



UCare Rehabilitation and Liquidation

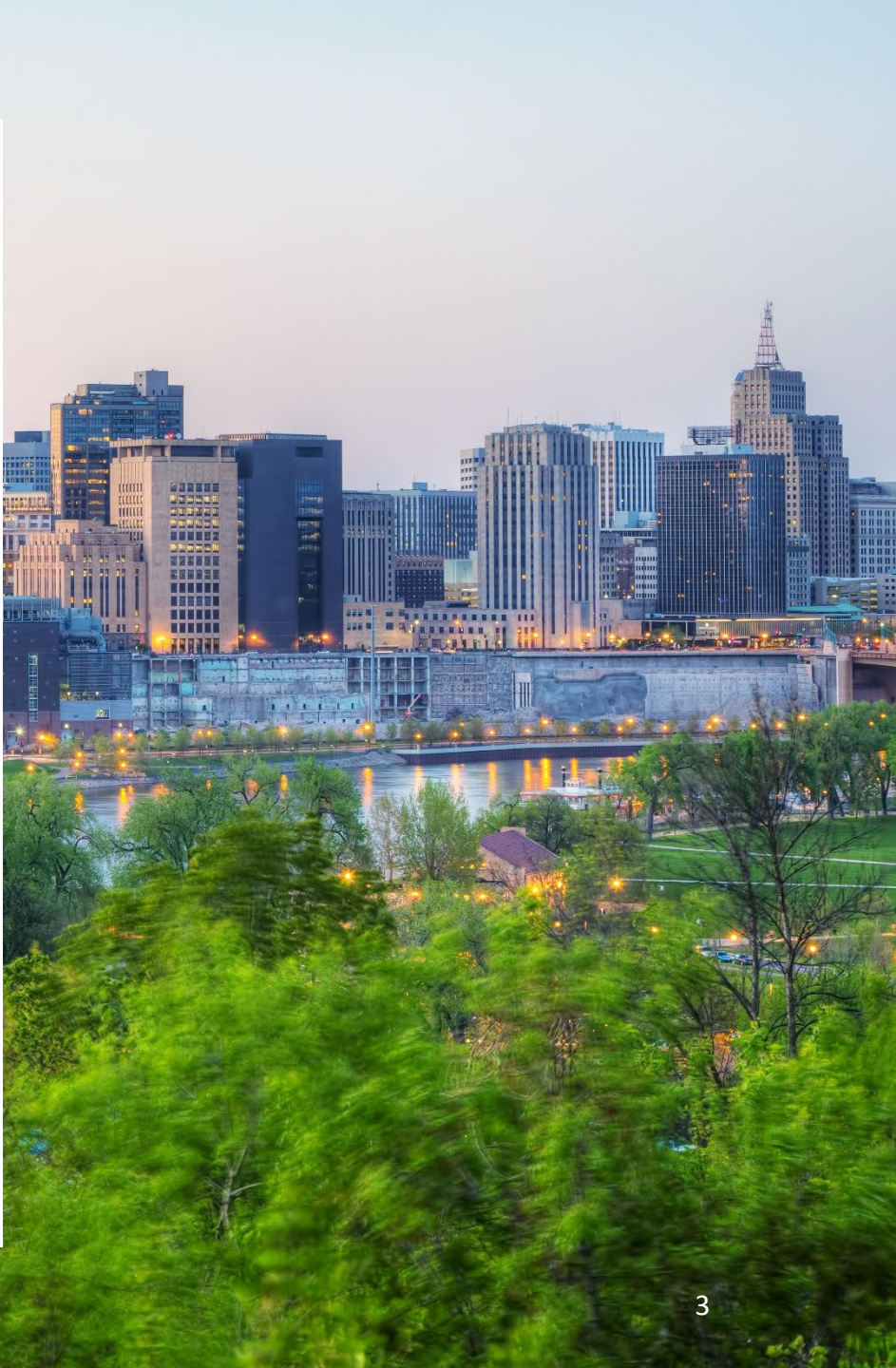
House Health Finance and Policy Committee

April 28, 2026

- I. Background on UCare
- II. Overview of state financial oversight
- III. Rehabilitation plan
- IV. What to expect in the coming months

UCare Market Overview

Market	UCare enrollees	Statewide
Medicaid	395,735	1,085,735
Individual	50,747	187,000
Medicare Advantage	182,000	685,000



Market Overview

Market	Allina Health Aetna	Blue Plus/ BCBS	Health Partners	Hennepin Health	Humana	Itasca Medical Care	Medica	PrimeWest Health	South Country Health Alliance	Quartz	UCare	United Health Care
Medicaid	--	363,710	147,117	30,091	--	7,588	69,674	50,304	21,261	--	395,532	--
Individual	--	55,901	52,440	--	--		25,996	--	--	1,535	50,747	--
Medicare Advantage	29,218	199,335	43,785	--	19,943	--	48,427	--	--	--	182,056	94,359

Identifying and Addressing Troubled Companies

- Regulators regularly monitor insurance companies. This includes:
 - Desk audits; review of annual/quarterly financial statements
 - Risk-Based Capital (RBC) assessments
 - Operational issues may be considered alongside financial data
- Goal is to detect early signs of financial trouble to protect policyholders, claimants, and creditors

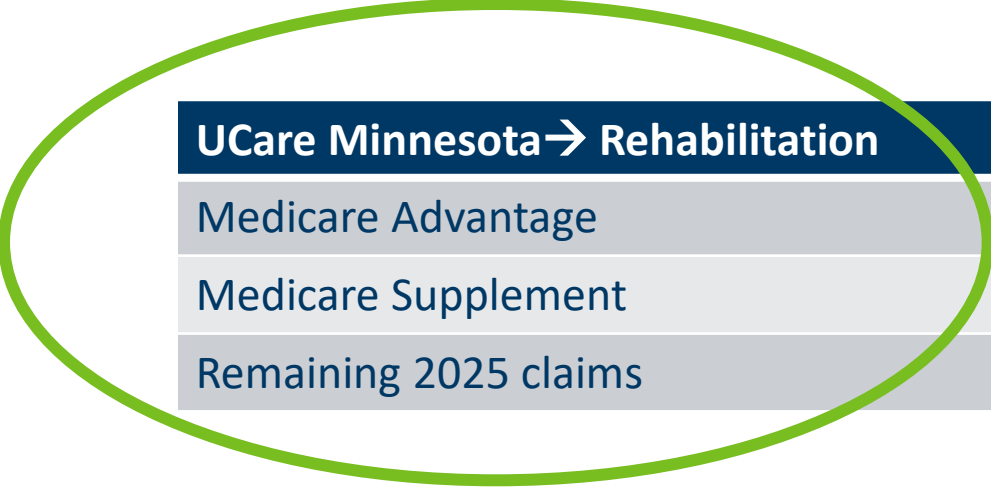
Risk Based Capital (RBC)

- Risk-based capital (RBC) measures the financial health of insurers based on the risks they take.
- Ensures companies hold enough capital to pay expected medical claims.
- Statute requires the state to take action at specified RBC levels to help protect consumers:
 - 200% RBC: Company must file capital improvement plan
 - 150% RBC: Plan + state may issue a corrective action plan
 - 100% RBC: Same as above + state may take regulatory supervision
 - 70% RBC: mandatory control; state **must** place the company in rehabilitation, liquidation, receivership unless the state believes the RBC will improve within 90 days

- **2023:** UCare was in a strong financial position; \$1 billion in capital and surplus
- **Early 2025:** Began the year without a strong capital position, \$551.6 million
- **Spring 2025:** Based on year-end 2024 filings, UCare was required to submit a Capital Improvement Plan
- **August:** UCare informed the state that it could not continue operating without an acquisition partner due to emerging liquidity concerns
- **September:** UCare placed into administrative supervision
- **October:** Financial estimates show the company would be out of cash by end of January
- **November:** Medica announced an agreement to purchase certain contracts and assets of UCare
- **December:** Court placed UCare in Rehabilitation

Rehabilitation and Acquisition

- Court Order for Rehabilitation: December 17, 2025
- Special Deputy: Examination Resources
- Website: <https://ucare-inreceivership.com/>



UCare Minnesota → Rehabilitation	UCHP → Medica
Medicare Advantage	Individual and Family Plans
Medicare Supplement	Medical Assistance*
Remaining 2025 claims	

*Some duals plans unable to transfer to Medica

Rehabilitation Objectives

- Provide transition services to Medica
- Coordinate with the Life & Health Guaranty Association
- Maximize the frequency, timing, and amount for payment of claims, including to providers
- Establish a fair claims process for creditors consistent with statute
- Prepare for ultimate liquidation

Financial Snapshot (as of 12/31/2025)

- **Assets: \$1.190B**

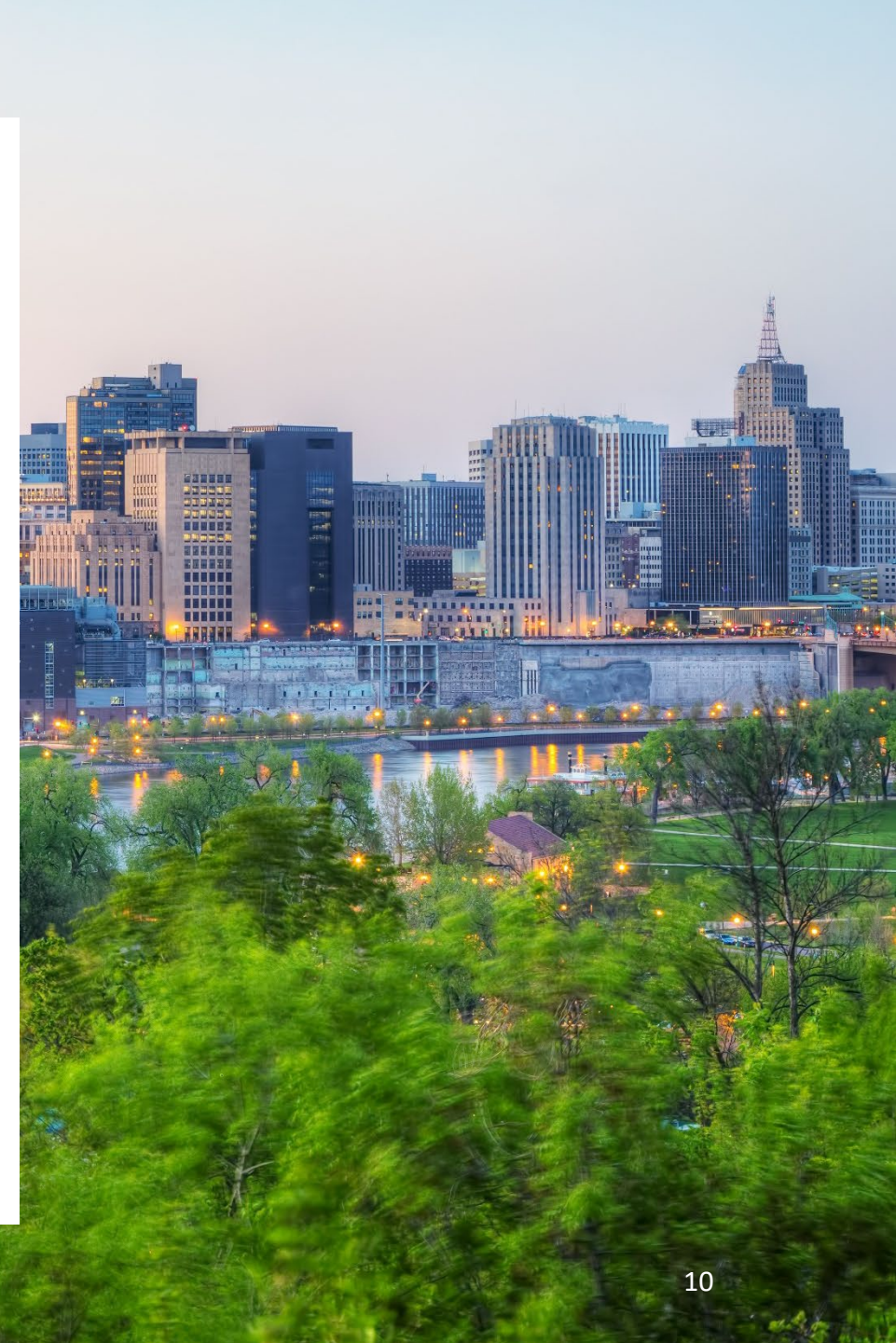
- Cash & Invested Assets: \$624M
- Receivables: \$558M
- Other Assets: \$8.3M

- **Liabilities: \$1.095B**

- Provider and enrollee claims: \$908M

- **Equity: \$95M**

- Receivables collection expected through 2028



Key Components of Approved Plan

- Rehabilitation Plan approved April 10, 2026
- Maximize and convert assets to cash
 - Collect receivables
 - Liquidate investments
 - Sell real estate & personal property
- Pay obligations by statutory priority
 - Class 1: Admin expenses
 - Class 2: Federal taxes
 - Class 3: Employee wages claims (work prior to rehab)
 - Class 4: Provider claims for health care goods and services and enrollee claims for coverage
- Proof of claims process for classes 5 & 6

Priority Class 4 Claims

- Initial distribution: \$350M within 30 business days of court approval
 - Distribution is based on when claim was adjudicated
- Ongoing monthly review for additional distributions with most claims expecting to be paid by the end of 2026
- Filing deadline: June 30, 2026
- Dispute resolution via grievance process or court

Coordination and Oversight

- Work with Guaranty Association for covered claims
- Transition administrative services for Medica
- Class 4 Representative Committee
- Regular updates posted online

- Continue asset liquidation and receivable collection
- Complete initial distribution of payments to providers for covered health care goods and services and make further distributions as funds become available
- Ongoing stakeholder communication
- Finish out transition services for Medica
- Prepare for eventual liquidation

Thank you