EXAMINATION REPORT
OF

Umpqua Health Alliance, LLC
Roseburg, Oregon

NAIC Company Code: 16689

as of
December 31, 2023

By
The Oregon Health Authority

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October 10, 2025

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, 2023, of the financial condition and corporate affairs of

Umpqua Health Alliance, LLC
3031 NE Stephens St.
Roseburg, Oregon 97470

Umpqua Health Alliance will hereinafter be referred to as "the Company" or "UHA". Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2020 through December 31, 2023, and the fieldwork commenced with planning with the Oregon Health Authority ("OHA") on August 1, 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 ("NAIC") 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 selected three Medicaid-specific focus areas that were tested as outlined in the Medicaid Focus Areas section of this examination 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

There were no significant findings identified as a result of the December 31, 2023, examination.

Previous Examination Findings

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

COMPANY HISTORY

General

UHA is a coordinated care organization (“CCO”) for the state of Oregon. Under the oversight and regulation of OHA, UHA provides health services to members of the Oregon Health Plan (Medicaid coverage) under its one CCO contract. The Company covers Medicaid members in Douglas County. UHA shares Douglas County with Trillium Community Health Plan. Coverage for Medicaid members includes medical, behavioral health, dental and nonemergency medical transportation benefits through the integrated delivery system.

Founded in 2005, UHA has held a contract with the OHA since 2012 and is expected to continue this until contract renewal in 2029. In 2023, the Company served about 37,000 Oregon Health Plan members, or about 3% of the Oregon Health Plan members in Oregon.

UHA is a single owner Limited Liability Company and a wholly owned subsidiary of Umpqua Health, LLC (“UH”), also known as “the parent”. UH is jointly owned by Douglas County Individual Practice Associate, Inc. (“DCIPA”) and Mercy Medical Center, Inc. (“Mercy”), with each holding 50% ownership stake.

Dividends

The Company distributed $33,521,000 dividends during the examination period broken down as follows (numbers in thousands):

	Regular Dividend	Tax Obligation
2021	$5,000	$6,286
2022		$2,345
2023	$12,000	$7,890
Totals	$17,000	$16,521

Common Stock

The Company had issued no common capital stock as of December 31, 2023.

Capital Contributions

The Company had $4,694,351 paid in and contributed surplus during the examination period.

Surplus Notes

The Company did not hold any surplus notes as of December 31, 2023.

MANAGEMENT AND CONTROL

Corporate Governance

UHA has a Board of Directors ("Board") comprised of 19 Directors. The Directors consist of five representatives from Douglas County Individual Practice Association, Inc. ("DCIPA directors"), five representatives from Mercy Medical Center, Inc. ("Mercy directors"), and nine independent directors. Directors are selected in accordance with the Fourth Amended and Restated Operating Agreement. A listing of people serving as Directors for UHA and their affiliation as of December 31, 2023, is shown below.

Name	Affiliation
Bart Bruns, MD	CEO, DCIPA
Homer Chappell, CPA	Partner, Wicks Emmett
Aden Bliss	CFO, The Ford Family Foundation
Aric Groshong, MD	Physician, Centennial Medical Group
Christopher Spence, MD	Physician, Centennial Medical Group

Gregory Bringham, PhD	CEO, Adapt Integrated Health Care
Jason Gray, MD	VPMA/ CMO, Mercy Medical Center
Jerry O'Sullivan	Chief of Regional Business Operations, Adapt Integrated Health Care
Russell Woolley	CEO, Mercy Medical Center
Michael Krnacik, MD, PhD	Physician, Umpqua Orthopedics
Neal Brown	Retired Community Member
Rodney Todd, MD	Physician, Valley Ridge Family Medicine
Tim Freeman	Douglas County Commissioner
Tim Powell, MD	CEO, Evergreen Family Medicine
Karl Bolton	CEO, Aviva Health
Sharon Stanphill	Chief Health Officer, Cow Creek Ban of Umpqua Tribe of Indians
Layne Jorgensen, DO	Physician, Jorgensen Family Medicine
Brenda Tibbetts	OHP Beneficiary/ CAC Member
Gary Allen, DMD, MS	VP Clinical Services, Advantage Dental

The Board elected the following Senior Officers for UHA as of December 31, 2023:

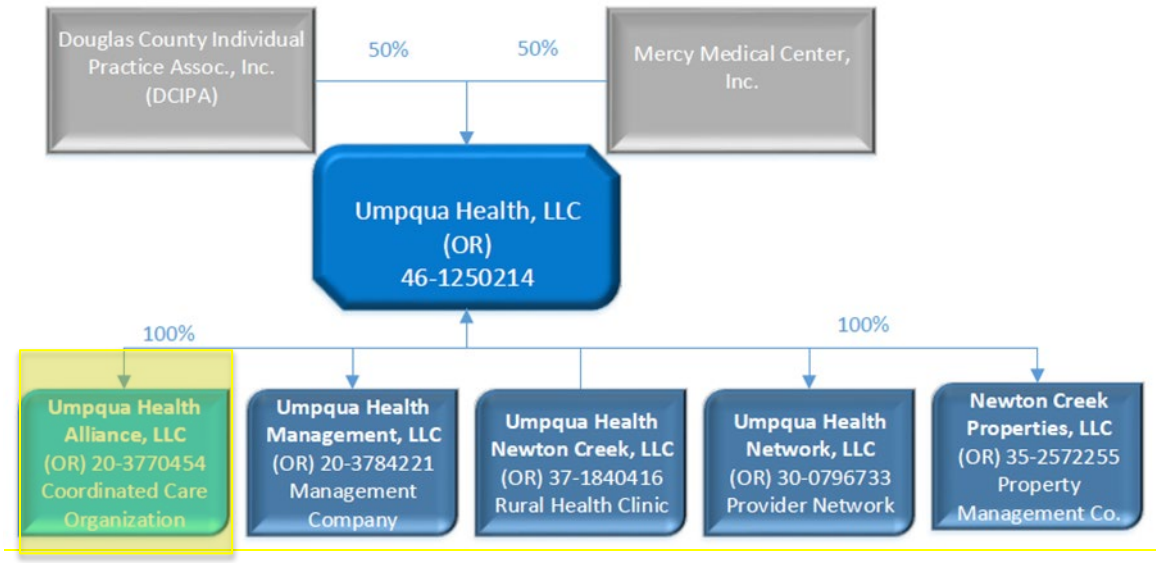
Name	Title
Brent Eichman	UH, Chief Executive Officer
Keith Lowther	UH, Chief Financial Officer
Frederick Carr	UH, Chief Medical Officer
Nancy Rickenbach	UH, Chief Operating Officer

The following is the UHA's Executive Finance Committee composition at December 31, 2023.

Executive Finance Committee	
Aden Bliss	Gregory Bringham, PhD
Bart Bruns, MD	Homer Chappell, CPA
Tim Freeman	Jason Gray, MD
Aric Groshong, MD	Michael Krnacik, MD, PhD
Russell Woolley	

Holding Company System

An organizational chart for UHA as of December 31, 2023, is reflected below.



Management Services and Worker Leasing Agreement

UHA Maintains a Management Services and Worker Leasing Agreement with Umpqua Health Management, LLC ("UHM"), an affiliated entity, to provide overall administrative services and medical related services to UHA. Administrative services include functions necessary or appropriate to enable UHA to fulfill its obligations under the CCO contract, as well as the provision of leased employees to support the Company's operations. Services outlined per the Agreement include financial services, leased employees, general CCO contract administration, grievance and appeal process, provider panel contracting and credentialing services, and provider relations services. UHM receives compensation equal to UHA's share of Administrative Allowance under the CCO contract, less any amounts allocated to other subcontractors for these services. Medical related services, as outlined per the Agreement, include activities aimed at improving health care quality and preventing fraud. UHM is compensated for these services at actual cost, plus a 5% surcharge. During 2023, the Company incurred $22,917,992 in fees related to the Management Services and Worker Leasing Agreement.

Care Coordination and Quality Incentive Agreement

UHA maintains a Care Coordination and Quality Incentive Agreement with DCIPA, an affiliated entity, to assist UHA in achieving certain quality of care metrics. DCIPA works together with

Mercy, another affiliated entity, and certain network providers to achieve these metrics. This is reflected in the Hospital Agreement between UHA and Mercy below, which incorporates these quality improvement efforts. UHA compensates DCIPA and Mercy a fixed payment amount per improvement target achieved.

Network Provider (Facility) Agreement

Umpqua Health Network ("UHN"), an affiliated entity, maintains a Network Provider (Facility) Agreement on behalf of UHA with Mercy to provide Covered Hospital Services to Oregon Health Plan ("OHP"), Healthier Oregon Plan – Children ("HOP Child") and Healthier Oregon Program ("HOP Adult") members in Douglas County. UHA reimburses Hospital on a fee-for-service basis up to the lesser of Hospital's usual charge or the billed amount and withholds a percentage of such payments to be allocated to a risk withhold pool. As mentioned above, the Quality Incentive Agreement is incorporated into this agreement.

Participating Group Agreement

UHN maintains a Participating Group Agreement on behalf of UHA with Centennial Medical Group, Inc. ("CMG"), an affiliated entity, and its affiliates to provide Covered Services to OHP members. UHA pays Provider on a maximum fee-for-service basis up to the lesser of Provider's usual charge, billed charge, or an amount based on conversion factors or base rates as outlined in the current year's Physician Fee Schedule. Such payments are subject to a risk withhold. Providers also take part in the Quality Incentive program and are paid a fixed amount per improvement target achieved.

Risk Delegation Agreements (non-related party)

The following Risk Delegation Agreements have been entered into by UHN on behalf of the Company to provide covered health services under the OHP. The agreements are annually renewed.

UHA maintains a Dental Care Organization Agreement with Advantage Dental Services, LLC ("DCO") to provide dental care services to OHP members in exchange for a capitated payment from UHA. The capitated payment is based upon a fixed percentage of premium revenue received

from the OHA and is subject to adjustments that reflect retrospective changes to the premium. A percentage of the monthly capitation fee is allocated to a risk withhold.

In addition, UHN maintains a Non-Emergency Medical Transport ("NEMT"), Transportation Flexible Service ("TFS") and Transportation Brokerage Services Agreement with HMW Services, Inc. dba Bay Cities Ambulance to provide all NEMT and TFS services, as well as Transportation Brokerage Services required under the CCO contract for a capitated payment from UHA. The capitated payment for all NEMT services, including brokerage services, is a flat rate subject to adjustments based on retrospective changes in enrollment numbers. The capitated payment for TFS services, including brokerage services, is actual cost plus a percentage of administrative fees. A percentage of the capitation fee is allocated to a risk withhold.

UHN maintains a Network Provider Agreement with ADAPT dba Compass Behavioral Health to provide behavioral health services to OHP, HOP Child, and HOP Adult members. UHA reimburses the Clinic on a fee for services basis up to the lesser of Clinic's usual charge, billed charge, or a percentage of the amount determined on the most recent Behavioral Health Fee Schedule and withholds a percentage of such payments to be allocated to a risk withhold.

UHN and ADAPT also maintain a Network Provider Agreement to provide Substance Use Disorder ("SUD") services to OHP, HOP Child, and HOP Adult members. UHA compensates the clinic a flat rate subject to adjustments based on retrospective changes in enrollment numbers and a percentage is subject to a risk withhold.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Roseburg, 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, nonemergency medical transportation, and oral health care services for Oregon Medicaid members. Each CCO is authorized to maintain Medicaid business in a dedicated region of the state of Oregon. UHA is authorized to underwrite in one county in the Southern region of Oregon. There were 16 CCO contracts that authorize delivery of Medicaid services in the state of Oregon as of December 31, 2023.

REINSURANCE

The Company is party to a Provider Excess Reinsurance Agreement with Physicians Insurance A Mutual Company ("Physicians") for the Medicaid business written by the Company.

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company ceded $1,932,211 in reinsurance, a material amount, during the examination period.

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 ("MLR"): 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 2022 and 2023 MLR reports submitted to OHA were reviewed to determine whether the reported Credibility Adjusted MLR met or exceeded the required minimum MLR 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.

MLR

The OHA contract requires a minimum medical loss ratio ("MMLR") of 85 percent for each contractor's total member population. UHA reported an MLR of 84.3 percent for 2022 and 85.1 percent for 2023. UHA2022 MLR did not meet the MMLR. The rebate associated with the 2022 and 2023 MLRs was calculated based on a cumulative MLR that included 2021, which was not within the scope of this examination. The Company was not required to pay a rebate based on the cumulative MLR to be in compliance with the contract requirement.

Network Adequacy

Exhibit G of the OHA contract outlines the network adequacy requirements. The 2023 Health Services Advisory Group ("HSAG") report reviewed indicated that UHA received the following compliance scores. The table below includes statewide ranges, and the statewide average based on scores included in the HSAG report. The OHA's Quality Assurance Team reviews the HSAG report and implements action plans to address HSAG's recommendations for improving CCO compliance.

Category	CCO Score	Statewide Range of Scores	Statewide Average Score
DSN Governance Structure	100.0%	75.0% to 100.0%	97.9%
Members Needs and Population Management	93.8%	56.3% to 100.0%	86.0%
DSN Monitoring and Analysis	95.0%	50.0% to 100.0%	77.1%
Network Response Strategy	100.0%	50.0% to 100.0%	84.6%
Overall	96.0%	63.5% to 100.0%	83.1%

Subcapitated Arrangements

UHA 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. The Company reported that overall, the process for determining subcapitated rates includes comprehensive analysis of historical encounter data and actuarial calculations to ensure rates are sound and equitable. The Company further reported that it uses a comprehensive comparison

process to evaluate related party provider claim payments against unrelated provider claim payments as well as fee-for-service payment rates, which includes benchmarking against fee-for-service rates, regular audits and reviews, and transparency and documentation. Total compensation for providers is compared against fair market value to ensure that no provider exceeds fair market value.

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, 2023. 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, 2023. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

UHA
Assets
December 31, 2023

	Assets	Non-Admitted Assets	Net Admitted Assets
Cash, cash equivalents, and short-term investments	89,295,573		89,295,573
Subtotal, cash and invested assets	$89,295,573		$89,295,573
Investment income due and accrued	170,920		170,920
Uncollected premiums and agent balances	372,604		372,604
Accrued retrospective premiums	136,002		136,002
Amounts recoverable from reinsurers	811,741		811,741
Health care and other amounts receivable	254,796	168,027	86,769
Aggregate write-ins for other-than-invested assets	9,876,140		9,876,140
Total assets	$100,917,775	$168,027	$100,749,748

UHA
Liabilities, Surplus and Other Funds
December 31, 2023

Liabilities, Surplus and Other Funds	Totals Per Company
Claims unpaid	25,224,317
Accrued medical incentive pool and bonus amounts	38,990,227
Unpaid claims adjustment expenses	853,492
Aggregate health policy reserves, including the liability of $0 for medical loss ratio rebate per the Public Health Service Act	716,000
General expenses due or accrued	5,980,372
Amounts due to parent, subsidiaries and affiliates	2,218,983
Aggregate write-ins for other liabilities	3,382,398
Total Liabilities	$77,365,789
Gross paid in and contributed surplus	4,694,351
Unassigned funds (surplus)	18,689,608
Total Capital and Surplus	$23,383,959
Total Liabilities, Capital and Surplus	$100,749,748

UHA
Statement of Income
December 31, 2023

Revenue	**Per Company**
Member Months	495,358
Net Premium Income	$240,956,320
Change in unearned premium reserves and reserve for rate credits	1,512,035
Total Revenues	$242,468,355
Hospital and Medical:	
Hospital/Medical Benefits	83,068,201
Other professional services	44,728,197
Outside referrals	0
Emergency room and out-of-area	8,549,436
Prescription drugs	28,460,222
Aggregate write-ins for other hospital and medical	3,934,985
Incentive pool, withhold adjustments and bonus amounts	38,843,302
Subtotal	$207,584,344
less:	
Net reinsurance recoveries	788,436
Total hospital and medical	$206,795,908
Claims adjustment expenses, including $4,311,398 cost containment expenses	7,601,370
General administrative expenses	26,001,029
Total Underwriting Deductions	$240,398,307
Net underwriting gain or (loss)	$2,070,048
Net investment income earned	3,880,571
Net realized capital gains (losses) less capital gains tax of $0	0
Net investment gains (losses)	$3,880,571
Net gain or (loss) from agents' or premium balances charged off	0
Aggregate write-ins for other income or expenses	1,705,305
Net income or (loss) after capital gains tax and before all other federal income taxes	$7,655,925
Federal and foreign income taxes incurred	0
Net Income (loss)	$7,655,925
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	35,638,596
Net Income or (loss)	7,655,925
Change in non-admitted assets	(20,396)
Dividends to stockholders	(19,890,166)
Net change in Capital and Surplus	(12,254,638)
Capital and surplus end of reporting year	$23,383,959

SUBSEQUENT EVENTS

There were no material subsequent events identified.

SUMMARY OF RECOMMENDATIONS

There were no findings and recommendations.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of UHA as of December 31, 2023, 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
CCO Finance Director
OHA