

# Memorandum

**Date:** August 2025

**Subject:** 2024 Public Brief – CCO Financial Performance

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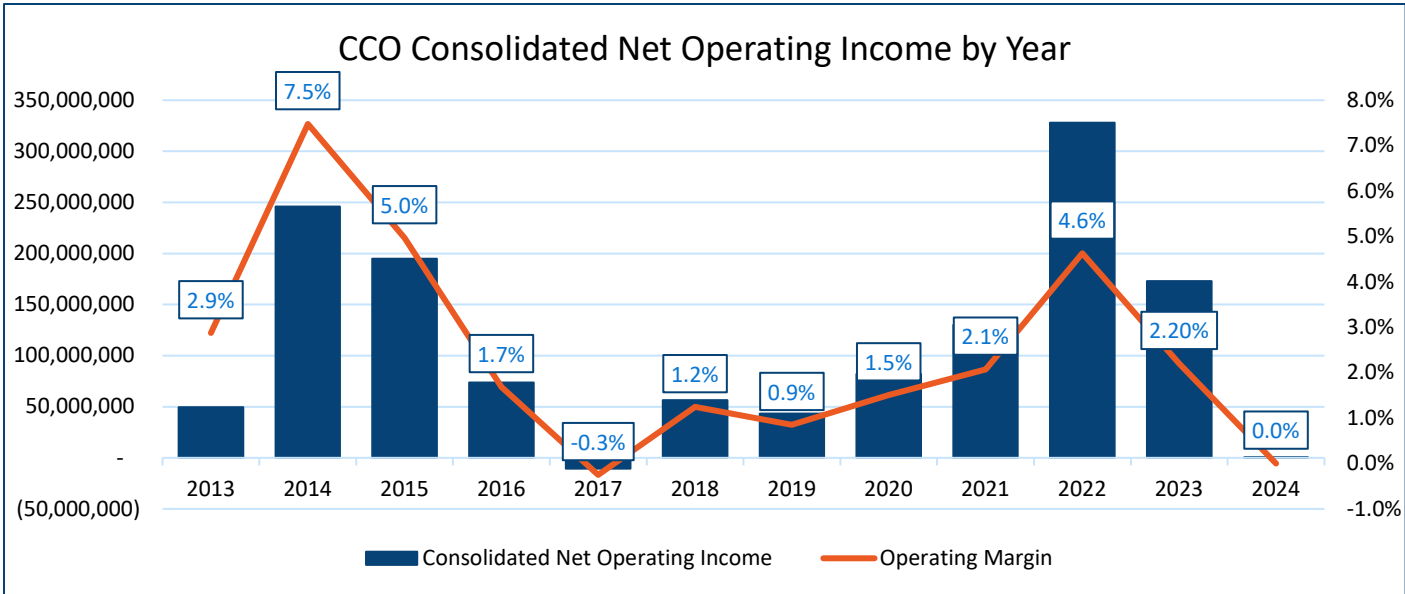
We will cover Key Financial Ratios in Part 1, Risk Accepting Entities in Part 2, and Per Member Per Month expenses in Part 3. Other financial items of note are in Part 4.

- Net Operating Revenues – Revenue available for operations
- Member Service Expenses – Direct Medical Expenses
- Administrative Expenses – Non-medical expenses required for operations
- Net Operating Income – Total Revenue less Member Service Expenses and Administrative Expenses
- Net Operating Margin – Percentage of Net Operating Income/compared to Net Operating Revenues
- Net Income – Total Revenue less All Expenses, including taxes and SHARE Obligations

## **Part 1: Key Financial Ratios**

### **CCO Net Operating Margin**

The CCOs have mixed financial results for 2024. As noted in the table below, collectively the CCOs have a Consolidated Net Operating Income of \$129K and an Operating Margin of 0.001%. The 2024 Operating Loss includes Premium Deficiency Reserve (PDR) expenses of \$59.5M recorded by 5 CCOs in Q4 2024, more information about PDR will be provided in Part 4. In the prior year, CCOs generated \$172.9M in Consolidated Net Operating Income and an Operating Margin of 2.2%.



### CCO Ratio of Current Assets to Current Liabilities (Current Ratio)

The current ratio is a measurement of how well a CCO may be able to meet its short-term obligations that are due within a year. A healthy current ratio is at least 1, indicating the company has funds that at least meet their current debt needs with liquid assets.

CCO Current Ratio					
Year	2020	2021	2022	2023	2024
CCO	Q4	Q4	Q4	Q4	Q4
AH	1.93	1.14	0.91	1.21	1.41
AC	1.49	1.51	1.74	1.53	1.00
CHA	1.27	1.25	1.34	1.28	1.18
CPCCO	1.28	1.29	1.27	1.27	1.32
EOCCO	0.87	0.89	0.71	0.47	0.61
HSO	1.56	1.19	1.09	1.18	1.10
IHN	1.11	1.10	1.13	1.08	0.76
JCC	1.34	1.39	1.41	1.46	1.52
PCS	0.80	0.64	0.84	0.53	0.57
TCHP	0.93	0.79	0.41	0.49	0.57
UHA	1.98	1.32	1.42	1.18	1.35
YCCO	1.95	1.92	1.92	1.60	1.38
<b>Statewide</b>	<b>1.17</b>	<b>1.01</b>	<b>1.01</b>	<b>0.88</b>	<b>0.87</b>

Source: Exhibit L, Report L4

## Days Cash on Hand

Days Cash on Hand is calculated by dividing the current period's Cash and Short-term Investments by Member Service Expenses per day. The financial metric indicates how many days a CCO can continue to cover their member's medical expenses without any additional infusions of cash, generated through income or contributed by the holding company system.

Days Cash on Hand by CCO					
Year	2020	2021	2022	2023	2024
CCO	Q4	Q4	Q4	Q4	Q4
AH	14.0	6.6	1.5	7.5	16.01
AC	52.2	52.2	65.3	46.3	36.64
CHA	111.1	147.6	156.3	131.7	115.14
CPCCO	44.3	38.1	40.4	44.3	52.58
EOCCO	52.3	52.2	41.9	18.0	20.47
HSO	15.3	8.2	7.6	9.3	9.19
IHN	44.3	52.1	53.4	45.8	29.65
JCC	29.7	18.0	15.3	30.9	38.44
PCS	20.4	18.9	37.9	13.7	13.52
TCHP	23.2	65.7	31.9	45.5	43.8
UHA	101.7	138.8	158.0	117.4	111.51
YCCO	112.7	90.7	136.2	115.3	95.75
Source: Exhibit L, Report L4					

## **Part 2: CCO Risk Accepting Entity Reporting**

CCOs can delegate their risk and a portion of their capitation payments each month to Sub-capitated Entities. OHA created the SE Reporting requirement to capture the financial data at the risk-accepting entity level. It provides details of medical spending and support of members in the risk accepting relationships.

The table below summarizes the comparative performance of all CCOs and all Risk Accepting Entities. It also details CareOregon and Advantage Dental, which receive the largest percentage of Physical Health capitation and Dental capitation, respectively.

Entity or Care Type	NOI – 2024	NOI – 2023	NOI - 2022	NOI - 2021
<b>All CCO at CCO level</b>	\$128,984	\$173,033,473	\$327,702,447	\$130,156,814
All Reported RAE	(\$488,745,283)	\$7,990,925	\$68,921,349	\$112,549,060
CareOregon	(\$307,924,460)	\$82,311,353	\$118,890,280	\$176,479,818
Dental	(\$9,354,102)	\$8,589,996	\$11,812,252	\$4,173,193
Advantage Dental	(\$6,588,931)	\$3,466,460	\$5,553,956	\$2,982,033
Behavioral Health	(\$11,737,805)	\$560,483	(\$8,523,153)	\$522,713

Additionally, the historical information is available regarding the percentage of Net Operating Revenue each CCO has paid to their risk accepting entities from 2021 – 2024.

<b>CCO % Net Operating Revenue Reported by Subcapitated Entities</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
ADH	92.38%	92.36%	94.75%	95.36%
ALLC	16.57%	18.37%	41.93%	17.44%
CHA	2.86%	10.62%	8.72%	2.62%
CPC	96.09%	93.96%	88.35%	91.54%
EOCCO	12.21%	12.20%	19.47%	19.42%
HSO	98.08%	99.36%	99.02%	96.13%
IHN	14.53%	14.19%	12.04%	9.96%
JCC	94.59%	93.28%	90.27%	95.45%
PACS-C	27.77%	27.33%	26.68%	27.94%
PACS-G	15.82%	13.52%	13.23%	8.92%
PACS-L	6.97%	6.06%	6.07%	6.04%
PACS-MP	7.51%	8.87%	8.37%	10.13%
TCHP-L	6.01%	6.14%	5.16%	5.18%
TCHP-Tri	7.21%	7.92%	6.86%	7.42%
UHA	8.62%	9.78%	7.99%	10.79%
YCCO	0.16%	17.72%	15.74%	15.90%

### **Part 3: Per Member Per Month Expenses**

Since the CCOs vary in size, it is hard to compare expenses in total, without considering the scale of membership for each. When viewed on a PMPM basis, Member Service Expenses have increased by 4.8%. This increase exceeds that reported from 2022 – 2023 of 3%.

Most of this comes from increases in substance use disorder and behavioral health spending, collectively increasing by 22.5% from \$82.45 PMPM to \$101.00 PMPM. As CCOs continue to grow their capacity and networks to deal with the behavioral health needs, it is expected to continue to grow. Measurement of the BHDP utilization, required by CMS for our 2023 and 2024 directed payments, show an increase of culturally and linguistically specific services (CLSS) and Co-occurring disorder services (COD) for both 2023 and 2024 the trend has been to see continual growth in utilization of these services. In 2024 we are seeing that the Mental Health and SUD spending makes up 22.5% of the total Member Services Expense. Hospital Services remains the largest overall percentage of PMPM in both 2024 and 2023 at 31.4% and \$141.01 (2024) and 31.0% and \$132.73 PMPM (2023). However, this expense category only grew 6% from the prior year, while it remains the highest percentage the growth is not as large as the Mental Health and SUD services.

Detailed PMPM spending for all CCOs in 2024 are shown in the table below, as well as changes from 2023 spending.

		December 31, 2024	Percent to Total	2023 Annual	Change PMPM (2024 to 2023)	Percent Change
	<b>Member Service Expenses (PMPM)</b>					
7	Hospital Services	-	-	-	-	
a	Inpatient	66.42	14.8%	62.93	3.49	5.5%
b	Outpatient	51.81	11.5%	49.52	2.30	4.6%
c	Emergency Room	22.78	5.1%	20.29	2.49	12.3%
8	Physician/Profession Services	98.52	21.9%	92.21	6.31	6.8%
9	Substance Use Disorder	-	0.0%	-	-	
a	Inpatient	1.71	0.4%	1.71	0.00	0.2%
b	Residential	5.42	1.2%	4.00	1.42	35.5%
c	Other Non-Inpatient	13.59	3.0%	11.35	2.23	19.7%
10	Mental Health	-	-	-	-	
a	Inpatient	11.92	2.7%	11.67	0.25	2.1%
b	Residential	3.07	0.7%	2.64	0.43	16.3%
c	Other Non-Inpatient	65.29	14.5%	51.07	14.22	27.8%
11	Dental	23.69	5.3%	23.14	0.55	2.4%
12	Prescription Drugs	-	0.0%	-	-	
a	Gross Prescription Drugs	63.88	14.2%	58.85	5.03	8.5%
b	Less: Pharmacy Rebates	(1.70)	-0.4%	(1.66)	(0.04)	2.4%
13	Transportation	-	0.0%	-	-	
a	Emergency Medical Transportation	3.01	0.7%	2.92	0.09	3.0%
b	Non-emergency Medical Transportation (NEMT)	9.88	2.2%	9.21	0.67	7.3%
14	DME & Supplies	7.60	1.7%	6.99	0.61	8.7%
15	In Lieu of Services	0.04	0.0%	0.03	0.00	8.1%
16	Health Related Social Needs	-	-		-	
a.	Outreach and Engagement (HRSN Provider Only)	0.00	0%		0.00	
b.	Climate Services	0.16	0%		0.16	
c.	Housing Services	0.05	0%		0.05	
d.	Nutrition Services	-	-		-	
17	Other Member Service Expenses	2.14	0.5%	21.93	(19.79)	-90.2%
18	<b>MEMBER SERVICE EXPENSES SUBTOTAL</b>	<b>449.27</b>	<b>100.0%</b>	<b>428.80</b>	<b>20.47</b>	<b>4.8%</b>
7	Hospital Services- Aggregate	141.01	31.4%	132.73	8.28	6%
10	Mental Health- Aggregate	80.29	17.9%	65.39	14.90	23%
10	Mental Health- Aggregate + Substance Use Disorder	101.00	22.5%	82.45	18.55	22.5%

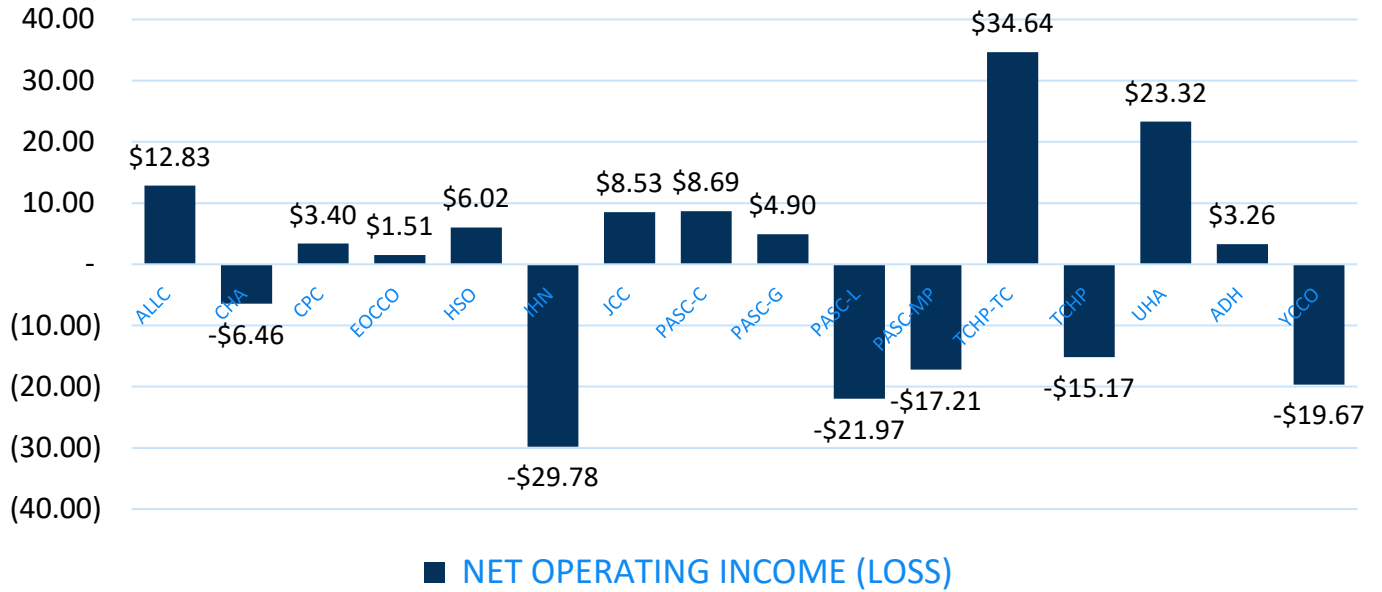
## Net Operating Income/Losses PMPM

The CCOs have requested that OHA also provide information on their annual income/(losses) on a PMPM basis. This allows for the magnitude of these to be reflected easily, noting that every CCO has a unique member count, and it is not always apparent how they have performed with adjustment for their member population.

The CCO with the highest PMPM Net Operating Income in 2024 was Trillium Tri-County with \$34.64 PMPM.

The CCO with the largest PMPM Net Operating Loss in 2024 was Intercommunity Health Plan with (\$29.78) PMPM.

## Q4 2024 PMPM NET OPERATING INCOME (LOSS)



### Part 4: Other Financial Matters

#### **Risk Based Capital**

All CCOs are at an RBC greater than 200% and do not require any regulatory action by OHA at this time. However, any CCOs that are below 300% are not required to provide a SHARE Obligation for 2024.

If a CCO does drop below 200% RBC, they will be required to submit to OHA an RBC Plan, which outlines how they plan to bring their RBC back to or above 200%.

For CCOs that have an RBC that has declined from the 2023 report and specifically those that are between 200% - 300% RBC, OAFAs have noted that we will continue to monitor their 2025 performance and will inquire if it appears that they are continuing to operate without a positive margin (income) in 2025. This will allow for OAFAs to take steps quickly if a CCO falls into Company Action Level (below 200% RBC).

RBC Heatmap by CCO by year					
	2024	2023	2022	2021	2020
ADH	Green	Green	Yellow	Green	Green
ALLC	Yellow	Green	Green	Green	Green
CHA	Yellow	Green	Green	Green	Yellow
CPC	Green	Green	Yellow	Yellow	Yellow
EOCCO	Yellow	Green	Green	Green	Yellow
HSO	Yellow	Yellow	Yellow	Yellow	Yellow
IHN	Green	Green	Green	Green	Green
JCC	Green	Green	Yellow	Green	Yellow
PACS-C	Yellow	Green	Green	Yellow	Yellow
PACS-G	Yellow	Green	Green	Yellow	Yellow
PACS-L	Yellow	Green	Green	Yellow	Yellow
PACS-MP	Yellow	Green	Green	Yellow	Yellow
TCHP-L	Green	Green	Green	Green	Green
TCHP-T	Green	Green	Green	Green	Green
UHA	Green	Green	Green	Green	Green
YCCO	Green	Green	Green	Green	Green

	Non-Compliant - less than 200%
	Compliant 200% - 299%
	Exceeds Compliance Goal 300%+

The table below outlines the Oregon Administrative Rules related to CCO Risk Based Capital reports.

OAR	RBC Levels	Actions						
		RBC Plan	Examination or Analysis	Corrective Order	Prohibit or limit Enrollment	Monthly Financial Statements	Regulatory Control and/or Court Order	Terminate Contract(s)
410-141-5205	Company Action Level=200% of ACL	x						
410-141-5210	Regulatory Action Level=150% of ACL*	x	x	x	x	x		
410-141-5215	Authorized Control Level=100% of ACL**	x	x	x	x	x	x	x
410-141-5220	Mandatory Control Level=70% of ACL						x	x

\* The Authority may take some or all of the actions selected. OAR 410-141-5210 (2)

\*\* The Authority may take any or all of the actions selected. OAR 410-141-5215 (2)

## Premium Deficiency Reserve (Expense) by CCO

A Premium Deficiency Reserve (PDR) is recorded when an insurer/MCO entity determines that the unearned premiums/rate for a current period may not be sufficient to meet future medical claims and expenses. A PDR is established as a liability account once it is estimated through an actuarially sound calculation. It does not necessarily mean that the company will operate at a loss, it means that the premiums/rates received is less than what is expected in related medical expenses. When established, the entity will then report a PDR Liability and a related PDR Expense in the current period. Throughout the time-period of which the PDR relates, the entity will reduce the liability and recognize an offset of the expenses – effectively accelerating losses to when they were known and estimated.

OHA received indication from some CCOs that they did not believe that the 2025 CCO rates would be sufficient for the emerging data and utilization from the last quarter of 2024. As noted, these CCOs have established a Premium Deficiency Reserve and accelerated the losses related to that rate deficiency into 2024.

	2024 Premium Deficiency Reserve - Expense			
	CORP	OHP	HOP	BHP
ADH	-	-	-	-
ALLC	-	-	-	-
CHA	-	-	-	-
CPC	-	-	-	-
EOCCO	-	-	-	-
HSO	-	-	-	-
IHN	-	-	-	-
JCC	27,000,000	27,000,000	-	-
PACS-C	30,000,000	-	-	-
PACS-G	30,000,000	465,116	-	-
PACS-L	30,000,000	12,024,449	-	-
PACS-MP	30,000,000	17,510,436	-	-
TCHP-SW*	(1,664,601)	-	-	-
TCHP-TC*	(1,664,601)	-	-	-

UHA	-			
YCCO	2,519,118	2,519,118	-	-

\* TCHP recorded a Premium Deficiency Reserve during 2024, but did not record any expenses related to any of their Medicaid or Non-Medicaid contracts held with OHA. OAFAs plan to confirm this with TCHP during our more extensive review process.

### **Net Margin before Premium Deficiency Reserve (Expense) by CCO**

The CCO Net Operating Margin includes the Premium Deficiency Reserve (PDR) expense. To compare the five CCOs that recorded a PDR expense in 2024 to the remaining CCO results, we have calculated Net Operating Margin without this line item. This allows for the 2024 Financial Performance to reflect actual activity and not the PDR that was estimated and expensed, as it relates to 2025 rate deficiencies.

<b>CCO</b>	<b>Operating Margin</b>	<b>Operating Margin - PDR Expense add-back</b>
ADH	0.62%	0.62%
ALLC	2.67%	2.67%
CHA	-1.20%	-1.20%
CPC	0.62%	0.62%
EOCCO	0.26%	0.26%
HSO	1.25%	1.25%
IHN	-5.31%	-5.31%
JCC	1.73%	8.85%
PACS-C	1.44%	1.44%
PACS-G	0.89%	1.32%
PACS-L	-4.20%	-2.00%
PACS-MP	-3.31%	-1.24%
TCHP-TC	9.56%	9.56%
TCHP-L	-3.31%	-3.31%
UHA	4.51%	4.51%
YCCO	-3.87%	-2.69%

## Preliminary HRS and SHARE Spending for 2024

The financial performance of the CCOs can have a direct effect on the availability of funds for community investment. Two ways that CCOs invest in their communities are HRS (Health-Related Services) and SHARE (Supporting Health for All through Reinvestment).

Each of these programs provide spending summaries on their websites.

[Health-Related Services Program website](#)

[SHARE Program website](#)

SHARE Requirement - CY 2024									
Modeling of CCO metrics and SHARE formula									
Updated 7/17									
				2024 Report L6 OHP		2024 Report L6 OHP, L6 HOP Child & L6 HOP Adult			Report L6.7
	CCO	Members	2024 Net Income	HRS Reported*	HRS PMPY	2024 Net Income before SHARE	NI from Affiliate RAE ***	Dividends**	SHARE designation
ADH	Advanced Health	26,421	3,292,133	1,930,712	73	3,142,631	631,303		450,000
ALLC	AllCare CCO	61,975	8,500,323	6,092,961	98	7,886,787			-
CHA	Cascade Health Alliance	25,189	289,447	1,610,608	64	690,147		2,500,000	250,000
CPC	Columbia Pacific	34,394	(805,514)	3,670,964	107	(285,071)	(14,870,709)		100,000
EOCCO	Eastern Oregon	69,713	920,236	986,315	14	1,474,466	(2,039,293)	10,000,000	800,000
HCO	Health Share of Oregon	408,960	(4,611,130)	37,929,138	93	(5,598,702)	(320,159,030)		-
IHN	Inter-community Health Network	77,664	(18,022,077)	4,286,115	55	(12,051,461)			1,002,680
JCC	Jackson Care Connect	60,923	2,958,500	5,349,766	88	4,191,059			550,000
PACS-C	PSCS - Central	71,604	4,739,747	13,717,702	192	(3,228,301)			-
PACS-G	PSCS - Gorge	16,349	218,579	1,845,213	113	1,251,776			-
PACS-L	PSCS - Lane	87,525	(21,532,999)	18,671,888	213	(20,919,092)			-
PACS-MP	PSCS - Marion Polk	135,686	(37,298,171)	4,906,451	36	(47,583,723)			-
PACS-CORP	PSCS - Other/Corporate								-
	PacificSource Consolidated								-
TCHP-L	Trillium Comm. Health Plan - Lane	33,148	(3,988,096)	2,319,315	70	(4,250,698)			1,026,356
TCHP-TC	Trillium Comm. Health Plan - TC	51,484	21,403,129	2,161,266	58	28,684,394			4,385,503
TCHP - Con	Trillium Consolidated							12,500,000	5,411,859
UHA	Umpqua Health Alliance	37,481	13,370,260	5,935,134	158	15,573,561			1,600,000
YCCO	Yamhill Community Care	32,896	(7,088,155)	2,964,952	90	(8,902,570)			31,465
	<b>Totals</b>	<b>1,231,412</b>	<b>(37,653,788)</b>	<b>114,378,501</b>		<b>(43,067,428)</b>	<b>(337,069,032)</b>	<b>25,000,000</b>	<b>9,746,004</b>
									-53.9%
							PacificSource/Legacy IDS****		-
							* HRS Spending is reported but not yet approved spending and is deducted to reach Net Income (before SHARE)		
							** excluding tax distributions. Source is L6 Corp		
							*** Oafa included self-reported amount reported as Adj from Peer-Through is the RAE income		
							**** Legacy IDS is reported as a part of HealthShare, but is designated and reported from PacificSource Community Solutions, this amount should not be double-counted		