

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the Matter of

Index No.: 450500/16

the Liquidation of

(The Hon. Carol R. Edmead)

HEALTH REPUBLIC INSURANCE OF
NEW YORK, CORP.

AFFIDAVIT

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STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

AFFIDAVIT OF RONALD H. LABENSKI

RONALD H. LABENSKI, being duly sworn, deposes and says:

1. I am the Chief Financial Officer of the New York Liquidation Bureau (“NYLB”), which serves as the staff of the Superintendent of Financial Services of the State of New York in her capacity as liquidator of Health Republic Insurance of New York, Corp. (“Liquidator”). I submit this affidavit, based on the Liquidator’s books and records and all the prior proceedings herein, in support of the Liquidator’s application by Order to Show Cause for an order (1) approving a Stipulation For Entry of Final Judgment (“Stipulation”) between the Liquidator and the United States of America (the “United States”) resolving the Liquidator’s claims against the United States in a lawsuit entitled, *Linda A. Lacewell, in her capacity as Liquidator of Health Republic Insurance of New York, Corp. v. The United States of America*, pending in the United States Court of Federal Claims (No. 17-1185 C); (2) allowing, as agreed in the Stipulation, the claim of the United States for a Solvency Loan made to Health Republic Insurance of New York, Corp. (“Health Republic”) under the Patient Protection and Affordable Care Act as a Class Eight claim under Section 7434 of the New York Insurance Law; (3) permitting, as contemplated by the Health Republic order of liquidation, entered May 11, 2016 (“Liquidation Order”), the submission of additional claims to

the Liquidator other than Policy Claims, as defined in the Liquidation Order, for a period of four months from the date of entry of such order, and thereafter barring all further claims against Health Republic; and (4) for such other relief as the Court may deem just and proper.


2. The order placing Health Republic into liquidation was entered by this Court on May 11, 2016. In the ordinary course of my duties, I was closely involved in the intake process to obtain the financial records of Health Republic, which included the general ledger and accounts payable systems for the period January 2013 to December 2016. The NYLB also obtained the supporting documentation for entries made to the general ledger and the accounts payable systems.

3. Health Republic was created as a non-profit health Consumer Operated and Oriented Plan (“CO-OP”) under the terms of the Patient Protection and Affordable Care Act (“ACA”), and it participated in various programs of the ACA, including the Risk Corridors, Risk Adjustment, and the Federal Reinsurance Program. Additionally, Health Republic participated in the Advanced Premium Tax, and Cost Sharing Reduction programs. As part of the incentives provided to new CO-OP insurers, Heath Republic received from the United States a Solvency Loan in the form of a surplus note and a Start-up Loan. The books and records of Health Republic indicated that substantial balances were due Health Republic from the United States, in particular, under the Risk Corridors program.

4. I have prepared an unaudited balance sheet for the Health Republic estate as of December 31, 2020 (“Balance Sheet”)¹, reflecting the current financial position of the company and the pro forma financial position following approval and payment of \$220,838,583.33 due under the proposed Stipulation. (A copy of the unaudited and pro forma balance sheet is attached

¹ The Liquidator’s pro forma projections in the Balance Sheet are best estimates that are subject to change, and may be affected by, among other things, the timing of payments made under the Stipulation, administrative costs incurred by the Liquidator, return on invested assets, and the submission and resolution of new and existing non-Policy level claims under this Court’s order.

hereto as Exhibit A). As reflected in the Balance Sheet’s pro forma projections, as of December 31, 2020, Health Republic would have approximately \$263,931,331 million in assets, after receipt of payment due under the Stipulation, and liabilities of \$498,527,576. Based on these pro forma projections, Health Republic would have sufficient assets to pay allowed claims in Classes Two through Five in their entirety, and to make full or partial payments of allowed claims in Class Six in an amount to be determined. The approval of the Stipulation and resulting payment under the Stipulation would represent a substantial benefit to the creditors of the Health Republic.


Ronald H. Labenski
Chief Financial Officer

Sworn to before me this
8th day of February, 2021



Notary Public

LISA LEATH
Notary Public, State of New York
No. 02166014331
Qualified in New York County
Commission Expires October 13, 2022