EXAMINATION REPORT
OF

Western Oregon Advanced Health, LLC
DBA "Advanced Health"
Coos Bay, Oregon

NAIC Company Code: 16655

as of
December 31, 2022

By
The Oregon Health Authority

TABLE OF CONTENTS

LETTER OF TRANSMITTAL ..... -

SCOPE OF EXAMINATION 1

SUMMARY OF SIGNIFICANT FINDINGS 2

- CURRENT EXAMINATION FINDINGS 2
- PREVIOUS EXAMINATION FINDINGS 2

COMPANY HISTORY 2

- GENERAL 2
- DIVIDENDS 3
- COMMON STOCK 3
- CAPITAL CONTRIBUTIONS 3
- SURPLUS NOTES 3

MANAGEMENT AND CONTROL 3

- CORPORATE GOVERNANCE 3
- OWNERSHIP SYSTEM 5
- ADMINISTRATIVE SERVICES AGREEMENTS 5
- PRIVILEGED PROVIDER AGREEMENT 6
- DENTAL SERVICES AGREEMENT 6

ACCOUNTS AND RECORDS 6

TERRITORY AND PLAN OF OPERATIONS 6

MEDICAID FOCUS AREAS 6

- MEDICAL LOSS RATIO 7
- NETWORK ADEQUACY 7
- SUBCAPITATED ARRANGEMENTS 8

FINANCIAL STATEMENTS 9

- ASSETS 10
- LIABILITIES, SURPLUS AND OTHER FUNDS 11
- STATEMENT OF INCOME 12

SUBSEQUENT EVENTS 13

SUMMARY OF RECOMMENDATIONS 13

CONCLUSION 14

February 23, 2024

Chelsea Guest
CCO Finance Director
Oregon Health Authority
500 Summer Street NE, E35
Salem, Oregon 97301

Dear Ms. Guest:

Pursuant to your instructions, in compliance with 42 Code of Federal Regulations ("CFR") 438.66(d). and in accordance with the practices and procedures promulgated by the Oregon Health Authority, we have conducted an examination as of December 31, 2022, of the financial condition and corporate affairs of

Western Oregon Advanced Health, LLC
DBA "Advanced Health"
289 LaClair Street
Coos Bay, OR 97420

hereinafter referred to as "the Company or ADH." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2020 through December 31, 2022, and the fieldwork commenced with planning with the Oregon Health Authority ("OHA") on May 2, 2023. This is the first examination of the Company conducted by the OHA.

The examination was conducted in accordance with the National Association of Insurance Commissioners Financial Condition Examiners Handbook ("the Handbook"). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively. This is a single-state full scope, risk-focused examination conducted pursuant to the State of Oregon and the OHA statues and regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with the NAIC Statements of Statutory Accounting Principles ("SSAP"). OHA identified three Medicaid-specific focus areas that were tested as outlined in the Medicaid Focus Areas section of the report.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by the related laws of the OHA. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

Risk Based Capital Target

Per the OHA Contract, "Contractor shall endeavor to maintain its Total Adjusted Capital at no less than 300% of its Authorized Control Level RBC." The RBC ratio was 281.25% as of December 31, 2022.

Previous Examination Findings

This is the first examination of the Company; thus, no previous examination findings exist.

COMPANY HISTORY

General

ADH is a coordinated care organization (“CCO”) authorized to do business in the state of Oregon. The Company was founded in 2012, after the implementation of CCO’s by the Oregon legislature to manage the Oregon Health Plan. During 2018, the Oregon legislature worked with the OHA and stakeholders to develop and implement CCO 2.0 with a focus on behavioral health, care integration, pay for performance, social determinants of health and sustainable cost growth. Since inception ADH has held a contract with the OHA and is expected to continue this until contract renewal in 2026.

Under the oversight and regulation of the OHA, ADH provides Medicaid coverage to Oregon Health Plan members in Coos and Curry counties. As of 2022, ADH serves about 26,000 Oregon Health Plan members, or about 23% of the population of the counties covered, or about 2% of the total population of Oregon Health Plan members.

ADH is a Limited Liability Company and is directly owned by nine entities including 60% by Southwest Oregon IPA, Inc; 10% by The County of Coos; 10% by North Bend Medical Center, Inc.; 6% by Advantage Dental Services, LLC; 5% by Bay Area Health District; 4% by Coquille Valley Hospital District; 2% by Bay Clinic, LLP; 1.5% by ADAPT, Inc.; and 1.5% by South Coast Development, LLC.

Dividends

The Company declared and paid dividends to its owners in 2022 in the amount of $519,716.

Common Stock

The Company did not have or issue any common stock during the period under examination.

Capital Contributions

The Company did not have paid in or contributed surplus during the examination period.

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

As of December 31, 2022, ADH's Board of Directors ("Board") consisted of 16 individuals with a majority of members independent members. A listing of persons serving as directors for ADH and their principal occupations as of December 31, 2022, is shown below.

Name	Principal Occupation, Company Name
Brian Moore	CEO, Bay Area Hospital
Jason Bell, M.D.*	South Coast Orthopedic Associates
Anushi Bulumulle, M.D.*	North Bend Medical Center, Inc.
Hammad Qadir, M.D.*	Bay Area Kidney and Hypertension Care
Paavani Atluri, M.D.*	Southwest Oregon IPA, Inc.
Molly Johnson	VP of Operations, Advantage Dental Services, LLC.
John Kinna	CEO, North Bend Medical Center, Inc.
Jeffrey Lang	CEO, Coquille Valley Hospital
Mike Rowley	Director, Coos Health & Wellness
Charles Toledo, M.D.*	Bay Clinic, LLP.
Wallace Webster, M.D.*	Oregon Coast Plastic Surgery
Gregory S. Brigham, Ph.D.	CEO, ADAPT
Elana Crane	CEO, Bay Clinic, LLP.
Avery Horton	Coos County CAC
April Jordan	Curry County CAC
Andrea Trenner	Community-at-Large

* Members with an ownership interest in Southwest Oregon IPA, Inc.

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

Name	Title
Benjamin Messner	Chief Executive Officer
Samyukta Vendrathi	Chief Operating Officer
Chris Hogan	Chief Financial Officer
Michael Hale	Chief Compliance Officer
Wendy Haack, D.O.	Chief Medical Officer
Erica Tesdahl-Hubbard	Chief Information Technology Officer
Anna Warner	Executive Program Director

The Company's Board appointed several internal committees. The following were the Board committees and their members as of December 31, 2022.

Regulatory Committee		
Molly Johnson	Andrea Trenner	Ben Messner
Anna Warner	Michael Hale	

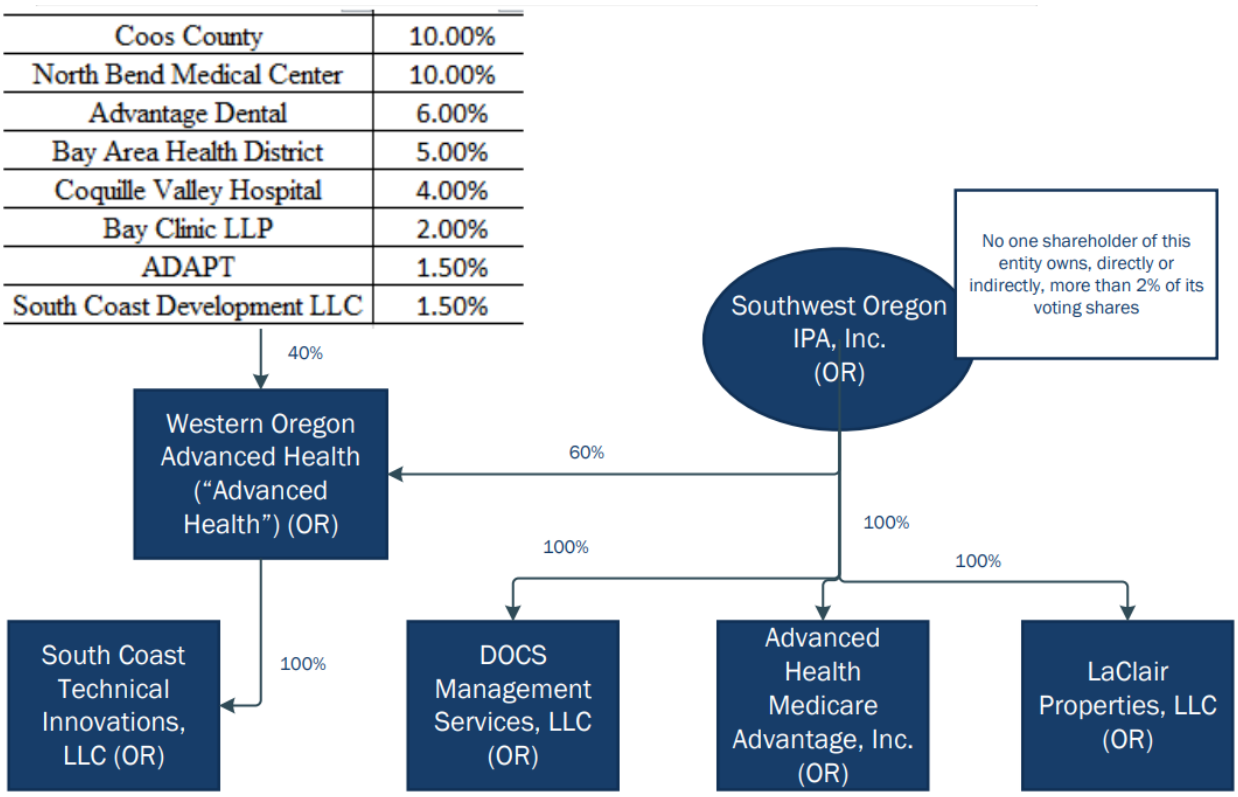
Internal Compliance Committee		
Michael Hale	Erica Tesdahl-Hubbard	Shena Holliday
Marla Smith	Keishanda Simmons	Kindra Kirchner
Jessica Anderson		

The Company did not maintain an Audit Committee.

Ownership System

An organizational chart as of December 31, 2022, is reflected below.

Coos County	10.00%
North Bend Medical Center	10.00%
Advantage Dental	6.00%
Bay Area Health District	5.00%
Coquille Valley Hospital	4.00%
Bay Clinic LLP	2.00%
ADAPT	1.50%
South Coast Development LLC	1.50%



Administrative functions are performed by ADH and DOCS Management Services, LLC ("DOCS"), a wholly owned subsidiary of Southwest Oregon IPA, Inc. ("SWOIPA"), through Administrative Services Agreements described below. The following agreements were in effect between the Company and its affiliates:

Administrative Services Agreements

The Company has an Administrative Services Agreement in place with DOCS. In accordance with this agreement, under the direction of ADH CEO, DOCS will provide all administrative services reasonably required to assist ADH in the conduct of its business. The rate for these services is established annually in conjunction with the development of the Company budget set forth in the Company's contract with DOCS.

Privileged Provider Agreement

The Company maintains a privileged provider agreement with SWOIPA in which SWOIPA provides ADH and its members with prescription drugs; medication management services; preventive services; crisis, urgent and emergency care services; emergency ambulance transportation; sterilization and hysterectomies; family planning services; treatment of substance use disorders; intensive case coordination; tobacco dependency assessments, cessation intervention, treatment, and counseling; breast and cervical cancer program services; service coordination; post-hospital extended care benefit and coordination; behavioral health care services; and hospital services.

Dental Services Agreement

The Company maintains a dental services agreement with Advantage Dental Services, LLC ("Advantage Dental"), in which Advantage Dental administers oral health benefits specific to the Oregon Health Plan.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Coos Bay, Oregon.

TERRITORY AND PLAN OF OPERATIONS

The Company operates as a CCO under contract with the OHA to administer the Oregon Health Plan or "Medicaid" business. CCO's are responsible for physical, behavioral, substance use, and oral health care services for Oregon Medicaid members. Each CCO is authorized to underwrite Medicaid business in a dedicated region of the state of Oregon. ADH is authorized to underwrite in the Coos and Curry counties located in Oregon. There were 16 authorized CCOs in the state of Oregon as of December 31, 2022.

MEDICAID FOCUS AREAS

Three Medicaid focus areas were covered in this examination. The scope of testing performed for each area was limited to the following procedures:

Medical Loss Ratio: The Company was asked to provide a narrative describing its MLR preparation procedures, including reporting of costs for related and unrelated providers, whether

the MLR report is compared to financial statements, and whether senior management reviews the MLR report prior to submission to the State. Additionally, the calendar year 2021 and 2022 Medical Loss Ratio (MLR) reports submitted to OHA were reviewed to determine whether the reported Credibility Adjusted Medical Loss Ratio met or exceeded the required minimum medical loss ratio of 85 percent. No testing of the reported Medical Related Revenues or Medical Related Costs for allowability or accuracy was performed for this examination.

Network Adequacy: OHA contracts with an External Quality Review Organization (EQRO) to perform External Quality Review (EQR)-related activities. The EQR report was reviewed to identify the Company's compliance percentages, as well as areas of weakness and recommendations reported by the EQRO.

Subcapitated Arrangements: The Company was asked to provide a narrative describing policies and procedures for ensuring compliance with the OHA contract for reporting of subcontractor costs, including encounter data submissions for subcapitated providers and vendors. The company was also asked to provide a narrative describing the process for determining the subcapitated rates paid to providers and vendors, including whether historical encounter data is utilized to determine whether rates are sound, and whether the Company uses an actuary to calculate the rates.

Medical Loss Ratio

The OHA contract requires a minimum medical loss ratio ("MMLR") of 85 percent for each contractor's total member population. The Company reported a medical loss ratio of 91.7 percent for 2021 and 90.8 percent for 2022. The Company was in compliance with the MMLR OHA contract requirement for 2021 and 2022 and was not required to pay a rebate for either year.

Network Adequacy

Exhibit G of the OHA contract outlines the network adequacy requirements. The 2022 Health Services Advisory Group (HSAG) report reviewed indicated that ADH received the following compliance scores. The table below includes statewide ranges and the statewide average based on scores included in the HSAG report.

Category	CCO Score	Statewide Range of Scores	Statewide Average Score
Delivery Network and Adequacy	100.0%	79.7% to 100.0%	96.9%
Members and Membership Needs	91.7%	58.3% to 100.0%	92.4%
Community Coordination	100.0%	87.5% to 100.0%	99.0%
Network Response Strategy	100.0%	83.3% to 100.0%	97.9%
Overall	98.1%	81.5% to 100.0%	96.1%

Subcapitated Arrangements

ADH was asked whether claims are reviewed for reasonableness of payments compared to market and/or fee-for-service reimbursement for related parties, unrelated parties or both. ADH reported that it has engaged an independent actuary to assess the fair value of services performed and will utilize the information to adjust ADH's reported medical spending. ADH further reported that it will perform this analysis annually in time for it to be reflected in ADH's quarter 4 financial statements.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of Income, and the statutory Analysis of Changes in Surplus for the year ended December 31, 2022. The financial statements are based on the statutory financial statements filed by the Company with the OHA and present the financial condition of the Company for the period ending December 31, 2022. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

WESTERN OREGON ADVANCED HEALTH, LLC
Assets
December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$7,261,049	$0	$7,261,049
Stocks			
Common stocks	3,743,581	0	3,743,581
Cash and short-term investments	687,637	0	687,637
Subtotals, cash and invested assets	11,692,267	0	11,692,267
Investment income due and accrued	55,522	0	55,522
Receivable from parent, subsidiaries and affiliates	2,804,123	0	2,804,123
Health care and other amounts receivable	229,298	0	229,298
Aggregate write-in for other than invested assets	30,980	0	30,980
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	$14,812,190	$0	$14,812,190
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
Total	$14,812,190	$0	$14,812,190

WESTERN OREGON ADVANCED HEALTH, LLC
Liabilities, Surplus and Other Funds
December 31, 2022

Liabilities, Surplus and Other Funds	Totals Per Company
Accrued medical incentive pool and bonus amounts	$429,960
General Expenses due or accrued	2,637,577
Amounts due to parent, subsidiaries and affiliates	230,062
Aggregate write-in for liabilities	890,907
Total liabilities	$4,188,506
Gross paid-in and contributed surplus	$6,000,000
Unassigned funds (surplus)	4,623,684
Total capital and surplus	$10,623,684
Totals	$14,812,190

WESTERN OREGON ADVANCED HEALTH, LLC
Statement of Income
December 31, 2022

Revenue	**Per Company**
Member Months	322,085
Net Premium Income	$175,327,879
Total Revenues	$175,327,879
Hospital and Medical:	
Hospital/Medical Benefits	45,760,474
Other professional services	72,055,020
Emergency room and out-of-area	23,536,599
Prescription drugs	15,887,418
Incentive pool, withhold adjustments and bonus amts	4,250,571
Subtotal	$161,490,082
less:	
General administrative expenses	13,302,650
Total underwriting deductions	$174,792,732
Net underwriting gain or (loss)	535,147
Net investment income earned	127,317
Net investment gains (losses)	127,317
Net income or (loss) after capital gains tax and before all other federal income taxes	662,464
Net income (loss)	$ 662,464
Capital and Surplus Account	
Capital and surplus prior reporting year	$11,192,406
Net Income	661,228
Change in net unrealized capital gains or losses less capital gains tax	(710,234)
Dividends to stockholders	(519,716)
Net change in capital and surplus for the year	(568,722)
Capital and surplus end of reporting year	$10,623,684

SUBSEQUENT EVENTS

There were no material subsequent events identified.

SUMMARY OF RECOMMENDATIONS

The RBC ratio was 281.25% as of December 31, 2022, which is in compliance with the RBC minimum of 200%, but not in the more stable level of 300%.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Western Oregon Advanced Health as of December 31, 2022, consistent with the laws of Oregon.

In addition to the undersigned, individuals from Examination Resources, LLC and Myers & Stauffer also participated in the examination:

Respectfully submitted,

Rachelle Gowins

Rachelle Gowins, CFE, MCM
Examiner In Charge
Examination Resources, LLC
Representing the OHA

Chelsea Guest

Chelsea Guest
Finance Director
OHA