

**EXAMINATION REPORT  
OF**

**InterCommunity Health Network CCO  
Corvallis, Oregon**

**NAIC Company Code: 16656**

**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

**InterCommunity Health Network, Inc**

2300 NW Walnut Blvd  
Corvallis, Oregon 97330

InterCommunity Health Network will hereinafter be referred to as “the Company” or “IHN”. 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 statutes 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**

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

Founded in 2012, IHN has held a contract with the OHA since its inception and is expected to continue this until contract renewal in 2029. As of 2023, IHN serves about 82,000 Oregon Health Plan members, or about 5.6% of the Oregon Health Plan members in Oregon.

IHN is a nonprofit corporation and a wholly owned subsidiary of Samaritan Health Services, Inc. (“SHS”) holding company which serves around 100,000 Samaritan members.

### **Dividends**

The Company did not declare or distribute any dividends during the examination period.

### **Common Stock**

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

## Capital Contributions

The Company had \$2,881,564 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

IHN has a Board of Directors (“Board”) comprised of 10 Directors. The Directors consist of independent members along with members that work within SHS. A listing of people serving as Directors for IHN and their affiliation as of December 31, 2023, is shown below.

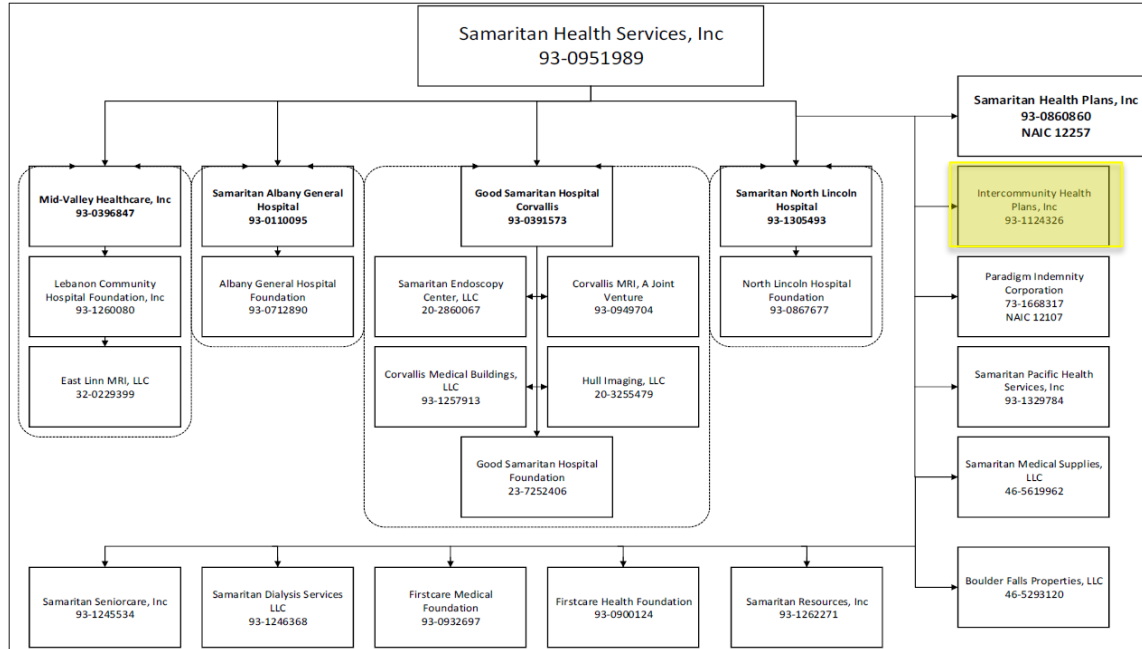
<b>Name</b>	<b>Affiliation</b>
Douglas Boysen, JD	President and CEO, Samaritan Health Services
Richard Knowles	Community Advisory Council Member
Bruce Madsen, MD	Eyecare Associates
Xanthippe Augerot	Benton County Commissioner
Lara Gamelin, MD	Corvallis Family Medicine
Claire Hall	Lincoln County Commissioner
Courtney Miller, DMD	Smile Keepers
Kristy Jessop-Shankowski, MD	Clinician, Samaritan Health Services
Lisa Pierson	Community/ IHN Member, CAC Member
Roger Nyquist	Linn County Commissioner

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

<b>Name</b>	<b>Title</b>
Bruce Butler	SHS/ IHN, Chief Executive Officer
Daniel Smith	SHS/ IHN, Chief Financial Officer

## Holding Company System

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



## Management and Administrative Services Agreements

IHN maintains the Management and Administrative Services Agreement with SHS, an affiliated entity, to support the Company's daily operations. Administrative services outlined per the agreement include human resources, payroll, and accounting. SHS also provides trained staff to work on site at IHN, providing management and operational staff services. In addition, IHN reimburses SHS for the cost of employee's salaries and taxes, management fees and expenses. SHS evaluates the reimbursement amount to actual costs for fairness and reasonableness. Management Services Agreement costs incurred for 2023 were \$9,676,766.

## Master Service Level Agreement

IHN maintains a Master Service Level Agreement with SHS in which SHS provides various services to IHN. Services outlined under the agreement include research and analysis, ambulatory pharmaceutical care, and substance use disorder. IHN reimburses SHS a fixed fee for each service monthly.

## **Insurance Agreement**

The Company purchased insurance for professional and general liability claims from Paradigm Indemnity Corporation, a Hawaii-domiciled captive insurance company and an affiliated entity, on a claims-made basis.

## **Provider Agreement**

IHN maintains a Provider Agreement with SHS to provide Covered Services to OHP enrollees. The Company reimburses providers for services according to their applicable fee schedules, which includes per diem, fee-for-service rates, and capitated payments.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Corvallis, 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. IHN is authorized to underwrite in three counties in the Northwest 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 an Excess of Loss Reinsurance Agreement with American Fidelity Assurance Company (“American Fidelity”) for the Medicaid business written by the Company.

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

IHN ceded \$4,090,353 in premium, an immaterial 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. IHN reported a MLR of 90.4 percent for 2022 and 92.5 percent for 2023. IHN’s MLRs met the MMLR in 2022 or 2023. 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 IHN 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.

<b>Category</b>	<b>CCO Score</b>	<b>Statewide Range of Scores</b>	<b>Statewide Average Score</b>
DSN Governance Structure	100.0%	75.0% to 100.0%	97.9%
Members Needs and Population Management	81.3%	56.3% to 100.0%	86.0%
DSN Monitoring and Analysis	55.0%	50.0% to 100.0%	77.1%
Network Response Strategy	50.0%	50.0% to 100.0%	84.6%
<b>Overall</b>	<b>65.4%</b>	<b>63.5% to 100.0%</b>	<b>83.1%</b>

## Subcapitated Arrangements

IHN 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 it utilizes historical encounters repriced to DMAP allowable costs to develop capitation rates. This is evaluated in conjunction with prior capitation amounts and provider costs to ensure financial sustainability with the provider. The Company further reported that it has limited capitations with related parties. When applicable, the VBP follows the same process as outlined above in an arm’s length treatment of the payment.

## **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.)

**IHN  
Assets  
December 31, 2023**

	<b>Assets</b>	<b>Non-Admitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$97,315,930		\$97,315,930
Cash, cash equivalents and short-term investments	71,867,520		71,867,520
Subtotal, cash and invested assets	\$169,183,449		\$169,183,449
Investment Income due and accrued	1,044,321		1,044,321
Uncollected premiums and agent balances	1,456,533		1,456,533
Amounts recoverable from reinsurers	1,101,734		1,101,734
Health Care and other amounts receivable	530,699	256,665	274,034
Aggregate write-ins for other-than-invested assets	58,619	58,619	-
<b>Total assets</b>	<b>\$173,375,356</b>	<b>\$315,284</b>	<b>\$173,060,071</b>

**IHN**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2023**

<b>Liabilities, Surplus and Other Funds</b>	<b>Totals Per Company</b>
Claims unpaid	\$35,132,647
Accrued medical incentive pool and bonus amounts	8,434,374
Unpaid claims adjustment expenses	681,431
Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	2,473,942
Premiums received in advance	4,639,252
General expenses due or accrued	12,280,910
Amounts due to parent, subsidiaries and affiliates	6,511,864
Aggregate write-ins for other liabilities	4,519
<b>Total Liabilities</b>	<b>\$70,158,940</b>
Gross paid in and contributed surplus	2,881,564
Unassigned funds (surplus)	100,019,567
<b>Total Capital and Surplus</b>	<b>\$102,901,131</b>
<b>Total Liabilities, Capital and Surplus</b>	<b>\$173,060,071</b>

**IHN**  
**Statement of Income**  
**December 31, 2023**

<b>Revenue</b>	<b>Per Company</b>
Member Months	986,411
Net Premium Income	\$522,528,291
Change in unearned premium reserves and reserve for rate credits	2,005,864
Aggregate write-ins for other health care related revenues	17,341,228
Aggregate write-ins for other non-health revenues	206,067
Total Revenues	\$542,081,450
Hospital and Medical:	
Hospital/Medical Benefits	196,043,727
Other professional services	164,913,380
Outside referrals	5,162,940
Emergency room and out-of-area	17,668,544
Prescription drugs	81,852,503
Aggregate write-ins for other hospital and medical	-
Incentive pool, withhold adjustments and bonus amts	26,391,917
Subtotal	\$492,033,010
less:	
Net reinsurance recoveries	2,866,015
Total hospital and medical	\$489,166,995
Claims adjustment expense, including \$1,751,654 cost containment expenses	12,711,623
General administrative expenses	42,823,034
Total Underwriting Deductions	\$544,701,652
Net underwriting gain or (loss)	(2,620,202)
Net investment income earned	5,794,069
Net investment gains (losses)	\$5,794,069
Net gain or (loss) from agents' or premium balances charged off (Amount charged off \$0)	0
Aggregate write-ins for other income or expenses	0
Net income or (loss) after capital gains tax and before all other federal income taxes	\$3,173,867
Federal and foreign income taxes incurred	0
Net Income (loss)	\$3,173,867
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders, December 31 prior year	\$99,691,772
Net Income	3,173,867
Change in non-admitted assets	35,491
Net change in Capital and Surplus	3,209,358
Capital and surplus end of reporting year	\$102,901,130

## **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 IHN 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, CFE, MCM  
Examiner In Charge  
Examination Resources, LLC  
Representing the OHA

Chelsea Guest  
CCO Finance Director  
OHA