

NINETEENTH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

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

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NUMBER: 485,005

VERSUS

GULF SOUTH HEALTH PLANS, INC.

DIVISION: N

TERMINATION ORDER

This matter came before the Court on this 16<sup>th</sup> day of March, 2004 on the Joint Motion in Aid of Approval of Plan for Final Distribution of Assets of Gulf South Health Plans, Inc., for Entry of Relief in Aid of Wind Up Plan, for Permanent Injunctive Relief, to Authorize Gulf South Health Plans, Inc. to Conclude Wind Up Proceeding, to Administratively Terminate Wind Up Proceeding and for Other Relief ("Joint Termination Motion") submitted by J. Robert Wooley as Commissioner of Insurance for the State of Louisiana in his capacity as administrative regulator for Gulf South Health Plans, Inc., (the "Commissioner"), Gulf South Health Plans, Inc. ("Gulf South") and General Health System ("General Health"). Certain terms used in this Order are defined in the Joint Motion, and those definitions are incorporated by reference.

Present in Court were:

- (1) J. Wendell Clark for Gulf South;
- (2) David S. Rubin for General Health;
- (3) Sue Buser for the Commissioner.

Notice of the hearing of the Joint Termination Motion was given to approximately 370 non-settling participating providers; to Category (f) Creditors which have asserted claims against Gulf South; and to the Centers for Medicare and Medicaid Services; as affected creditors of Gulf South described in the Joint Termination Motion, by the mailing of notice in the form of *Exhibit 7*, attached to the Motion, to the last-known address for each such individual/entity; any noticed party which desired to object to the Joint Termination Motion was required to file a written objection with the Clerk of Court before the close of business on the 2<sup>nd</sup> day of March, 2004, and serve copies of any such objection on the Court, and on counsel for Gulf South, General Health and the

Commissioner; any such objecting party was also required to appear at the hearing of this matter on the 16<sup>th</sup> day of March, 2004. The Court finds that the notice was sufficient and reasonably calculated to give adequate notice to all affected creditors and parties to this proceeding.

**CONSIDERING** the allegations of the Joint Termination Motion and the exhibits thereto, the presentations and arguments of counsel, the entire record of this proceeding, the evidence having been duly considered by the Court, good cause appearing therefore, for reasons orally assigned in Open Court,

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED** that:

- (a) In the event Gulf South Administrators, Inc. has assets remaining after payment of all of its liabilities, its assets may be transferred to Gulf South for use in accordance with the Wind Up Plan, as amended;
- (b) Gulf South is hereby authorized to cease any further review of any claims that may be submitted to Gulf South, and Gulf South is hereby relieved of any further obligation to take any action and/or make any response whatsoever relative to any and all claims that may be submitted to Gulf South, in whatever form or manner;
- (c) Gulf South is hereby authorized to take any actions and engage in any activities necessary to terminate any further liability of Gulf South concerning stale checks issued prior to the Wind Up Proceeding to Participating Providers, and to recapture any funds reserved in connection with such checks on the books of Gulf South;
- (d) Gulf South is hereby authorized to take any actions and engage in any activities necessary to process stale checks issued prior to this Wind Up Proceeding to certain members, non-participating providers, and non-provider creditors, as unclaimed property under the escheatment laws of the State of Louisiana, and Gulf South is further absolved and relieved of any obligation to pay penalties or interest which might be claimed as due in association with the processing of the described stale checks;
- (e) Gulf South is hereby authorized to take actions necessary to resolve the accounts payable and the accounts receivable appearing on Gulf South's books, as described in the Joint Termination Motion, by writing-off such accounts on Gulf South's books as it, in its discretion, deems appropriate and proper;

- (f) Gulf South is hereby authorized to retain or destroy the various business records it has accumulated and maintained while operating as a going concern, and during the Wind Up Proceeding, including, but not limited to historical claims records, provider contracts, business records, tax records, accounting records, personnel records, litigation records, payroll and benefit records, and other miscellaneous records, in paper and electronic form, in accordance with Gulf South's written Records Retention Policies and Procedures, which have been approved by the DOI;
- (g) Gulf South is hereby relieved of any further requirement or obligation to file formal quarterly or other periodic reports with the Court in this Wind Up Proceeding, after filing the quarterly report for activities through December 31, 2003, with the *caveat* that Gulf South will remain subject to the jurisdiction of this Court and will provide additional informational reports in the future as may be requested by the Court or by the Commissioner on motion to the Court, after notice to Gulf South and General Health;
- (h) Gulf South is hereby authorized to transfer and designate signatory and representative authority of Gulf South for banking activities of Gulf South after the entry of this Termination Order to an appropriate designee to be named by General Health, without the need for any further corporate or other formalities by the Board of Directors of Gulf South or this Court; any banking, depository, or similar institution or entity which maintains accounts, certificates of deposit, or other assets of Gulf South is hereby authorized to conduct any business regarding such assets, including the release of such assets, pursuant to proper orders from said designee of General Health;
- (i) Gulf South and General Health are hereby authorized to designate a specific person or persons to act as contact(s) representing Gulf South on issues which may arise in the completion of the wind up of the affairs of Gulf South, including the payments to be made to creditors; Gulf South and General Health shall notify the DOI in writing of the person or persons so designated, and shall notify the DOI in writing of any changes in such designation which may be made in the future;

- (j) Gulf South is hereby authorized to transfer \$1 million in certificates of deposit pledged to the DOI as statutory reserves into another account or investment medium, to be selected by Gulf South so as to increase the rate of return on this asset, with the *caveat* that the \$1 million asset must remain pledged to the DOI; must remain available for withdrawal at any time by the DOI; and must be restricted from withdrawal by Gulf South, General Health, or any other person or entity besides the DOI, until such time as the DOI voluntarily releases the pledged asset, which DOI shall do when the total liabilities of Gulf South, excluding claims of GHS Affiliated Providers, have been paid to a level below \$1 million;
- (l) a permanent injunction is hereby entered against all individuals and entities relative to instituting or taking further action in any suit or proceeding against Gulf South et al., General Health et al., or DOI et al. (to the extent they or any one of them is sought to be held liable for the obligations of Gulf South et al.);
- (l) a permanent injunction is hereby entered against all suits, proceedings, and seizures, or the issuance or employment of any process of a judicial, administrative, or other action or proceeding against Gulf South et al., General Health et al., DOI et al., and/or Gulf South's respective enrollees or subscribers to the extent such suits or proceedings seek to assert or collect or otherwise recover for an obligation of Gulf South, including but not limited to suits or proceedings in which:
- (i) Gulf South is a party;
  - (ii) A subscriber and/or enrollee or any other person is named as a party to the litigation for claims coverage under any subscriber or provider agreement issued or assumed by Gulf South;
  - (iv) The litigation involves or may involve the adjudication of liability or determination of any possible rights or obligations of any enrollee and/or subscriber or other person as to any subscriber or provider agreement issued or assumed by Gulf South, or determines any possible future liability of Gulf South with regard to any subscriber or provider agreement issued or assumed by Gulf South;

- (iv) Gulf South would otherwise be obligated to provide a defense or indemnity to any party in any legal or administrative proceeding pursuant to any subscriber or provider agreement issued or assumed by Gulf South;
  - (v) The ownership, operations, management and/or control of Gulf South et al. is at issue;
  - (vi) Any party is seeking to create, perfect, or enforce any preference, judgment, attachment, lien, levy, or set-off against the assets of Gulf South et al., General Health et al., DOI et al., or against any subscriber and/or enrollee of Gulf South to the extent such action seeks to assert or collect or otherwise recover for an obligation of Gulf South; and
  - (vii) Any person or entity is seeking to obtain possession or to exercise control over property or assets of Gulf South et al, to the extent any such action is inconsistent with these Wind Up Proceedings.
- (m) a permanent injunction is hereby entered against any action in any suit or proceeding against DOI et al. and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner as administrative regulator of Gulf South, and their representatives, agents, employees, or attorneys, with respect to their actions in accordance with the Wind Up Plan as amended and/or as administrative regulator of Gulf South.
- (i) a permanent injunction is hereby entered against all Participating Providers of Gulf South from seeking to collect and/or collecting any amounts claimed as payment for services rendered to Gulf South, its enrollees and subscribers, from any enrollee and/or subscriber of Gulf South, with the exception of amounts designated as deductibles, co-payments, or other amounts clearly designated by Gulf South as the responsibility of the enrollee and/or subscriber.

**IT IS FINALLY ORDERED, ADJUDGED, AND DECREED** that the above numbered and entitled Wind Up Proceeding for Gulf South Health Plans, Inc. is hereby administratively terminated, under the terms and conditions otherwise set forth in this Termination Order, such that

Gulf South is hereby authorized to complete the processing of payments to Gulf South creditors in accordance with the Wind Up Plan, as amended; this Court does, however, retain jurisdiction over the assets of Gulf South, and over the wind up of Gulf South's affairs, as well as over General Health to the extent of its status as proponent of the Wind Up Plan, to address situations which may require judicial intervention or orders in the future.

THUS DONE AND SIGNED this 16<sup>th</sup> day of March, 2004 in Baton Rouge, Louisiana.

JUDGE JEWEL E. "DUKE" WELCH  
19<sup>TH</sup> JUDICIAL DISTRICT COURT

ORDER SUBMITTED AND APPROVED BY:

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THE STATE OF LOUISIANA AS  
ADMINISTRATIVE REGULATOR OF  
GULF SOUTH HEALTH PLANS, INC.

FILED

MAR 16 2004

Wendell Clark  
DY. CLERK OF COURT

I hereby certify that on this day a copy of the above judgment was mailed by me, with sufficient postage affixed to: all known counsel & parties  
Done and signed on 03-17-04

David S. Rubin  
Dy. Clerk of Court

CERTIFIED  
TRUE COPY

MAR 17 2004

BY David S. Rubin  
DEPUTY CLERK