants equal to the value of each lien claim on the date of approval of the plan and may provide for payment of lien claims beyond the effective date of the plan and beyond the original repayment period for the obligation underlying the claim where the plan provides sufficient protection for the lien claim during the period for such claim under the rehabilitation plan;

(2) the plan provides for payment in full of each prior class of claims before the payment of the next class;

(3) the plan provides for payment in full of all claims for taxes of the United States government, except for claims for interest accruing during the rehabilitation or claims for penalties. The plan may provide for payment of the claims over any period of time up to ten years after the effective date of the plan; and

(4) the plan is fair and equitable as to each class of claims for which the plan does not provide full payment. In determining whether the plan is fair and equitable to these claimants, the court shall consider the feasibility of the plan, the health maintenance organization's ability to generate a significant surplus, the health maintenance organization's need to expend money to change or expand its business, and the injury to enrollees through loss of coverage if such a plan is not approved.

(c) The plan may provide for transfer of the health maintenance contracts and liquidation of the health maintenance organization.

(d) The court's approval of a plan of rehabilitation discharges the health maintenance organization from all claims except to the extent provided in the plan.

The Rehabilitator accordingly provides the following Plan of Rehabilitation[1]:

a. Conversion of Assets to Cash

The Rehabilitator will marshal all of UCare's assets and convert them to cash for payment of valid claims. All assets sales, other than invested assets which have established market values, will be reported to the Court, and the Court's approval will be obtained for the sale or disposition of any asset in excess of $50,000.

i. Collection of receivables

The Rehabilitator will pursue collection of all receivables due to UCare in accordance with contractual terms, including receivables from federal and state agencies, pharmaceutical rebates due from pharmacy benefit managers, and reinsurance programs. The Rehabilitator will evaluate contractual terms and conditions applicable to collection of all receivables, as well as applicable state and federal statutes for receivables due from governmental entities, to determine the possibility of expediting collections.

ii. Sale of invested assets

The Rehabilitator will continue the process of liquidating UCare's fixed income investment portfolio. The Rehabilitator anticipates the portfolio will be liquidated by the end of the first quarter of 2026.

UCare has a pending offer for the acquisition of its privately placed preferred stock investment. The Rehabilitator will evaluate the pending offer and determine, based on the terms of the investment, if other potential counterparties may exist for a possible transaction. Timing of disposing of this investment is currently unknown.

iii. Sale of real property

UCare currently owns an office building located at 600 Stinson Boulevard, Minneapolis, Minnesota. The Rehabilitator will obtain a current appraisal of the building to determine its market value. Following completion of the appraisal, the Rehabilitator will market the building and will proceed with closing a transaction as soon as possible. The Rehabilitator is aware of two potential buyers expressing an interest in purchasing the property.

[1] The rehabilitator of a health maintenance organization, like UCare, has "sole authority to propose a plan of rehabilitation" following "consultation with the board of directors of the health maintenance organization." Minn. Stat. § 60B.17, subd. 8. In this case, the Rehabilitator was informed that the board disbanded itself in late December 2025, following the Order of Rehabilitation and after consultation with the board's legal counsel.

iv. Realization of subsidiary equity

UCare's wholly owned subsidiary, UCare Health, Inc. ("UCare Health") provided health insurance plans until December 31, 2025. UCare has an administrative services agreement with UCare Health to provide overall management and administration of UCare Health's business, including but not limited to, administrative and financial management. Pursuant to the terms of the administrative services agreement, the Rehabilitator will complete the runoff of UCare Health's insurance and other liabilities. Once UCare Health's liabilities are satisfied, the Rehabilitator will merge UCare Health with UCare. The Rehabilitator will seek approval of the Minnesota Department of Health and Department of Commerce, as required by state law for the merger. In addition, the two dormant UCare health maintenance organization subsidiaries domiciled in Kansas and Iowa were merged into UCare, effective December 31, 2025, and December 18, 2025, respectively, and the assets of the merged subsidiaries were transferred to UCare in January 2026.

v. Sale of personal property & equipment

The Rehabilitator will liquidate UCare's personal property and equipment when it is no longer needed for the administration of UCare and UCare Health's operations.

vi. Other asset recovery efforts

Pursuant to Minn. Stat. § 60B.17, subd. 4, the Rehabilitator will investigate the causes of UCare's hazardous financial condition. If the Rehabilitator finds there has been criminal or tortious conduct or breach of any contractual or fiduciary obligation detrimental to UCare, the Rehabilitator will evaluate such claims(s) and if the potential benefits of pursuing such claims outweigh the estimated costs, the Rehabilitator will pursue all appropriate legal remedies on behalf of UCare.

The Rehabilitator will also, pursuant to Minn. Stat. § 60B.17, subd. 6, investigate potential fraudulent transfers under sections 60B.30 and 60B.31 and preferences under Minn. Stat. § 60B.32. The Rehabilitator will seek to avoid any such transfers. If at the time a liquidation order is entered it appears that payment in full of claims to any class will not be possible—which the Rehabilitator does not anticipate at this time—then the Rehabilitator will look into pursuing recovery of preferences consistent with Minn. Stat. § 60B.32.

b. <u>Payment of UCare Obligations</u>

In classifying and paying UCare's outstanding obligations the Rehabilitator will adhere to the priority of claims established by Minn. Stat. § 60B.191, subd. 1, which provides that the rehabilitator of a health maintenance organization shall classify approved claims into the following classes:

(1) Claims for ordinary and necessary expenses of operating and administering the health maintenance organization during rehabilitation or liquidation proceeding;

(2) Claims of the United States for unpaid taxes;

(3) Claims by persons employed by the health maintenance organization for services rendered within the four months before the initiation of any insolvency proceeding, up to $1,000. Employee claimants shall not be entitled to any lien claim or other claim under chapter 514;

(4) Claims by all providers for health care goods and services to the extent covered under a health maintenance contract between enrollees and the health maintenance organization, and claims by enrollees for coverage under a health maintenance contract with the health maintenance organization;

(5) Claims which are not secured by any perfected lien or security interest in assets of the health maintenance organization and which are not otherwise classified; or

(6) Claims subordinated under this chapter, chapter 62D, or by agreement with the health maintenance organization or the commissioner of health.

The Rehabilitator will ensure that each prior class of claims are paid in full, or sufficient assets are reserved for payment, before payment of the next class of claims.

i. Lien Claims

The Rehabilitator has not identified any lien claims against UCare.

ii. Priority Class 1

The Rehabilitator will pay ordinary and necessary expenses of operating and administering UCare during rehabilitation, as provided in Minn. Stat. § 60B.191, subd. 1 (1), in the normal course of business and will reserve sufficient funds for future administrative expenses. These expenses will include but may not be limited to: (a) the actual and necessary costs of preserving or recovering assets of UCare; (b) compensation for all authorized services rendered while UCare is in rehabilitation; and (c) authorized reasonable attorney's fees and other professional services rendered during rehabilitation.

iii. Priority Class 2

With respect to Minn. Stat. § 60B.191, subd. 1(2), as a 501(c)(4) health maintenance organization UCare is exempt from federal income taxes. The Rehabilitator will pay federal

excise taxes and federal employment taxes as they become due and will reserve sufficient funds for future federal tax obligations.

iv. Priority Class 3

The Rehabilitator is not aware of any claims properly classified in the priority class established pursuant to Minn. Stat. § 60B.191 subd. 1(3).

v. Priority Class 4

Payment to Priority Class 4 Claimants:

The Rehabilitator will continue to adjudicate claims submitted by providers of health care goods and services in the ordinary course and on timelines required by this plan regardless of whether payments are made at the time of adjudication. If the claim cannot be paid at the time of adjudication due to lack of available funds or the claim is otherwise denied in whole or in part at the time of adjudication, then the provider shall be promptly sent a provider remittance advice ("PRA") and the member or enrollee an explanation of benefits ("EOB") without payment. The Rehabilitator shall use reasonable best efforts to meet all ordinarily applicable timelines for adjudication; however, given the extraordinary nature of the Rehabilitation operations, this Plan will govern all timelines and the Rehabilitator shall provide this Court with notice of any material departures from the timeline contemplated in the Plan.

The Rehabilitator will pay adjudicated claims to providers for health care goods and services and enrollees for coverage under a health maintenance contract, see, Minn. Stat. § 60D.02, subd. 8, as cash becomes available, after reserving funds for Priority Classes 1, 2, and 3. To ensure the preservation of the statutory priority of claims and the fair and equitable treatment of Priority Class 4 claimants, the Rehabilitator will make Priority Class 4 payments as follows:

- **Order/Methodology of Payment:** When there are sufficient assets to make a distribution to Priority Class 4 claimants, Priority 4 claims will be paid on a first adjudicated basis. For purposes of this Plan of Rehabilitation, first adjudicated means claims first received and adjudicated in accordance with UCare's existing claims adjudication process will be paid first. This methodology will encourage Priority Class 4 claimants to timely and completely file claims that have not yet been filed with UCare and will avoid any perception that any Priority Class 4 claimant is being prioritized for payment over other Priority Class 4 claimants.

- **Initial Distribution:** The Rehabilitator will make an initial distribution to Priority Class 4 claimants, in accordance with the methodology/order described above,

in the amount of $350,000,000 within 30 business days of the Court's approval of this Plan of Rehabilitation.

- **Further Distributions**: The Rehabilitator will review the ability of UCare to make further distributions to Priority Class 4 claimants at least monthly and shall be authorized to make additional distributions after reserving sufficient funds for Priority Classes 1, 2, and 3.

Setoffs and Counterclaims with Priority Class 4 Claimants:
Pursuant to Minn. Stat. § 60B.34, where mutual debts and mutual credits exist between UCare and Priority Class 4 claimants, such balances will be set off and the balance only will be paid unless the obligation to the Priority Class 4 claimant was purchased by or transferred to a person with a view to it being used as a setoff. For setoffs involving recoupments under provider agreements, a dispute regarding an applied setoff shall be reconsidered between the Rehabilitator and provider in accordance with the provider agreement.

Dispute Resolution Mechanisms for Priority Class 4 Claimants:
Under this Plan of Rehabilitation, the Rehabilitator will continue UCare's operations in the ordinary course, including, but not limited to, claims grievance and appeal processes for Priority Class 4 claims. Providers and members may utilize grievance and appeal procedures available under UCare insurance policies or resolution procedures available under provider contracts, if any, to dispute a claim adjudication whether payment is received via the methodology described above or the provider or member receives a PRA or an EOB without payment. For avoidance of doubt, the triggering event entitling a provider or member the customary remedies described above to resolve claim disputes is the receipt of the PRA or EOB.

Disputes that are not successfully resolved by established grievance and appeal processes, and that would proceed to a legal proceeding or arbitration in absence of the injunctive relief requested herein, shall be resolved by filing the dispute with the Court for its determination or the determination of a Special Master designated by the Court to adjudicate such disputes. Expenses incurred by the Rehabilitator to resolve disputes in accordance with this dispute resolution process shall be paid as Priority Class 1 claims.

Interest on Priority Class 4 Claims Classified as Priority Class 5 Claims:
With respect to payments within Priority Class 4, any interest due on claims pursuant to Minn. Stat. §§ 62Q.75 and 256.9655, subd. 3, or as otherwise required by federal law or contract, is a Class 5 claim.

Deadline for Submission of Priority Class 4 Claims:
In order to reduce the administrative costs associated with maintaining the resources required to operationalize the claim adjudication, grievance and appeal and reconsideration

processes, it is necessary to set a deadline of June 30, 2026, for the submission of all provider claims for dates of service on or before December 31, 2025, for which UCare is the primary payer. The deadline for claims for inpatient hospitalization which started during plan year 2025 and continue into plan year 2026 shall be filed by the later of June 30, 2026, or within three (3) months of the patient discharge. For claims for which UCare is not the primary payer, the deadline for submission is the earlier of three (3) months after the date on which the provider of health care goods or services is notified that UCare will have primary responsibility for the claim or end of date December 31, 2026. Payment of provider claims filed after the filing deadlines prescribed by this paragraph will be delayed until UCare is ordered into a formal liquidation proceeding and shall be considered Priority Class 4 claims and adjudicated by the Liquidator accordingly.

The deadline for appeals or reconsiderations of adverse benefit determinations or payment disputes associated is three (3) months following the issuance of a PRA and/or EOB for a claim or batch of claims.

Upon approval of this Plan of Rehabilitation, the Rehabilitator will send notice to all providers having claims against UCare of the deadlines for filing claims and how to obtain a copy of the Plan of Rehabilitation. The Rehabilitator will also publish the notice three consecutive times in a newspaper of general circulation.

vi. Priority Classes 5 and 6

To ensure compliance with Minn. Stat. § 60B.17, subd. 8(b)(2), the Rehabilitator will defer payment of claims described by Minn. Stat. §§ 60B.191, subd. 1(5) and (6) until such time as all claims in Minn. Stat. § 60B.191, subd. 1 (1)-(4), are paid in full or cash is reserved in an amount to ensure full payment of higher priority claims. The Rehabilitator deems it necessary to establish the amounts associated with priority classes 5 and 6 claims to a sum certain to implement the Plan of Rehabilitation.

In furtherance of this strategy, priority class 5 and 6 obligations of UCare will be quantified and liquidated through the proof of claim process provided by Minn. Stat. §§ 60B.37 and 38. Accordingly, the Rehabilitator will provide notice to potential priority class 5 and 6 claimants that such claimants shall file with the Rehabilitator their claims together with proper proofs thereof under Minn. Stat. §§ 60B.38, on or before six months of the date the Rehabilitator provides notice with a copy of a proof of claim form to the claimant. The Rehabilitator will also publish the notice three consecutive times in a newspaper of general circulation. Any disputes arising from the Rehabilitator's adjudication of proofs of claims will be resolved in accordance with the procedure specified by Minn. Stat. § 60B.41.

The Rehabilitator also will have the authority to disavow any UCare contracts, other than contracts for the provision of health care goods and services described in Minn. Stat.

§ 60B.191, subd, 2(4), by written notice to the contact identified in the disavowed contract. See Minn. Stat. § 60B.25(11). Any valid amounts due and payable by UCare under a disavowed contract may be filed with the Rehabilitator via the proof of claim process described above.

For avoidance of doubt, the Rehabilitator only will have authority to disavow contracts in which the counterparties are Priority Classes 5 and 6 claimants. Further, unless the Rehabilitator disavows a contract through written notice as provided above, then the contract will continue in accordance with their terms and conditions unless modified by mutual agreement of the parties to the contract.

The Rehabilitator further will have authority to not pay any bonuses or incentive obligations under employment agreements or other deferred compensation plans requiring the use of UCare's assets until all classes of higher priority claims, including all provider and member claims, are paid in full. Any valid amounts due and payable by UCare may be filed with the Rehabilitator via the proof of claim process described above.

c. Coordination with the Minnesota Life and Health Guaranty Association ("Association")

The Rehabilitator is directly coordinating with the Association and advocating for payment of member and enrollee claims that are covered by the Association to proceed as soon as possible when required or authorized by Minn. Stat. § 61B.23. When the Association pays a covered claim, the Association shall be assigned such claim under Minn. Stat. § 61B.23, subd. 12(a) and the assigned claim will have the same priority as the original claim under Minn. Stat. § 61B.23, subd. 12(b). It is noted that the only claims of UCare that are anticipated to be covered claims by the Association are claims under UCare's Individual and Family Plans that were incurred on or before December 31, 2025.[2]

d. Administrative Services to Third Parties

The Rehabilitator will oversee and manage UCare's provision of administrative services to Medica and Aspirus in accordance with the terms of the respective administrative services agreements. The Rehabilitator will work with Medica and Aspirus to orderly transition away from the administrative services provided by UCare. Both Medica and Aspirus are currently and will continue to pay UCare on a commercially reasonable basis in the context of the operational requirements of the Rehabilitation for the provision of administrative services in advance until such services are fully transitioned.

[2] The Rehabilitator and the Association will file a report with the Court about their coordination within 30 days of the Plan's approval.

IV. INJUNCTIVE RELIEF AND EXPLICIT POWERS OF REHABILITATOR TO CARRY OUT REHABILITATION PLAN

In support of this Plan of Rehabilitation, the Rehabilitator is granted the following injunctive relief:

Legal Proceedings and Arbitrations: All persons and entities are enjoined and restrained from commencing or prosecuting any actions, claims, lawsuits or other formal legal proceedings in any state, federal or foreign court, administrative body, or other tribunal against UCare, with respect to policies, contracts, or liabilities of UCare. This Court has exclusive jurisdiction over any such actions, claims or lawsuits. Minn. Stat. § 60B.05, subd. 1(f);

Preferences, Liens and Priority Claims: All persons and entities claiming secured, priority, preferred or other interests in any property or assets of UCare are hereby enjoined and restrained from taking any steps to obtain preferences, judgments, attachments, garnishments, or liens against UCare or its assets. Minn. Stat. § 60B.05, subd. 1(g);

Premiums Due and Other Receivables: Other than as provided for in this Plan of Rehabilitation, all persons and entities are enjoined and restrained from withholding or failing to pay or setting-off premiums or other payments owed to UCare or that would have been owed to UCare but for this proceeding or the financial condition of UCare. Minn. Stat. § 60B.05, subd. 1(g),(k); and

Payment Authority Restricted: All directors, trustees, officers, employees, agents or representatives of UCare are hereby enjoined and restrained from paying any claims or obligations of UCare without the consent of the Rehabilitator or her authorized representatives. Minn. Stat. § 60B.05, subd. 1(b); Minn. Stat. § 60B.07.

Such injunctive relief is necessary and proper to protect UCare's assets, protect the rights of members, enrollees, and creditors, and to ensure an orderly administration of the rehabilitation proceeding. Injunctive relief is also necessary and proper to prevent waste, litigation outside of this rehabilitation proceeding, and interference with the Rehabilitator. These routine injunctive measures are necessary to facilitate key benefits of the rehabilitation proceeding including order, equity, and preservation of assets.

END OF DOCUMENT

PROPOSED CLASS 4 REPRESENTATIVE COMMITTEE

The financial impairment and consequent rehabilitation of UCare has significant impact to all Minnesotans generally and it directly impacts UCare members, enrollees and providers of health care goods and services. As is evidenced by certain providers requesting to intervene as parties in the rehabilitation matter, there is a high level of interest in the rehabilitation proceeding by those most impacted by it. In recognition of that expressed interest, and though Minnesota law does not provide for a claimants' committee, the Rehabilitator proposes to establish a discretionary Class 4 Representative Committee ("the Committee").

The purpose of the Committee is to provide a structured forum for the Priority Class 4 representatives to inform the Rehabilitator of material issues impacting Priority Class 4 claimants and offer recommendations for addressing such issues, and for the Rehabilitator to offer recommendations to the Priority Class 4 representatives that may expedite the adjudication and payment of Priority Class 4 claims. The Committee will not have legal standing and will not be empowered to make any decisions affecting the rehabilitation proceeding. Such authority remains exclusively reserved to the Rehabilitator under the supervision of the Court; by its interaction with the Committee the Rehabilitator will not waive, or be deemed to waive, any of its powers or duties granted by statute or court order.

The Rehabilitator will maintain sole discretion in the formation and operation of the Committee, including but not limited to the ability to dissolve the Committee at the Rehabilitator's sole discretion.

The initial Committee will include the five largest claim holders in Priority Class 4, which shall be determined by reference to the total adjudicated and unpaid claims held by claim holders as of the date of the rehabilitation order. Within 10 business days of the Court's approval of the Plan of Rehabilitation, the Rehabilitator will contact the five largest claim holders to invite their participation on the Committee. Within 10 business days of contact, such claim holders will each identify to the Rehabilitator an individual to serve as a member of the Committee. Participation in the Committee is voluntary and uncompensated. The Rehabilitator may choose to expand or change membership on the Committee.

The Rehabilitator will request the Court to authorize the disclosure of not public data to Committee members. All members of the Committee must execute reasonable non-disclosure and privacy agreements prepared by the Rehabilitator, and all proceedings of the Committee shall be privileged and confidential. If the Rehabilitator deems disclosure of not public data to be necessary for purposes of the rehabilitation proceeding, the Rehabilitator will request a protective order from the Court. Additionally, all members of the Committee shall execute an agreement prepared by the Rehabilitator agreeing to represent the interest of all Priority Class 4 claimants and that requires each Committee member to represent and warrant that they are authorized by the claim holder to serve the interests of all Priority Class 4 claimants and shall refrain from any actions as a member of the Committee that conflicts

with the interests of Priority Class 4 claimants as a class. Members of the Committee are not liable to any party for actions within the scope of participation in the Committee.

The Committee will be convened by the Rehabilitator at least every calendar quarter while UCare has unpaid obligations to Priority Class 4 claimants. The first meeting of the Committee will be scheduled within 60 days of court approval of the Plan of Rehabilitation. The Committee meetings will be held via video conference and audio or visual recordings of such proceedings are prohibited. The Rehabilitator shall develop an agenda for each Committee meeting and shall provide or make available information deemed relevant by the Rehabilitator to the agenda items presented to the Committee.