Memorandum

Date: July 31, 2026

Subject: 2025 Public Brief – CCO Financial Performance

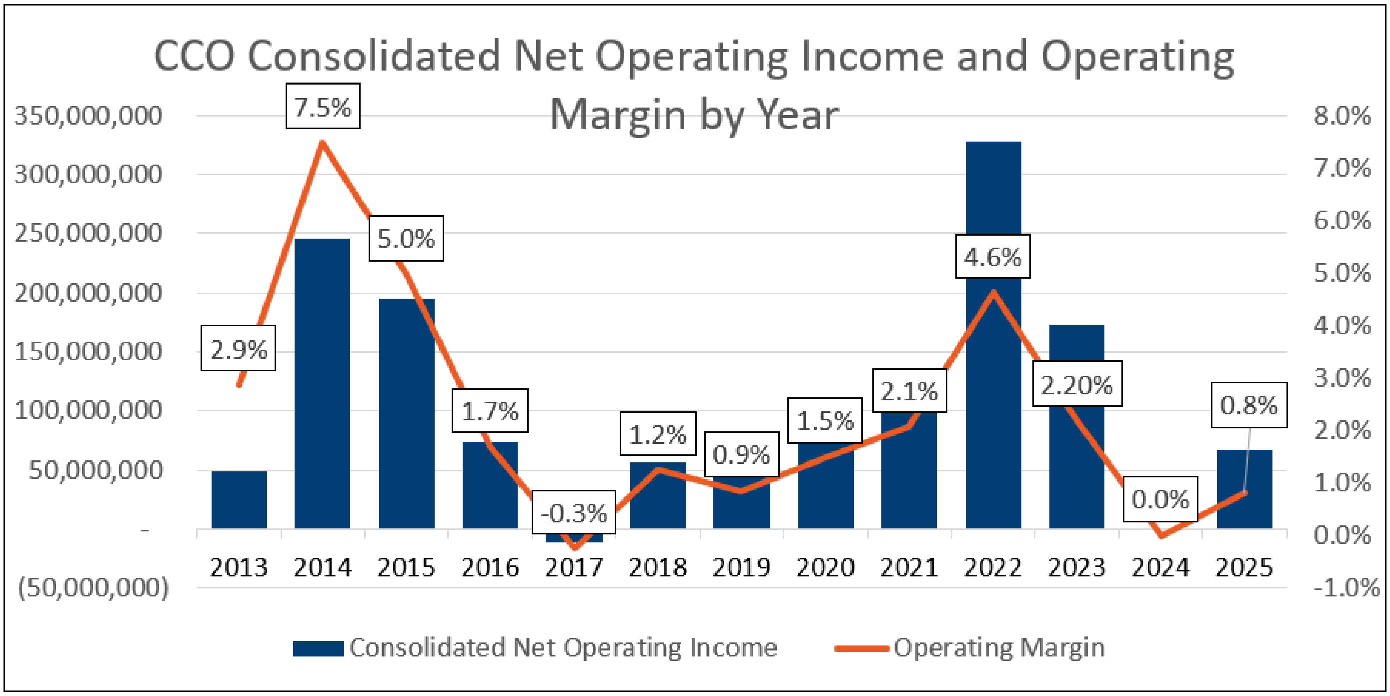
We will cover Key Financial Ratios in Part 1, Risk Accepting Entities in Part 2, and Per Member Per Month expenses in Part 3. Other financial items of note are in Part 4.

- 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 had mixed financial results for 2025. As noted in the table below, collectively the CCOs had a Consolidated Net Operating Income of $67M and an Operating Margin of 0.8%. The 2025 Operating Income includes the contra-expenses from the Premium Deficiency Reserve (PDR) expenses of $59.5M recorded by five CCOs. It also includes the accrued 2026 PDR expense of $5M recorded by one CCO. More information about PDR will be provided in Part 4. If the PDRs were not included, the CCOs would have broken even in 2025. In the prior year, CCOs generated $129K in Consolidated Net Operating Income and an Operating Margin of 0.001%.



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.

Current Ratio			
Year	2023	2024	2025
CCO	Q4	Q4	Q4
AH	1.21	1.41	1.14
AC	1.53	1.00	1.48
CHA	1.28	1.18	1.08
CPCCO	1.27	1.32	1.28
EOCCO	0.47	0.61	1.29
HSO	1.18	1.10	0.63
IHN	1.08	0.76	1.03
JCC	1.46	1.52	0.49
PCS	0.53	0.57	1.24
TCHP	0.49	0.57	0.71
UHA	1.18	1.35	0.38
YCCO	1.6	1.38	0.49
Statewide	0.88	0.87	0.84

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	2023	2024	2025
CCO	Q4	Q4	Q4
AH	7.5	16.01	28.05
AC	46.3	36.64	47.29
CHA	131.7	115.14	87.31
CPCCO	44.3	52.58	37.87
EOCCO	18	20.47	15.88
HSO	9.3	9.19	10.85
IHN	45.8	29.65	11.83
JCC	30.9	38.44	38.2
PCS	13.7	13.52	15.02
TCHP	45.5	43.8	3.88
UHA	117.4	111.51	33.71
YCCO	115.3	95.75	81.53

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 (SE). OHA created the SE Reporting requirement to capture 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 – 2023	NOI – 2024	NOI – 2025
All CCO at CCO level	$173,033,473	$128,984	$ 67,109,736
All Reported RAE	$7,990,925	($488,745,283)	(253,934,428)
CareOregon	$82,311,353	($307,924,460)	(64,912,711)
Dental	$8,589,996	($9,354,102)	834,871
Advantage Dental	$3,466,460	($6,588,931)	419,731
Behavioral Health	$560,483	($11,737,805)	$(25,965,440)

Additionally, the table below summarizes historical information regarding the percentage of Net Operating Revenue each CCO has paid to their risk accepting entities from 2023 – 2025.

CCO % Net Operating Revenue Reported by Subcapitated Entities			
	2023	**2024**	**2025**
ADH	92.36%	92.38%	95.29%
ALLC	18.37%	16.57%	16.58%
CHA	10.62%	2.86%	0.00%
CPC	93.96%	96.09%	95.22%
EOCCO	12.20%	12.21%	12.01%
HSO	99.36%	98.08%	98.20%
IHN	14.19%	14.53%	11.43%
JCC	93.28%	94.59%	94.33%
PACS-C	27.33%	27.77%	26.94%
PACS-G	13.52%	15.82%	8.71%
PACS-L	6.06%	6.97%	5.36%
PACS-MP	8.87%	7.51%	8.53%
TCHP-L	6.14%	6.01%	5.30%
TCHP-Tri	7.92%	7.21%	5.43%
UHA	9.78%	8.62%	8.26%
YCCO	17.72%	0.16%	15.09%

Part 3: Per Member Per Month Expenses

Variances in CCO member population and business models can lead to variances in the total revenue and expenses reported by individual CCOs on their Financial Reports and Exhibit L. To provide a more consistent comparison, OAFA summarizes expenses on a Per-Member Per-Month (PMPM) basis and uses these year-over-year (YoY) to compare expenses for the consolidated CCO group, as well as comparisons for each CCO.

This monitoring allows us to see which Exhibit L line items are driving increases in expenses in a way that we cannot see from the individual totals, when overall membership variances are not considered.

The data from 2025 continued to show increased Mental Health and Substance Use Disorder costs. At Q2 2025 these costs amounted to $107.50 PMPM (23.0% to total). By Q4 2025 these costs were $110.29 PMPM (22.5% to total). This represents a 9.2% increase YoY.

Mental Health – Inpatient is a specific cost driver worth noting. In Q2 2025 costs were $14.87 PMPM and increased to $16.75 by Q4 2025. This category has increased 40.6% YoY ($11.92 in Q4 2024).

As monitored throughout FY 2025, the category of medical expenses that remains the largest is Hospital Services at $149.80 (Q2 2025) and $155.42 (Q4 2025). For Q4 2025 they make up 31.8% of the total Medical Expense which is in-line with Q2 2025. These costs represent a 10% increase YoY.

Physician/Professional Services increased in 2025 to be the third highest expense on a PMPM basis. This is the first time that these services have exceeded $100/PMPM. For Q4 2025 they totaled $104.40 PMPM. This makes up 21.3% of overall Medical Expense and represents an increase of 6.0% YoY.

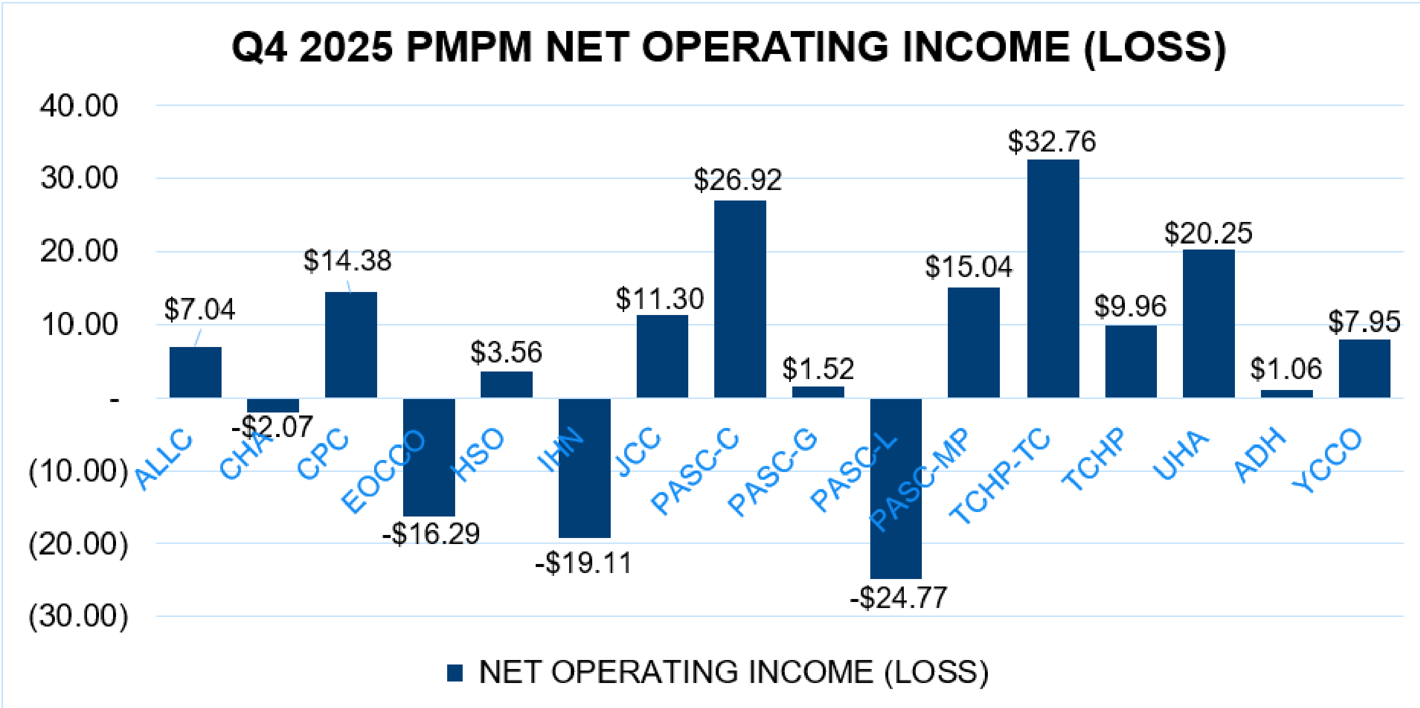
	Member Service Expenses (PMPM)	December 31, 2025	Percent to Total	2024 Annual	Change PMPM (2025 to 2024)	Percent Change
7	Hospital Services	-	-	-		
a	Inpatient	71.96	14.7%	66.42	5.54	8.3%
b	Outpatient	59.00	12.1%	51.81	7.19	13.9%
c	Emergency Room	24.46	5.0%	22.78	1.68	7.4%
8	Physician/Profession Services	104.40	21.3%	98.52	5.89	6.0%
9	Substance Use Disorder	-	0.0%	-	-	
a	Inpatient	1.02	0.2%	1.71	(0.69)	-40.3%
b	Residential	5.39	1.1%	5.42	(0.02)	-0.4%
c	Other Non-Inpatient	18.36	3.8%	13.59	4.77	35.1%
10	Mental Health	-	-	-	-	
a	Inpatient	16.75	3.4%	11.92	4.84	40.6%
b	Residential	3.74	0.8%	3.07	0.66	21.5%
c	Other Non-Inpatient	65.03	13.3%	65.29	(0.26)	-0.4%
11	Dental	24.06	4.9%	23.69	0.36	1.5%
12	Prescription Drugs	-	0.0%	-	-	
a	Gross Prescription Drugs	71.24	14.6%	63.88	7.37	11.5%
b	Less: Pharmacy Rebates	(1.71)	-0.3%	(1.70)	(0.00)	0.2%
13	Transportation	-	0.0%	-	-	
a	Emergency Medical Transportation	3.43	0.7%	3.01	0.42	14.0%
b	Non-emergency Medical Transportation (NEMT)	10.69	2.2%	9.88	0.81	8.2%
14	DME & Supplies	8.58	1.8%	7.60	0.98	12.9%
15	In Lieu of Services	0.03	0.0%	0.04	(0.01)	-30.5%
16	Health Related Social Needs	-	-	-	-	#DIV/0!
a.	Outreach and Enagement (HRSN Provider Only)	0.24	0%	0.00	0.23	20633.7%
b.	Climate Services	0.13	0%	0.16	(0.03)	-20.3%
c.	Housing Services	2.73	1%	0.05	2.68	5878.1%
d.	Nutrition Services	0.02	0.00	-	0.02	#DIV/0!
17	Interpretation Services	1.85	0.00			
18	Other Member Service Expenses	(1.90)	-0.4%	2.14	(4.04)	-188.9%
19	MEMBER SERVICE EXPENSES SUBTOTAL	489.49	100.0%	449.27	40.23	9.0%
7	Hospital Services- Aggregate	155.42	31.8%	141.01	14.41	10%
10	Mental Health- Aggregate	85.52	17.5%	80.29	5.23	7%
10	Mental Health- Aggregate + Substance Use Disorder	110.29	22.5%	101.00	9.29	9.2%

Net Operating Income/Loss 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 2025 was Trillium Tri-County with $32.76 PMPM.

The CCO with the largest PMPM Net Operating Loss in 2025 was PacificSource Community Solutions – Lane County with ($24.77) PMPM.



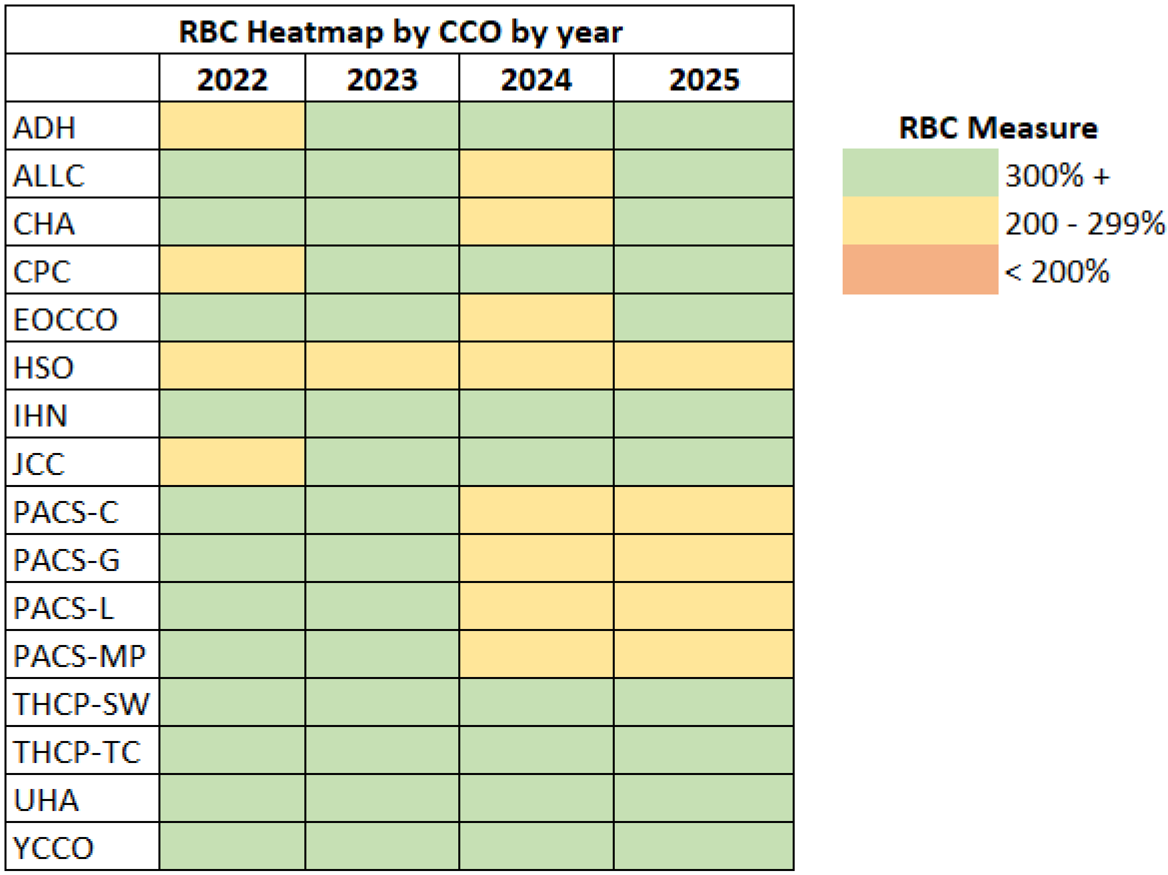
Part 4: Other Financial Matters

Risk Based Capital (RBC)

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 2025.

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 2024 report and specifically those that are between 200% - 300% RBC, OAFA has noted that we will continue to monitor their 2026 performance and will inquire if it appears that they are continuing to operate without a positive margin (income) in 2026. This will allow for OAFA to take steps quickly if a CCO falls into Company Action Level (below 200% RBC).



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 are less than expected spending for 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 last year 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 established a Premium Deficiency Reserve and accelerated the losses related to that rate deficiency into 2024. By December 31, 2025 the CCOs recorded a contra-expense on their financial statements equaling $59.5M. This reduces their 2025 losses – noting that the loss was accelerated into 2024.

Additionally, EOCCO has reported in 2025 that they did not believe the 2026 CCO rates would be sufficient and reported $5M expense related to 2026 expected losses. The table below records the originally reported/allocated PDR by CCO, the related contra-expenses recorded through December 31, 2025, and the 2026 PDR recorded through December 31, 2025.

Premium Deficiency Reserve by CCO			
	2024 Expense	2025 Contra-Expense	2025 Expense
ADH	-	-	-
ALLC	-	-	-
CHA	-	-	-
CPC	-	-	-
EOCCO	-	-	5,000,000
HSO	-	-	-
IHN	-	-	-
JCC	27,000,000	-27,000,000	-
PACS-C	-	-	-
PACS-G	465,116	-465,116	-
PACS-L	12,024,449	-12,024,449	-
PACS-MP	17,510,436	-17,510,436	-
TCHP-SW	-	-	-
TCHP-TC	-	-	-
UHA	-	-	-
YCCO	2,519,118	-2,519,118	-

Net Margin before Premium Deficiency Reserve (Expense) by CCO

The 2025 CCO Net Operating Margin includes adjustments for CCOs who included a Premium Deficiency Reserve (PDR) in either 2024 or 2025 reporting years. For the 2025 PDR, throughout 2025 the five CCOs have reported contra-expenses, meaning an increase to the overall 2025 bottom-line. For 2026, two CCOs included a PDR expense related to the 2026 capitation rates. In 2025, these expenses reduced their Operating Margins. Those CCOs will report throughout 2026 a contra-expense that will increase their 2026 bottom-line.

CCO	Operating Margin	Operating Margin without 2025 PDR adjustment	Operating Margin without 2026 PDR adjustment
ADH	0.19%		
ALLC	1.43%		
CHA	-0.36%		
CPC**	4.18%		
EOCCO**	-2.75%		-1.78%
HSO	0.67%		
IHN	-3.42%		
JCC*	2.22%	-4.56%	
PACS-C	4.06%		
PACS-G*	0.26%	-0.15%	
PACS-L*	-4.51%	-6.64%	
PACS-MP*	2.70%	0.76%	
TCHP-TC	7.85%		
TCHP-L	1.96%		
UHA	3.79%		
YCCO*	1.43%	0.34%	

2025 Retroactive Rate Increases

OHA did a one-time retroactive rate increase for the CCOs to react to the 2025 experience not following the utilization trends when setting the 2025 rates. In total, OHA was able to provide $149M of additional funding with a contribution of $30M in state funding. These retroactive rates are approximately 1.73% of the Overall Operating Revenue of the CCOs.

CCO Operating Margin – without Retroactive Rate Increase: -1.01%

CCO Operating Margin – with Retroactive Rate Increase: 0.81%

Community Partner Spending – Flex Services and SHARE Spending

Preliminary spending for 2025, prior to the Flexible Service team approval, is presented below. Spending for both Flexible Services and SHARE have decreased from reported amounts in 2024. In total, the decrease for both programs was approximately $51M.

Flexible Services spending in 2025 was $64M compared to $114M in 2024.

SHARE spending in 2025 was $8.8M compared to $9.7M in 2024.

			2025 Report L6 OHP	2023 - 2025 Report L6 OHP & L6 HOP			2025 Report L6.7
CCO	Members	2025 Net Income	Flexible Services Reported*	Average Net Income	NI from Affiliate RAE ***	Dividends**	SHARE designation
Advanced Health	25,156	2,035,061	1,362,600	3,432,358	817,966		650,000
AllCare CCO	59,921	4,613,625	6,131,530	6,037,993			169,396
Cascade Health Alliance	24,352	1,119,556	1,951,601	2,323,070			-
Columbia Pacific	33,607	3,195,958	1,366,675	1,245,059			10,000
Eastern Oregon	67,415	(833,227)	1,108,084	3,729,454	(9,199,628)		600,000
Health Share of Oregon	400,365	3,541,211	19,169,473	(922,373)	(124,274,037)		-
Inter-community Health Network	75,386	(11,338,208)	4,762,134	(7,712,430)	-		-
Jackson Care Connect	59,124	4,755,270	4,311,276	5,232,261	(17,033,816)		475,000
PSCS - Central	69,118	13,274,206	5,683,497	9,965,280			-
PSCS - Gorge	15,778	(71,990)	1,353,674	623,595			-
PSCS - Lane	81,827	(27,297,883)	4,077,584	(13,054,330)			-
PSCS - Marion Polk	131,968	10,267,970	2,774,409	(2,454,616)			-
Trillium Comm. Health Plan - Lane	35,388	6,155,843	1,293,091	2,455,222			491,044
Trillium Comm. Health Plan - TC	54,626	17,675,471	1,322,936	26,718,938			5,343,788
Umpqua Health Alliance	36,112	11,726,310	5,230,391	12,194,780		7,307,588	1,085,000
Yamhill Community Care	32,078	4,572,498	2,573,611	(4,367,559)			-
Totals	**1,202,221**	**43,391,668**	**64,472,567**	**45,446,702**	**(149,689,515)**	**7,307,588**	**8,824,228**
							-27.1%

* Flexible Services 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

Emerging Issues – Q1 2026 Performance

<u>CCO Consolidated Financial Information:</u>

- Net Operating Income (Loss): $58M
- Net Operating Margin: 1.7%