

J. ROBERT WOOLEY, AS ACTING
COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

NUMBER: 485005 DIV. "N"

VS.

19TH JUDICIAL DISTRICT COURT
COST Est Amt.

PARISH OF EAST BATON ROUGE

GULF SOUTH HEALTH PLANS, INC.

STATE OF LOUISIANA

BY _____
DY. CLERK OF COURT

**JOINT MOTION BY GULF SOUTH HEALTH PLANS, INC. AND GENERAL
HEALTH SYSTEM TO ESTABLISH PAYMENT SCHEDULE FOR NON-SETTLING
PARTICIPATING PROVIDERS, TO CONFIRM AMOUNTS DUE TO NON-PROVIDER
CREDITORS, AND TO AMEND WIND UP PLAN**

NOW INTO COURT, through undersigned counsel, comes Gulf South Health Plans, Inc. ("Gulf South") and General Health System ("General Health"), which represent as follows:

1.

Gulf South is a Louisiana health maintenance organization presently winding up its business and affairs under the regulatory supervision and auspices of the Department of Insurance and this Court in the above numbered and entitled action (the "Wind Up Proceeding").

2.

On June 18, 2001, J. Robert Wooley, in his capacity as Acting Commissioner of Insurance for the State of Louisiana and court-appointed administrative regulator of Gulf South Health Plans, Inc. (the "Commissioner") filed a Petition for the wind up of the affairs of Gulf South. On June 19, 2001 an Order was entered approving the wind up of Gulf South under administrative regulation of the Commissioner.

3.

On May 3, 2002 the Court granted approval of a funding proposal by General Health ("General Health Funding Plan"), as part of the Commissioner's Wind Up Plan. Certain claims were excepted from the Court's order, but those excepted claims have subsequently been resolved. Thus, the General Health Funding Plan has been finalized and approved by the Court in all respects, and the Court's order has not been appealed.

4.

Also, on May 3, 2002, the Court approved a motion to settle claims of certain Gulf South participating providers and to offer a settlement proposal to the Gulf South participating providers which had not yet settled ("Settlement Motion"). As a result, a large percentage of Gulf South participating providers have entered into settlements concerning the claim amounts

*21 of order
filed
7-2-03*

REC'D C.R.

DEC 08 2003

due them, the majority of which have now been paid in accordance with priority schedules established by the Court (see below).

5.

In conjunction with the Settlement Motion, Gulf South also filed a Motion Seeking Approval of Plan for Final Distribution of Assets of Gulf South Health Plans, Inc. to Non-Settling Participating Providers ("Plan Approval Motion"). Among other things, the Plan Approval Motion was intended to finalize the claim amounts due to participating providers which chose not to settle per the Settlement Motion. It requested authority from the Court for Gulf South to discontinue further individual claim account reconciliations, and asked the Court to accept as final the amounts showing as due to Gulf South participating providers in Gulf South's claim database. Through the Settlement Motion and the Plan Approval Motion, claims for the vast majority of participating providers were to be resolved by settlement or finalized as to amount due, as part of the plan to distribute Gulf South assets in this Wind Up Proceeding.

6.

The Plan Approval Motion allowed participating providers an opportunity to file objections to Gulf South's claim database amounts, which objections were required to be filed on or before July 5, 2002, and set for hearing on September 3, 2002. As of the filing of this Motion, all objections by providers have been resolved, except the objection of Dr. Michael Petrosky/Northshore Chiropractic, which involves a disputed amount of less than \$4,000. A Motion to Dismiss the Petrosky objection is currently pending before the Court.

7.

The Plan Approval Motion also allowed claims for ten providers/provider groups to be initially excepted from the Distribution Plan, pending further reconciliation efforts between Gulf South and these providers ("Excepted Providers"). As of the filing of this Motion, all claims of the Excepted Providers have been reconciled and/or compromised, save those of one group, the Slidell PHO Affiliated Providers. The claims of the Slidell PHO Affiliated Providers are the subject of a contradictory motion currently pending before the Court.

8.

On or about September 4, 2002, the Court signed an Order in connection with the Plan Approval Motion which approved a Plan for Final Distribution of Gulf South Assets to Non-Settling Participating Providers (the "Distribution Plan"). The Court's approval of the

Distribution Plan allowed Gulf South to discontinue further account reconciliation procedures and established the final amounts due to the majority of non-settling participating providers pursuant to Gulf South's claim database.

9.

The result of the previously-described Settlement Motion and Plan Approval Motion/Distribution Plan, along with the subsequent reconciliation efforts of Gulf South with providers, is that the claim amounts for all Gulf South participating providers have either been settled or confirmed as to amount due, except those involving the Petrosky objection and the excepted Slidell/PHO Affiliated Providers, as noted above. The claim amounts for these specific participating providers will be established through the pending contradictory motions, described above.

**AMENDMENT OF WIND UP PLAN TO ALTER PRIORITY
OF PAYMENT SCHEDULE IN FAVOR OF NON-AFFILIATED PROVIDERS
AND NON-PROVIDER CREDITORS**

10.

Gulf South has heretofore complied with the priority of payment schedule established by the Court in its May 3, 2002 Order, approving the plan by General Health System to fund payments due by Gulf South under the Wind Up Plan as amended ("General Health Funding Plan"). The priority of payment schedule is as follows:

- a. Administrative expenses of the Wind Up Plan;
- b. Unpaid federal and state employment and withholding taxes;
- c. Accrued annual license taxes due to the State of Louisiana;
- d. Claims by enrollees and subscribers for reimbursement of amounts paid by them;
- e. Claims of providers, in the following order:
 - i. Non-Participating Providers;
 - ii. Participating Non-Affiliated Providers that accept the Settlement Offer;
 - iii. Participating Non-Affiliated Providers that do not accept the Settlement Offer;
 - iv. Participating Affiliated Providers;
- f. Claims of all other creditors (based on the date and time the claim is received).

11.

As of the filing of this Motion, Gulf South has paid timely presented claims for amounts described in categories (a), (b) and (c) of the priority of payment schedule, set out above. All known, timely claims of enrollees and subscribers [category (d)] have also been paid.

12.

Category (c) of the priority of payment schedule involves claims by providers, which fall into certain approved sub-categories. All known, timely claims of Non-Participating Providers, in category (c)(i), have been paid by Gulf South as presented. Further, at this point in time, all claims of Participating Non-Affiliated Providers which accepted the settlement authorized by the Settlement Motion [category (c)(ii)] have also been paid, including claims by Our Lady of the Lake Regional Medical Center and its related entities, settled with the approval of the Commissioner and the Court as of September 23, 2002.

13.

Therefore, as funds continue to be available under the General Health Funding Plan, Gulf South is now prepared to begin making payments on remaining categories of creditors under the priority of payment schedule, i.e. Participating Non-Affiliated Providers that did not settle [category (c)(iii)], Participating Affiliated Providers [category (c)(iv)], and all other creditors [category (f)].

14.

Under the terms of the priority of payment schedule, Participating Affiliated Providers' claims [category (c)(iv)] would be paid before claims of "all other creditors" in category (f) ["Category (f) Creditors"]. Participating Affiliated Providers are those providers which are affiliated with General Health, other than First Care, Inc. and Behavioral Health, Inc., and which operated under a contract with Gulf South to provide professional and/or hospital services. Under the General Health Funding Plan, General Health agreed (subject to certain terms and conditions) to contribute funds to Gulf South to pay providers and other creditors of Gulf South. Therein, General Health agreed to subordinate claims of General Health and its affiliates to facilitate payment of Gulf South creditors, prior to any payments to General Health or its affiliates.

15.

Considering the circumstances described in the foregoing paragraph, and in an effort to complete the Wind Up Proceeding and payments to Gulf South creditors, to fully accomplish the purposes of the General Health Funding Plan, and in deference to non-affiliated providers and other Gulf South creditors, it is the intention of General Health to postpone any payments by Gulf South to General Health or any Participating Affiliated Providers until payments have been made to Category (f) Creditors in accordance with the Wind Up Plan (as amended). General Health and Gulf South, through their attorneys, will enter into a stipulation to this effect in connection with the hearing on this Motion, and accordingly seek approval of the Court to amend the Wind Up Plan which established the priority of payment schedule as set out in paragraph 10, above.

16.

Now that the claims of Participating Non-Affiliated Providers that accepted settlement have been paid, Gulf South is prepared to begin paying (or otherwise resolving) the claims of non-settling, non-affiliated participating providers and, thereafter, claims of other creditors, as funds are available under the terms of the General Health Funding Plan, and subject to any orders that may be sought with respect to any specific claims.

17.

By this Motion, Gulf South seeks approval of a procedure by which to begin paying claims of non-settling, non-affiliated participating providers as funds become available. Additionally, Gulf South seeks to resolve claims asserted by Category (f) Creditors under the priority of payment schedule, as amended, by confirming amounts due and/or resolving claims that are disputed in whole or in part.

**SMALL CLAIMS PROCEDURE FOR CERTAIN CLAIMS
OF NON-SETTLING, NON-AFFILIATED PARTICIPATING
PROVIDERS AND PAYMENT SCHEDULING PROCEDURE**

18.

The claims database of Gulf South reflects that Gulf South owes approximately \$10,034,000 to non-settling, non-affiliated participating providers. The amounts due each such provider have been confirmed and established through the Distribution Plan and related

procedures previously employed in this Wind Up Proceeding, except the Petrosky and Slidell PHC claims presently pending for resolution, as described above.

19.

Gulf South's claims database reflects that the \$10,034,000 due non-settling, non-affiliated participated providers is owed to a total of approximately 370 such providers. Of these, 330 are due \$10,000 or less, each. These 330 of the 370 providers are owed approximately \$418,000; the remaining 40 providers are due the balance of the \$10,034,000.

20.

Gulf South seeks authority of the Court to allow it to pay claims of all non-settling, non-affiliated participating providers due \$10,000 or less in full, in the first round of payments, as funds become available pursuant to the Wind Up Plan, as amended. Obviously, doing so will greatly reduce administrative expenses. If required to pay on a *pro rata* basis from the outset, Gulf South would have to issue approximately 370 checks every payment cycle, to as many different providers, and most of the checks would contain very small dollar amounts. Payment of claims in amounts of \$10,000 or less will dispose of approximately 330 claims in the first disbursement, and leave approximately 40 providers to receive *pro rata* payments thereafter. The net effect and any delay in payment to the providers with claims greater than \$10,000 will be negligible.

21.

Further, Gulf South seeks approval of a plan to issue payments twice per year, the timing of which shall be subject to Gulf South's discretion, on a *pro rata* basis as indicated above, in order to pay non-settling, non-affiliated participating providers with claims greater than \$10,000 each. Payments will, of course, be contingent on the availability of funds, and will always be subject to the terms and conditions of the Wind Up Plan, as amended, which incorporates the General Health Funding Plan, as well as any prior or future orders of the Court.

22.

Gulf South seeks authority of the Court to issue notices to non-settling, non-affiliated participating providers in the form of Exhibit A, attached hereto, to advise of this proposed payment plan and to offer an opportunity for any objections to be heard. The notice, and proposed rule attached to this Motion, would require that any non-settling, non-affiliated participating providers which desire to object to this Motion or the proposed payment plan must

file a written objection on or before a date set by the Court, which objections will be heard in a hearing also to be scheduled by the Court.

**ESTABLISHING CLAIMS OF CERTAIN
CATEGORY (f) CREDITORS OF GULF SOUTH**

23.

For the reasons discussed above, Gulf South, with the agreement of General Health, seeks approval of the Court to further amend the Wind Up Plan in order to modify the priority of payment schedule set out in paragraph 10 above, to allow Category (f) Creditors of Gulf South to be paid in advance of Participating Affiliated Providers. Modifying the priority of payment schedule of the Wind Up Plan in this manner will only adversely affect providers affiliated with General Health, and will have no adverse effect or impact upon Gulf South enrollees, subscribers, non-affiliated providers, or other creditors.

24.

To facilitate completion of this Wind Up Proceeding, Gulf South now seeks to resolve the claims of certain specific Category (f) Creditors. Gulf South has received, in various forms, claims submitted by certain such creditors. In some instances, Gulf South agrees that some amount is owed to a given creditor. In other cases, Gulf South may dispute the amount submitted, or that any amount is owed, or Gulf South may be unable to verify whether a claim is still viable or what amount may be due.

25.

Gulf South has prepared a list of certain Category (f) Creditor claims which have been submitted to Gulf South and of which Gulf South has some record or other knowledge. The list is submitted for review by the Court under seal, as Exhibit C to this Motion. The list contains the names of the Category (f) Creditors to which this Motion is addressed, and reflects the amount, if any, which Gulf South can verify as due to each. In instances where the claim has not been verified or substantiated, in whole or in part, or where Gulf South disagrees with the amount asserted, a reduced amount or "\$0.00" has been entered.

26.

Exhibit C does not include claims asserted in other legal proceedings, outside this Wind Up Proceeding, against either Gulf South or its wholly-owned subsidiary, Gulf South Administrators, Inc. Gulf South and its counsel have resolved several such claims that were in litigation, and continue to seek consensual solutions where possible. Gulf South reserves the

right to present additional motions to the Court as may be necessary to liquidate any unresolved claims in litigation.

27.

Exhibit C also does not include claims submitted to Gulf South by the Centers for Medicare and Medicaid Services (“CMS”) and/or the U.S. Department of Treasury relative to Medicare Secondary Payer amounts under federal statutes and guidelines. These are claims involving Gulf South enrollees covered by Medicare programs, in addition to Gulf South health insurance coverage. They typically involve situations where Gulf South has made a payment on a claim as a secondary insurer, because Gulf South records show that Medicare provided the primary coverage for a given enrollee/claim. In some instances, after auditing such claims, CMS has determined that Gulf South owes greater amounts on certain claims than Gulf South paid, so CMS presented claims to Gulf South for the difference. There are a number of these claims for which Gulf South, through undersigned counsel, and CMS are currently engaged in a reconciliation process. Gulf South and General Health believe that this process will result in a satisfactory resolution of these claim amounts in the near future. However, because these claims are largely governed by federal law, payment of them may be governed by federal provisions which could impact the priority of payment schedule and amended Wind Up Plan established by this Court. Therefore, Gulf South and General Health reserve the right to return to the Court to seek future adjustments in the ranking of payment of such claims or to resolve any other related issues to facilitate the Wind Up Plan, if necessary.

28.

Other than the claims in legal proceedings and the CMS claims described in paragraphs 26 and 27, above, Exhibit C reflects all other claims by Category (f) Creditors of which Gulf South is aware. Gulf South seeks authority to send to each of these creditors a notice, in the form attached as Exhibit B hereto. The notice will advise each such creditor of this Joint Motion, that Gulf South is aware of its asserted claim, and of the amount, if any, which Gulf South believes is due on such claim. The notice advises each creditor of the opportunity to file an objection to this Motion or to Gulf South’s determination as to each creditor’s specific claim. Any such objection must be filed, in writing, with substantiating information, on or before a date set by the Court. A hearing on Gulf South’s Motion to confirm its position on these claims, and on any objections filed, is also to be set by the Court.

Gulf South requests that, after due proceedings, the Court confirm and establish the amounts reflected on Gulf South's Exhibit C as the only amounts due to the Category (I) Creditors listed on Exhibit C. By this procedure, Gulf South seeks to resolve these asserted claims and any objections with respect thereto, so that Gulf South can pay them in due course under the amended Wind Up Plan and other orders of the Court.

Gulf South has submitted the foregoing Motion to the Commissioner of Insurance for review, and confirms that the Commissioner has no objection to this Motion or the relief requested.

WHEREFORE, Gulf South Health Plans, Inc. and General Health System move this Court as follows:

- (a) to authorize Gulf South to mail notices to non-settling, non-affiliated participating providers in the form of Exhibit A, attached to this Motion, to advise of the payment schedule and amended Wind Up Plan proposed by Gulf South and General Health in the Motion and to offer an opportunity for the submission of objections thereto; to require any objections by non-settling, non-affiliated participating providers to be filed with the Clerk of Court, in writing, on or before a date set by the Court, with copies to be served upon the Court and upon counsel for Gulf South Health Plans, Inc., General Health System and the Commissioner of Insurance; and to schedule a hearing date to consider this Motion and any **timely objections which may be** filed thereto;
- (b) to authorize Gulf South to pay the claims of all non-settling, non-affiliated participating providers due \$10,000 or less, in full, before beginning payment of the claims of such providers which exceed \$10,000 on a *pro rata* basis;
- (c) to **approve** a plan by Gulf South to issue payments to non-settling, non-affiliated participating providers with claims in excess of \$10,000 on a *pro rata* basis in intervals of two payments per year, the timing of which shall be in Gulf South's discretion, contingent on the availability of funds and the other terms and conditions of the General Health Funding Plan and other prior or future orders of the Court;

- (d) to receive Gulf South's Exhibit C to this Motion, containing a list of certain Category (f) Creditors which Gulf South records show have submitted claims to Gulf South, and reflecting the amount, if any, which Gulf South considers due to each such creditor, **under seal** in this Wind Up Proceeding;
- (e) to authorize Gulf South to mail to each of the Category (f) Creditors listed on Exhibit C a notice in the form attached as Exhibit B to this Motion to advise each such creditor of Gulf South's/General Health's proposed amended Wind Up Plan and to advise (1) that Gulf South is aware of its asserted claim, (2) of the amount, if any, which Gulf South considers as due on such claim, and (3) of the opportunity of each such creditor to file an objection to Gulf South's Motion;
- (f) to require the Category (f) Creditors listed on Exhibit C which may have an objection to this Motion or the amount listed by Gulf South as due to such creditor to file an objection with the Clerk of Court, in writing, on or before a date set by the Court, with copies to be served upon the Court and upon counsel for Gulf South, General Health System, and the Commissioner of Insurance, and to appear at a hearing for consideration of this Motion and resolution of any and all such objections;
- (g) after due proceedings as established above, to confirm and establish that the amounts reflected on Gulf South Exhibit C are the final amounts due to the Category (f) Creditors listed on Exhibit C, and that Gulf South is authorized to discontinue any further reconciliation efforts regarding said claims, and to pay any amounts due in accordance with the amended Wind Up Plan and other orders of this Court.
- (h) to authorize Gulf South and General Health to amend the Wind Up Plan and modify the priority of payment schedule previously established in this Wind Up Proceeding, set out in paragraph 10 of this Motion, such that the claims of creditors in category (f) of the priority of payment schedule would be paid prior to the claims of Participating Affiliated Providers set out in paragraph (e)(iv), and otherwise in accordance with the General Health Funding Plan, the Wind Up Plan and other orders of the Court.


CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing has been served on:

Sue Buser, Martinez & Buser, L.L.C., 1518 Highway 30 East, Gonzales, LA 70737; Claude F. Reynaud, Breazeale, Sachse & Wilson, P. O. Box 3197, Baton Rouge, LA 70821-3197; Dr. David G. Fourier, 7777 Hennessy, Suite 407, Baton Rouge, LA 70808; Richard C. Stanley, Stanley & Flanagan, L. L. C., 909 Poydras Street, Suite 2636, New Orleans, LA 70112-1099; Donra D. Fraiche, Locke, Liddell, and Sapp, LLP, Suite 2400, Pan American Life Center, 601 Poydras St., New Orleans, LA 70130-6036; Acadian Alliance Health Care, 315 South College, Suite 240, Lafayette, LA 70503-3221; Mr. Thomas J. Cortazzo, Lamothe & Hamilton, 601 Poydras St., Suite 2750, New Orleans, LA 70130-6014; Mr. Christopher J. Crouch, Babovich, Spedale & Chauvin, 111 Veterans Memorial Blvd., Suite 340, Metairie, LA 70005-3031; Mr. Charles Bruce Colvin, House, Kingsmill & Riess, LLC, 201 St. Charles, Ave., Suite 3300, New Orleans, LA 70170; Ms. Mary H. Thompson, 9000 Airline Highway, Suite 330, Baton Rouge, LA 70815; and Mrs. Arlene Knighten, Office of Attorney General, 301 Main Street, Suite 1250A, Baton Rouge, LA 70801-1916.

by placing a copy of same in the United States mail, postage prepaid and properly addressed, this 5th day of December, 2003.


Additionally, service of this Motion on the non-settling Participating Providers and other creditors which may be affected by this Motion will be accomplished by mailing the Notices attached to the Motion as Exhibits A and B, upon approval of the Court, along with a copy of the Motion, to each such affected provider or other creditor to the address maintained by Gulf South for each such party in Gulf South's database. A list of the parties to whom these notices are mailed will be filed with the Court to confirm service.



J. Wendell Clark

071600

REC-5 11 15

CERTIFIED
TRUE COPY
9/2003
BY 
DEPUTY CLERK

J. ROBERT WOOLEY, AS ACTING
COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

NUMBER: 485005 DIV. "N"

VS.

19TH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

GULF SOUTH HEALTH PLANS, INC.

STATE OF LOUISIANA

RULE TO SHOW CAUSE

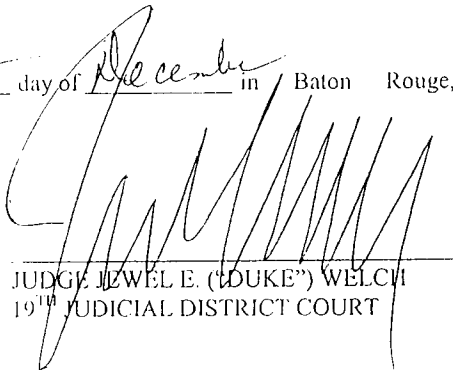
Considering the foregoing Motion;

IT IS ORDERED that:

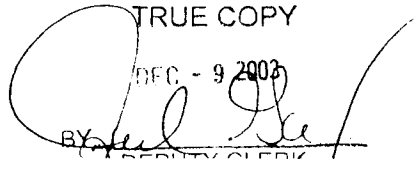
- (a) Gulf South Health Plans, Inc. ("Gulf South") is hereby authorized to mail notices to non-settling, non-affiliated participating providers of Gulf South, in the form of Exhibit A attached to the foregoing Motion, to advise such providers of the Joint Motion by Gulf South and General Health System ("General Health") and of the proposed payment schedule and amended Wind Up Plan for priority of payments as set out in this Motion;
- (b) any non-settling, non-affiliated participating provider which desires to object to the payment schedule and amended Wind Up Plan proposed by Gulf South and General Health in their Motion is required to file any such objection, in writing, with the Clerk of Court in this matter, prior to the close of business on the 30th day of December, 2003, and serve copies of any such objection upon the Court and upon counsel for Gulf South, General Health System and the Commissioner of Insurance;
- (c) any non-settling, non-affiliated participating provider which timely files an objection to this Motion shall appear before this Court on the 23rd day of January, 2004 at 9:30 o'clock A.m. to show cause why Gulf South's Motion, proposed payment schedule and amended Wind Up Plan should not be approved;
- (d) the Court does hereby receive and accept Gulf South's Exhibit C attached to its Motion under seal in this Wind Up Proceeding, requiring that Exhibit C be maintained as a confidential record of this Court, and not part of the public record of this proceeding;

- (f) any Category (I) Creditor which receives the notice described in the previous paragraph, that wishes to object to this Motion or to confirmation of the stated amount, if any, of its claim, shall be required to file any such objection, in writing, with the Clerk of Court in this matter, prior to the close of business on the 30th day of December, 2003, and serve copies of any such objection upon the Court and upon counsel for Gulf South, General Health System and the Commissioner of Insurance; and
- (g) any Category (I) Creditor receiving notice, as described above, which objects to this Motion or said amount, shall appear on the 23rd day of January 2004, at 9:30 o'clock A.m., to show cause why Gulf South's Motion herein should not be granted, finalizing the amounts which Gulf South shows are due to such creditors and amending the Wind Up Plan priority of payment schedule.

THIS DONE AND SIGNED this 30th day of December in Baton Rouge, Louisiana.


 JUDGE JEWELL E. ("DUKE") WELCH
 19TH JUDICIAL DISTRICT COURT

03 DEC -5 11 15
 DEPT. CLERK OF COURT
 071600
 SH

CERTIFIED TRUE COPY
 DEC - 9 2003
 BY 
 CLERK OF COURT

**NOTICE TO NON-SETTLING PARTICIPATING PROVIDERS TO
ESTABLISH FINAL PAYMENT SCHEDULE**

**WIND UP OF GULF SOUTH HEALTH PLANS, INC.
DOCKET NUMBER 485,005 – DIVISION N
19TH JUDICIAL DISTRICT COURT OF THE PARISH OF EAST BATON ROUGE
(the “Court”)**

**THIS NOTICE CONTAINS IMPORTANT INFORMATION WHICH AFFECTS YOUR
LEGAL RIGHTS**

NOTICE OF HEARING ON MOTION OF GULF SOUTH HEALTH PLANS, INC.

You are advised that Gulf South Health Plans, Inc. (“Gulf South”) and General Health System (“General Health”) have filed a Motion to establish a payment schedule for the claims of non-settling participating providers which are not affiliated with General Health System, and to amend the Wind Up Plan priority of payment schedule previously established by the Court. The Motion is set for hearing before the 19th Judicial District Court for the Parish of East Baton Rouge (222 St. Louis St., Baton Rouge, LA) on January 23, 2004 at _____ a.m.

The Motion seeks Court approval of a plan to pay the claims of non-settling, non-affiliated participating providers in amounts of \$10,000.00 or less per provider in full before beginning payment of claims in excess of \$10,000.00 per provider; and to pay claims in excess of \$10,000.00 per provider on a schedule of two payments per year, the timing of which shall be in Gulf South’s discretion, on a *pro rata* basis, subject to the terms and conditions of the General Health Funding Plan and prior orders of the Court. The claim amounts for all non-settling, non-affiliated participating providers have been established through prior proceedings. Movers have reserved the right to modify the payment schedule in the future to resolve reimbursement claims by Medicare authorities under federal law. You are advised that if you wish to respond or object to the Motion, and the final payment schedule, you must file a written objection with the Clerk of Court in this matter, not later than the close of business on the _____ day of _____, 2003 and serve copies of such written objection to the Court, and to counsel for Gulf South Health Plans, Inc., General Health System, and J. Robert Wooley, Commissioner of Insurance. You must further appear at the hearing scheduled above to assert your objection to approval of this Motion and the final payment schedule.

A copy of the Motion (without exhibits) is attached to this Notice, and may be obtained at www.gulfsouth.com and at the Clerk of Court, 19th Judicial District Court, East Baton Rouge Parish, Louisiana.

FURTHER INFORMATION

If you want further information about Gulf South Health Plans, Inc. and/or this legal proceeding, contact your own legal counsel. If your legal counsel has questions, he/she may contact legal counsel for Gulf South or General Health.

Please see various important documents concerning Gulf South’s Wind Up Proceeding available at www.gulfsouth.com and at the Clerk of Court, 19th Judicial District, East Baton Rouge, LA.

GULF SOUTH HEALTH PLANS, INC.

P. O. Box 14449

Baton Rouge, LA 70898

(225) 237-1700 Fax (225) 237-1816

Legal Counsel for Gulf South: J. Wendell Clark, Esq., Adams and Reese LLP, 225-336-5200.

Legal Counsel for General Health: David S. Rubin, Esq., Kantrow, Spalt, Weaver & Blitzer (APLC),
225-383-4703.



* The Motion also addresses additional issues which do not affect you.

NOTICE TO _____ OF MOTION TO ESTABLISH FINAL CLAIM AMOUNT

WIND UP OF GULF SOUTH HEALTH PLANS, INC.
DOCKET NUMBER 485,005 – DIVISION N
19TH JUDICIAL DISTRICT COURT OF THE PARISH OF EAST BATON ROUGE
(the "Court")

THIS NOTICE CONTAINS IMPORTANT INFORMATION WHICH AFFECTS YOUR
LEGAL RIGHTS

NOTICE OF HEARING ON MOTION OF GULF SOUTH HEALTH PLANS, INC.

You are advised that Gulf South Health Plans, Inc. ("Gulf South") and General Health System ("General Health") have filed a Motion to establish the final claim amount due you as a creditor of Gulf South and to amend the Wind Up Plan priority of payment schedule previously established by the Court. The Motion is set for hearing before the 19th Judicial District Court for the Parish of East Baton Rouge (222 St. Louis St., Baton Rouge, LA) on January 23, 2004 at _____ a.m.

The Motion seeks an order from the Court finalizing the amount due to you by Gulf South pursuant to information in Gulf South's records, and amending the priority of payment schedule in the Wind Up Plan. Movers have reserved the right to modify the payment schedule in the future to resolve reimbursement claims by Medicare authorities under federal law. Gulf South seeks authority of the Court to confirm as final the amount of _____ due to you as a creditor of Gulf South. You are advised that if you wish to respond or object to the Motion, you must file a written objection with the Clerk of Court in this matter, not later than the close of business on the _____ day of _____, 2003 and serve copies of such written objection to the Court, and to counsel for Gulf South Health Plans, Inc., General Health System, and J. Robert Wooley, Commissioner of Insurance. Any objection must include information which substantiates your position. You must further appear at the hearing scheduled above to assert your objection to approval of this Motion and the final payment schedule.

A copy of the Motion (without exhibits) is attached to this Notice, and may be obtained at www.gulfsouth.com and at the Clerk of Court, 19th Judicial District Court, East Baton Rouge Parish, Louisiana.

FURTHER INFORMATION

If you want further information about Gulf South Health Plans, Inc. and/or this legal proceeding, contact your own legal counsel. If your legal counsel has questions, he/she may contact legal counsel for Gulf South or General Health.

Please see various important documents concerning Gulf South's Wind Up Proceeding available at www.gulfsouth.com and at the Clerk of Court, 19th Judicial District, East Baton Rouge, LA.

GULF SOUTH HEALTH PLANS, INC.

P. O. Box 14449

Baton Rouge, LA 70898

(225) 237-1700 Fax (225) 237-1816

Legal Counsel for Gulf South: J. Wendell Clark, Esq., Adams and Reese LLP, 225-336-5200.

Legal Counsel for General Health: David S. Rubin, Esq., Kantrow, Spaht, Weaver & Blitzer (APLC),
225-383-4703.

*The Motion also addresses additional issues which do not affect you.



EXHIBIT C
TO

JOINT MOTION BY GULF SOUTH HEALTH PLANS, INC. AND GENERAL
HEALTH SYSTEM TO ESTABLISH PAYMENT SCHEDULE FOR NON-
SETTLING PARTICIPATING PROVIDERS, TO CONFIRM AMOUNTS DUE
TO NON-PROVIDER CREDITORS, AND TO AMEND WIND UP PLAN

Exhibit C is being submitted to the Court in the Gulf South Health Plans, Inc. Wind Up Proceeding, No. 485,005, Div. "N" in the 19th Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, under separate cover and under seal by approval of the Court. Exhibit C is not intended to become part of the public record in this proceeding, but is intended to be maintained as a confidential document submitted by Gulf South Health Plans, Inc, a health maintenance organization, which is the subject of the described Wind Up Proceeding.