

CCO Financial Reporting

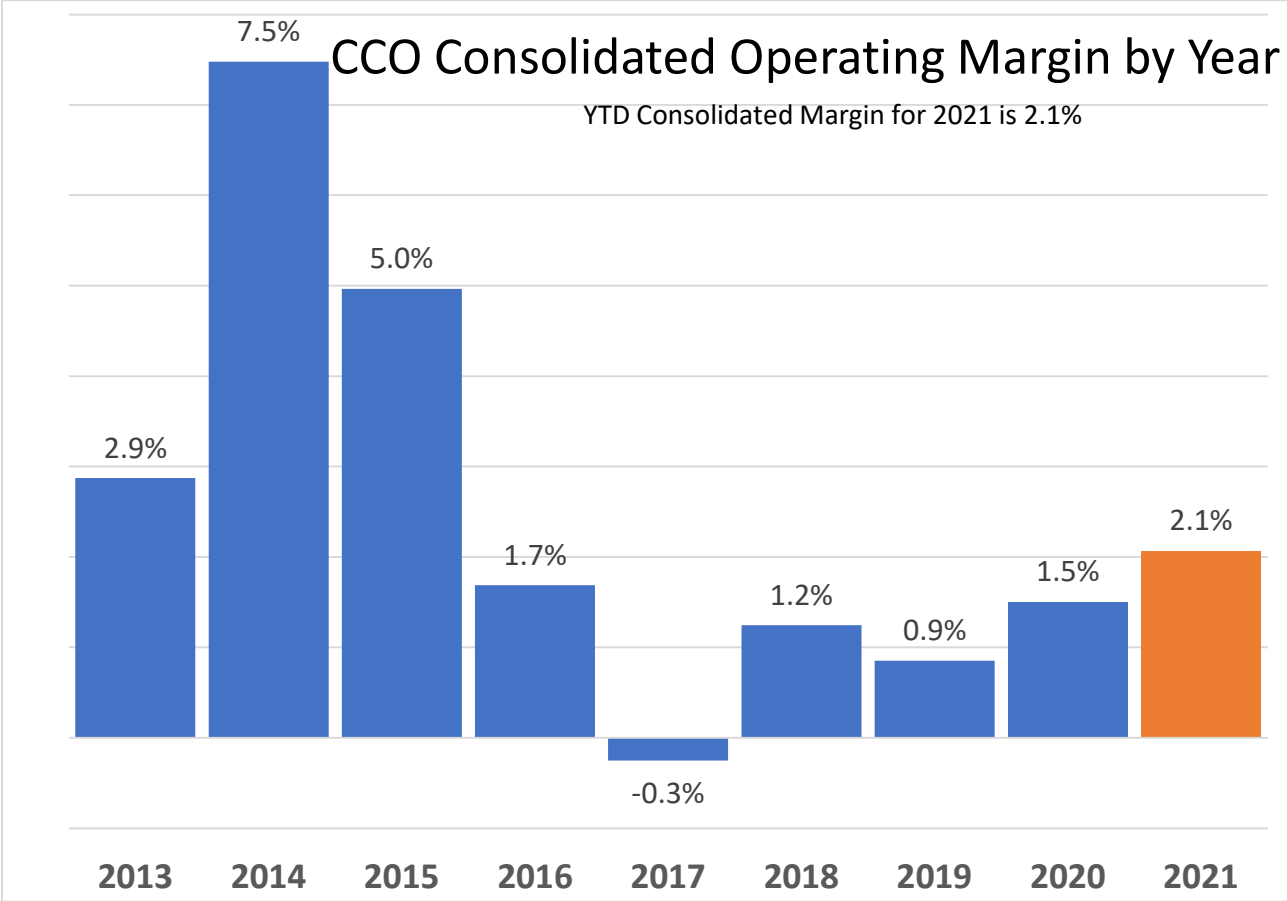
Public Brief

For the year ending December 31, 2021

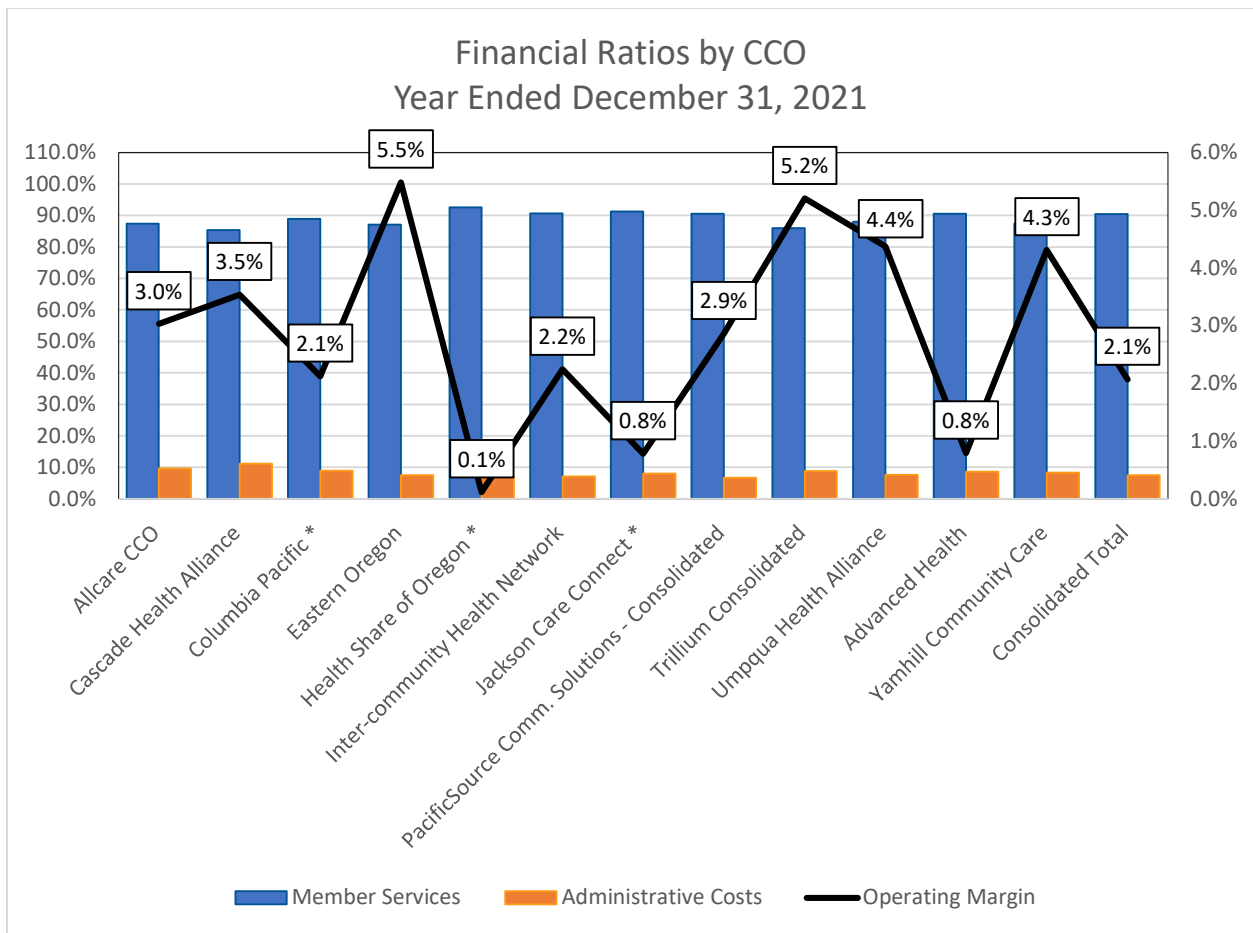
In summarizing the Financial Reports of our 16 CCO entities, there were a few items to specifically highlight. Not only did the CCO group generate \$129M in Net Operating Revenues; according to their collective Cash Flow statements, they also grossed \$80.7M in cash for the year.

Included in this Executive Summary, we will cover Key Financial Ratios in Part 1 as well as other financial items to note in Part 2, including SHARE Initiative contributions for 2021. The overall summary related to CCO performance, the CCOs are profiting even with the ongoing public health emergency.

Part 1: Key Financial Ratios (Statewide and by CCO)



CCOs achieved a statewide operating margin of 2.1%, or \$130 million Operating Net Income on \$6,254 billion of Operating Revenue. This is an increase from 2020’s 1.5% statewide operating margin or \$81 million Operating Net Income.



The CCOs also all had a positive Operating Margin for the 2021 year. They ranged from 5.5% down to 0.1%. Year to date, the CCOs with the highest Key Financial Ratios are:

Lowest Member Services Ratios:

- Cascade Health Alliance with 85.3%
- Trillium Consolidated with 86.0%
- Eastern Oregon CCO with 87.0%

Highest Administration Costs Ratios:

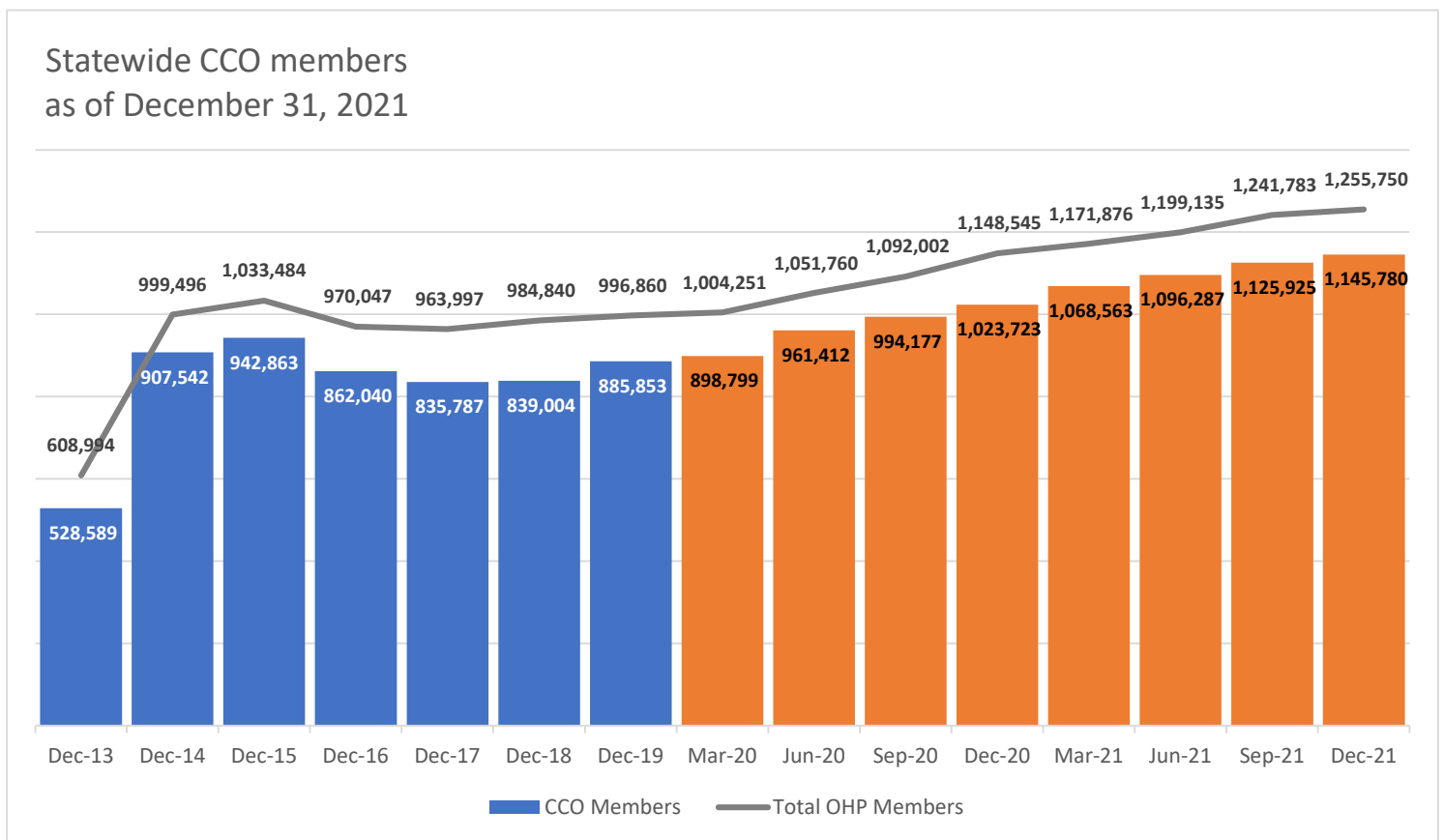
- Cascade Health Alliance with 11.2%
- AllCare CCO with 9.6%
- Columbia Pacific with 8.9%
- Trillium Consolidated with 8.8%

Highest Operating Margins:

- Eastern Oregon CCO with 5.5%
- Trillium Consolidated with 5.2%
- Umpqua Health Alliance with 4.4%

Part 2: Other Highlights and Observations

- **Growth of Statewide Membership** – Since March 2020, membership has steadily increased. During this time-period OHA has not removed membership from currently enrolled members, regardless of current eligibility status. Membership reporting for Medicaid in December 2021 shows a continuation in the increase in membership from previous periods. Membership has increased by 251,000 members, to the highest overall Medicaid membership since 2013. The experience of Oregon’s Medicaid population growth is not an isolated incident. The Wall Street Journal published an article on 5/18/2022 stating that Medicaid enrollment is now at 85M people and has increased by 19% since the start of the pandemic. Oregon’s growth rate has been 25% since March 2020.



- **Risk Based Capital (RBC)** – Under the RBC system, regulators have the authority and statutory mandate to take preventive and corrective measures that vary depending on the capital deficiency indicated by the RBC result. These preventive and corrective measures are designed to provide for early regulatory intervention to correct problems before insolvencies become inevitable, thereby minimizing the number and adverse impact of insolvencies. For the second year, all CCOs have achieved an RBC level that exceeds the minimum capital requirements.

- **Supporting Health for All through Reinvestment Initiative (SHARE Initiative)** - The SHARE Initiative is a legislative requirement for coordinated care organizations (CCOs) to invest a portion of their profits back into their communities. In 2020 and 2021 CCOs have made discretionary contributions to SHARE to meet the community guidelines of social determinates of health and equity. However, for 2022 an updated rule will require a formula-based approach for determining a minimum contribution.

CCO's discretionary contributions are summarized in the table below and show that \$6.3M of the \$94.8M Net Income before Taxes and SHARE Obligation have been pledged to SHARE Initiative spending for 2022. In contrast, in 2021 the CCOs pledged \$4.4M of the \$45.4M Net Income before Taxes and SHARE Obligation. These contributions will be spent within the CCO's community in the next three years based upon the CCO's approved designation plans.

Health Share's SHARE contribution for 2021 was not reported to OHA as of the due date of the financial information, April 30, 2022.

	<u>HRS Reported*</u>	<u>Net Income (before SHARE) - OHP, CAK</u>	<u>SHARE designation</u>
PSCS - Central	1,410,156	5,597,504	238,843
PSCS - Gorge	678,177	1,007,658	48,578
PSCS - Lane	1,145,137	7,024,865	200,502
PSCS - Marion Polk	4,899,682	(7,210,363)	-
Allcare CCO	1,693,192	9,033,063	100,000
Yamhill Community Care	2,129,154	7,369,163	663,992
Inter-community Health Network	1,521,298	10,690,292	1,076,000
Umpqua Health Alliance	5,409,497	8,414,747	400,000
Trillium Comm. Health Plan - Lane	1,256,878	16,337,535	900,000
Trillium Comm. Health Plan - TC	452,921	(1,275,089)	100,000
Eastern Oregon	1,009,723	23,213,951	1,500,000
Cascade Health Alliance	298,593	4,397,013	150,000
Columbia Pacific	1,490,402	3,689,561	150,000
Jackson Care Connect	2,537,145	1,898,291	150,000
Advanced Health	1,652,140	1,623,265	650,000
Health Share of Oregon	9,224,357	3,070,261	-
Totals	36,808,452	94,881,717	6,327,915
			5.8%
* HRS Spending is reported but not yet approved spending and is deducted to reach Net Income (before SHARE)			

- **Health Related Services (HRS)** - Health-related services are services that CCOs may provide beyond the standard Medicaid benefits to improve care delivery, member well-being and the health of the community. The spending for 2021 is still preliminary, as the HRS Team works to

review each individual reported expense. However, it is notable that spending reported on L6 for the Medicaid line of business for 2021 and 2020 are \$36.8M and \$35.25M, respectively. Additionally, the per member expenses have increased for 9 of the CCOs, while the remaining 7 have a decreased per member expenditure.

Additional discussion with CCOs may be necessary to confirm all HRS spending has been captured on L6 OHP reports for the current year. This amount may change as CCOs receive feedback during review. The approved amount is reported in the annual HRS spending report.

