

**EXHIBIT C**  
**SOLVENCY PLAN AND FINANCIAL REPORTING**

Contractor shall maintain sound financial management procedures, maintain protections against Insolvency commensurate with the number of OHP Members and level of risk assumed, and generate periodic financial reports for submission to OMHAS (OAR 410-141-0340). Financial management, solvency protection, and reporting shall occur as specified below.

1. Contractor shall protect itself against catastrophic and unexpected expenses related to Covered Services by either self-insuring or by obtaining stop-loss protection from a private insurer in an amount sufficient to cover estimated risk for the duration of this Agreement. Contractor shall provide proof of such coverage to OMHAS within 30 days after the effective date of this Agreement.

2. Restricted Reserve Fund

Contractor shall maintain a Restricted Reserve Fund balance no less than \$250,000 and provide evidence of the required restricted reserve account balance to OMHAS within 60 calendar days after the end of each calendar quarter as outlined below. Contractor shall identify where and by whom the restricted reserve account is held.

- a. If Contractor subcontracts any work to be performed under this Agreement using a subcapitated reimbursement arrangement, Contractor may choose to require its Subcontractor to maintain a Restricted Reserve Fund for the Subcontractor's portion of the risk assumed or may maintain a Restricted Reserve Fund for all risk assumed under this Agreement. Regardless of the choice made, Contractor shall assure that the combined total Restricted Reserve Fund balance meets the requirements of this Agreement.
- b. If the Restricted Reserve Fund is held in a combined account or pool with other entities, Contractor, and its Subcontractors as applicable, shall provide a statement from the pool or account manager that the Restricted Reserve Fund is available to Contractor, or its Subcontractors as applicable, and has not been obligated elsewhere.
- c. If Contractor must use its Restricted Reserve Fund to finance Covered Services, Contractor shall provide advance written notice to OMHAS of the amount to be withdrawn, the reason for withdrawal, when and how the Restricted Reserve Fund will be replenished, and steps to be taken to avoid the need for future Restricted Reserve Fund withdrawals.

- d. Contractor shall provide OMHAS access to its Restricted Reserve Fund if Insolvency occurs.
  - e. Contractor shall have written policies and procedures to ensure that, if Insolvency occurs, OHP Members and related Clinical Records are transitioned with minimal disruption.
3. Contractor shall provide Third Party Resource collection information, using Report C2, Current OHP Members with Third Party Resources (Quarterly Report), on a quarterly basis within 60 calendar days after the end of each calendar quarter. Contractor shall make reasonable efforts to identify and pursue such Third Party Resource without regard to any capitation payments. Contractor shall keep records of such efforts, successful or unsuccessful, to ensure accuracy of such reports and make records available for audit and review upon request.
  4. Contractor shall provide financial information, using Report C3, Quarterly Balance Sheet, within 60 calendar days after the end of each calendar quarter. Contractor shall have systems that capture, compile, and evaluate information and data concerning financial operations including, but not limited to, the determination of future budget requirements and for determining, managing and accounting for “Incurred But Not Reported” expenses.
  5. Contractor shall provide financial information, using Reports C4, MHO Contractor’s Quarterly Statement of Revenue and Expenses, C4A, Health Care Expenses By Service Type, and C4B, Prevention/Education/Outreach Activities, on a quarterly basis within 60 calendar days after the end of each calendar quarter.

In addition to the quarterly reports, Contractor shall provide a Report C4 based on a fiscal year which shall include a detailed description of how a net loss was covered or how a net income will be used during the next fiscal year.

6. Contractor shall provide financial information, using Report C5, Fiscal Year Cash Flow Analysis for Corporate Activity within 90 calendar days after the end of Contractor’s fiscal year.
7. Contractor shall submit an Annual Audited Financial Statement to OMHAS within 180 days after the end of the Contractor fiscal year. The audited financial statement shall be prepared by an independent accounting firm. In conducting the audit of the financial statements, the auditor will apply sufficient procedures to conclude that, in all material respects:
  - a. the assumptions and methods used in determining loss reserves, actuarial liabilities, or other related accounting items are appropriate in the circumstances, and
  - b. the information on the Contractor's C3, C4, C4a, and C5 reports is accurately included within the amounts presented in the Contractor's financial statements and footnote disclosures.

8. Contractor shall notify OMHAS of any significant change to the information provided in the quarterly financial reports. If the change requires restatement of a prior quarterly financial report, Contractor shall amend the report and submit to OMHAS within 30 working days of the date the change is identified.
9. Contractor shall supply OMHAS with a spreadsheet, or other mutually agreed upon format, containing the quarterly financial reports either electronically or by mailing a 3.5" computer disk, CD, spreadsheet, hard copy or facsimile. Contractor shall send these reports to Office of Mental Health and Addiction Services, Community Treatment Systems, 500 Summer St. NE, Salem, Oregon 97301-1118.
10. If Contractor has questions about these reports, Contractor may call the OMHAS, Community Treatment Systems, OHP Mental Health Specialist at (503) 947-5530.
11. If Contractor wants these reports electronically, on a 3.5" computer disk, CD, spreadsheet, hard copy or facsimile, Contractor may call (503) 947-5530.