

**Oregon's Health Co-Op
Statement of Affairs
December 31, 2017**

	March 02, 2017	December 31, 2017
	Estimated Realizable Value	Estimated Realizable Value
ASSETS		
Cash and Cash Equivalents	\$ 11,092,641	\$ 8,695,784
Risk Corridor Receivable	18,814,901	25,009,867
Risk Corridor Receivable Valuation Adjustment	(18,814,901)	(25,009,867)
CSR Receivable	-	265,324
Amounts Recoverable from Reinsurers	1,638,016	1,971,363
Premiums in Course of Collection	20,846	-
Rebates Receivable	31,421	-
Fixed Assets	38,585	11,264
Prepaid Expenses	138,304	2,362
Other Assets	937,953	456,537
Total Assets	\$ 13,897,765	\$ 11,402,634
LIABILITIES		
Administrative Claims (Class 1)		
Administration of Delinquency Proceedings	\$ 382,176	\$ 100,000
Operations of Delinquency Proceedings	1,895,873	260,408
Loss Claims (Class 2)		
Unpaid Claims	13,243,103	6,119,883
Advance Premium Claims	537,073	89,537
Federal Government Claims (Class 3)	2,001,350	7,740,639
Employee Claims (Class 4)*	84,000	53,708
State & Local Government Claims (Class 5)*	192,012	175,949
General Creditor Claims (Class 6)*	2,165,996	3,298,591
Total Liabilities	20,501,582	17,838,716
EQUITY		
Total Capital & Surplus	(6,603,818)	(6,436,082)
Excess (Deficiency) of Assets over Liabilities	(6,603,818)	(6,436,082)
Total Liabilities and Equity	\$ 13,897,765	\$ 11,402,634

Notes:

- OHC was ordered into liquidation on March 2, 2017.

- The liabilities have been adjusted as a result of the receipt of the proof of claim forms. The primary reason for the reduction in liabilities is a function of receiving fewer proof of claim forms being filed than expected.

* The POC forms have not been evaluated for this class.

Oregon's Health Co-Op
Statement of Cash and Receipts and Distributions
From the Date of Liquidation through December 31, 2017

	<u>Since Date of Liquidation thru 12.31.2017</u>
CASH RECEIPTS	
Premiums collected net of reinsurance	\$ 73,455
Litigation Recoveries	-
Provider Refund Recoveries	190,237
Pharmacy Rebates Received	356,881
Other Cash Provided	-
Sale of Personal Property Inventory	-
Sale of Real Property Inventory	-
Sale of Other Assets	-
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Receipts Before Investment Activities	620,573
Interest and Dividend Receipts	-
Proceeds from investments sold, matured or repaid	-
Receipts From Investment Activities	-
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Total Cash Receipts	<u>620,573</u>
CASH DISBURSEMENTS & DISTRIBUTIONS	
Benefit and Loss Related Payments	53
Third Party Administrator Fees	1,469,685
Receivership Administration Fees	625,381
Salaries and Benefits	555,573
Banking Fees	140,762
Printing and Mailing Expense	108,958
Admin Expenses	51,176
Rent, Building and Equipment	39,832
Legal and Professional Fees	26,011
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Disbursements	3,017,430
Distributions	
Early Access-Guaranty Associations	-
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Total Distributed	-
Disbursements & Distributions Before Investment Activities	3,017,430
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Disbursements for Investment Activities	-
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Total Cash Disbursements & Distributions	<u>3,017,430</u>
Net Increase (Decrease) in Cash	<u>(2,396,857)</u>
Beginning Cash Balance:	
Beginning Cash	11,092,641
Ending Cash Balance	<u>\$ 8,695,784</u>

Notes:

- OHC was ordered into liquidation on March 2, 2017.

Oregon's Health Co-Op
Risk Corridor Receivable and Valuation Adjustment
December 31, 2017

Description	Balance 3/2/2017	Adjustments	Balance 12/31/2017
Risk Corridor Receivable	18,814,901	6,194,966	25,009,867 A
Risk Corridor Receivable Valuation Adjustment	(18,814,901)	(6,194,966)	(25,009,867) A
	-	-	-

A Risk Corridor (RC) Receivable represents \$10.6 million and \$14.4 million, respectively, of calculated risk corridor receivable amounts due from CMS for the 2016, and the combined 2014 and 2015 plan years. This amount has been fully reserved since the collection from CMS is doubtful. However, the Receiver has filed a lawsuit to recover the outstanding risk corridor receivables.

**Oregon's Health Co-Op
 CSR Receivable
 December 31, 2017**

Description	Balance 3/2/2017	Received	Adjustments	Balance 12/31/2017
CSR Receivable	-	-	265,324	265,324 ^A
	-	-	265,324	265,324

^A The adjustment represents a CSR receivable due to OHC from the 2016 plan year which was determined during a CSR reconciliation performed by Infogix. CMS has already indicated that they are offsetting this amount against funds due to them from OHC, therefore this amount is not reserved against.

Oregon's Health Co-Op
Amounts Recoverable from Reinsurers
December 31, 2017

Description	Balance 3/2/2017	Added/ (Applied)	Received	Balance 12/31/2017
ACA Reinsurance	1,593,413	404,804	(26,854)	1,971,363 ^A
Commercial Reinsurance	44,603	(44,603)	-	- ^B
	<u>1,638,016</u>	<u>360,201</u>	<u>(26,854)</u>	<u>1,971,363</u>

^A The balance represents federal reinsurance of \$545,220 and \$1,426,143 for 2015 and 2016, respectively. CMS has already indicated that they are offsetting the amounts against funds due to them from OHC, therefore this amount is not reserved against.

^B During July, PartnerRe exercised their right to offset the recoverable amount with the required minimum premiums under the contract. The commercial reinsurance recoverable amount has been written-off.

**Oregon's Health Co-Op
 Premiums in Collections
 December 31, 2017**

Description	Balance 3/2/2017	Payments	Adjustments	Balance 12/31/2017
Premium Receivables	\$ 20,846		\$ (20,846)	\$ -
	<u>\$ 20,846</u>		<u>\$ (20,846)</u>	<u>\$ -</u>

A The reduction in premiums receivable is due to accounts receivable adjustments for member and group retroactive terminations.

**Oregon's Health Co-Op
Rebate Receivables
December 31, 2017**

Description	Balance 3/2/2017	Payments	Adjustments	Balance 12/31/2017
RX Rebate Receivables	\$ 31,421	\$ (356,881)	\$ 325,460	\$ (0) A
	<u>\$ 31,421</u>		<u>\$ 325,460</u>	<u>\$ (0)</u>

A The adjustment to the RX Rebate Receivable reflects the settlement amount with Optum, which includes RX rebates and HEP-C drug rebates. The full amount was received in September.

Oregon's Health Co-Op
Fixed Assets
December 31, 2017

Description	Balance 3/2/2017	Additions	Deletions	Balance 12/31/2017
Furniture and Equipment	\$ 162,280			\$ 162,280
Accum. Depreciation	\$ (123,695)	\$ (27,321)		\$ (151,016)
	<u>\$ 38,585</u>	<u>\$ (27,321)</u>	<u>\$ -</u>	<u>\$ 11,264</u>

**Oregon's Health Co-Op
Prepaid Expenses
December 31, 2017**

Description	Balance 3/2/2017	Payments Additions	Adjustments	Balance 12/31/2017
Prepaid Expenses	\$ 138,304	\$ 6,563	\$ (95,481)	\$ 49,387 ^A
Monthly Amortization		\$ (47,025)		\$ (47,025)
	<u>\$ 138,304</u>	<u>\$ (40,462)</u>	<u>\$ (95,481)</u>	<u>\$ 2,361</u>

^A The prepaid costs are related to the OHC's Broker and Member website portals contracted through OnLine Insight. OHC was required to pay for a full year of the Online Insight service in order to provide the service and there was no lower cost alternative. The Online Insight prepaid in the amount of \$86 thousand was written-off during April. This amount also includes the workers compensation, commercial umbrella and business owners policies for the period of 8/1/2017 through 8/1/2018.

**Oregon's Health Co-Op
Other Assets
December 31, 2017**

Description	Balance 3/2/2017	Added/ (Applied)	Adjustments	Received	Balance 12/31/2017
Provider Refunds Receivable	\$ 536,628	\$ 781,989	\$ (599,823)	\$ (668,296)	\$ 50,498 A
ACA Risk Adjustment	\$ 401,324				\$ 401,324
A/R - Zoom Health Plan	\$ -	\$ 17,504		\$ (12,788)	\$ 4,716 B
	<u>\$ 937,953</u>	<u>\$ 799,493</u>	<u>\$ (599,823)</u>	<u>\$ (681,085)</u>	<u>\$ 456,537</u>

- A** Provider Refunds Receivables are related to claims that have been overpaid by providers. During the Proof of Claim process the evaluated claims for Provider Refund Receivables of \$650,321 were identified as amounts that could be offset against submitted Proof of Claim forms. For Provider Refunds Receivables that were greater than 365 days (statutory limit) or for Providers that did not submit a Proof of Claim form, these receivables were considered uncollectible and were written off in the amount of \$873,513.
- B** In the second quarter of 2017, Zoom Health Plan (ZHP), a commercial insurance plan also under state receivership, began sharing office space and resources with OHC. The Zoom Health Plan receivable relates to a reimbursement to OHC for ZHP's portion of shared office sharing costs.

Oregon's Health Co-Op
Footnotes
December 31, 2017

- 1 **Company Information.** Oregon's Health CO-OP ("OHC") was a Consumer Operated and Oriented Plan ("Co-Op") domiciled in Oregon and placed in liquidation on March 2, 2017.
- 2 **Basis of Presentation.** The accompanying financial statements have been prepared on a modified cash basis of accounting using a fiscal year of January 1, 2017 through March 2, 2017 as the pre-liquidation period. The assets are stated at their estimated realizable values, while the liabilities are stated at their gross filed amounts and are periodically adjusted as evaluated, adjudicated and/or paid. Private reinsurance receivables are only posted when billed to reinsurers. Federal Reinsurance is based on finalized 2016 EDGE Server results and the State Reinsurance is recorded on claims paid amounts for qualified OTRP members. In addition, the statements do not provide accruals for all future administrative expenses to liquidate the company or costs to pursue or litigate claims against others.
- 3 **Unaudited.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with generally accepted accounting principles.
- 4 **Cash and Cash Equivalent.** The cash and cash equivalent of the company are held in an the operating account at US Bank. Additionally there are special reserve funds held at the State of Oregon Treasury.
- 5 **Risk Corridor Receivable and Reserve.** These accounts represent funds due to OHC under the 2014, 2015 and 2016 ACA Risk Corridor program. OHC finalized the 2016 Risk Corridor calculation on July 31, 2017, which resulted in an additional \$10.6 million receivable from CMS being recorded in the July financial statements. During subsequent months, CMS sent OHC a notice of offset, which netted all other receivable types, except the risk corridor, against amounts owed by OHC, therefore a reserve has been established for the Risk Corridor since it is not certain when or if it will be collected.
- 6 **CSR Receivables.** This receivable represents additional Cost Share Reduction (CSR) funds due from CMS for 2016 qualifying CSR plan expenses incurred. The receivable was adjusted during the 2016 CSR reconciliation process which was completed by Infogix.
- 7 **Amounts Recoverable from Reinsurers.** This receivable represented funds due to OHC for amounts due from CMS for 2015 and 2016 federal reinsurance in the amount of \$2 million. The previous balance of \$50 thousand for the state's transitional reinsurance program was received during July, and amounts due from private reinsurer of \$53 thousand was written off during July.
- 8 **Premiums in Course of Collections.** Represents estimated remaining premium receivables. As of October 31, 2017, all amount have been reversed or written-off.
- 9 **Rebates Receivable.** Estimated value of net receivable from OHC's pharmacy PBM for rebates. Full amount was received in September.
- 10 **Fixed Assets.** Estimated value of personal property such as office furniture and equipment.
- 11 **Prepaid Expenses.** Estimated value of prepaid vendor costs. Prepaid costs are related to the OHC's Broker and Member website portals through OnLine Insight were written off during April in the amount of \$86 thousand. OHC was required to pay for a full year of the Online Insight service in order to provide the service and there was no lower cost alternative.
- 12 **Other Assets.** Estimated value remaining of 2015 individual risk adjustment due from CMS, provider refunds expected to be received and amounts due from office sharing with Zoom Health Plan, Inc.
- 13 **Administrative Claims (Class 1).** Unless otherwise noted, the Liquidation Statement of Assets, Liabilities & Surplus contains liquidation claim liabilities by priority class pursuant to Oregon Statutes, and are reported as gross filed amounts. The Administrative Claims liability represent receivership costs, including legal fees, needed to administer the delinquency proceedings of OHC. During November, \$116 thousand of deferred rent under the previous operating lease was written off, and the reduction of claims administrative expense (CAE) related to the reduction in claims liability (\$193k).

Oregon's Health Co-Op
Footnotes
December 31, 2017

- 14 **Loss Claims (Class 2).** Loss Claims liability numbers were based on the most current available information related to medical claims received or expected to be received and processed by OHC's Third Party Administrator (TPA), and advanced premiums received as determined by OHC's TPA. During November \$6.7 million of claims liability, and \$363 thousand of deferred premium revenue were written off to reflect total received claims costs and premium refunds under the liquidation proof of claims (POC) process.
- 15 **Federal Government Claims (Class 3).** Federal Government Claims relate to \$5.1 million claimed during the POC process, \$401 thousand for Other Assets, \$265 thousand for CSR Receivables and \$2.0 million for Federal Reinsurance.
- 16 **Employee Claims (Class 4).** Per Oregon Statue, Employee Claims are defined as "compensation or wages actually owing to salaried employees other than officers of the insurer, for services rendered within three months prior to the commencement of the delinquency proceeding, but not exceeding \$2,000 for each such employee." The POC forms have not been evaluated for this class.
- 17 **State & Local Government Claims (Class 5).** State & Local Government Claims relate to net ACA state exchange fees, premium assessment fees and county personal property taxes. During November, State premium assessment fees of \$26 thousand were written off to reflect amounts claimed under the liquidation POC process. The POC forms have not been evaluated for this class.
- 18 **General Creditor Claims (Class 6).** General Creditor Claims represent vendor and landlord liabilities that are from non-policyholder claims. Unpaid broker commissions and employee liabilities exceeding the maximum \$2,000 per employee are also included in this class. During November, \$290 thousand of vendor liabilities, \$199 thousand of broker commissions, and \$289 thousand of employee severance and PTO liabilities that were not claimed in the POC process were written-off. The POC forms have not been evaluated for this class.
- 19 **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. The Total and Capital Surplus is netted by the CMS Surplus Notes in the amount of \$58,856,900. Additionally, the excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the company or costs to pursue or litigate claims against others.

Oregon's Health Co-Op
Supplemental Schedule - Proof of Claims Adjustments
December 31, 2017

	September 30, 2017 Estimated Realizable Value	December 31, 2017 Estimated Realizable Value	Change
Administration of Delinquency Proceedings (Class 1)	291,703	100,000	(191,703) A
Operations of Delinquency Proceedings (Class 1)	789,929	260,408	(529,521) B
Unpaid Claims (Class 2)	12,214,086	6,119,883	(6,094,203) C
Advance Premium Claims (Class 2)	451,762	89,537	(362,225) D
Federal Government Claims (Class 3)	7,749,019	7,740,639	(8,380) E
Employee Claims (Class 4)	84,000	53,708	(30,292) F
State & Local Government Claims (Class 5)	201,769	175,949	(25,820) G
General Creditor Claims (Class 6)	2,324,066	3,298,591	974,525 H
Total Liabilities	<u>24,106,334</u>	<u>17,838,715</u>	<u>(6,267,619)</u>

- A** Reduction in Administration of Delinquency Proceedings from last month is related to the write-off \$116k of deferred rent under the previous operational lease, and operational accrual that are non-liquidation related.
- B** Reduction in Operations of Delinquency Proceedings from last month relates to the the final payment to Valence (\$348k), and the reduction of claims administrative expense (CAE) related to the reduction in claims liability (\$193k).
- C** Reduction of Unpaid Claims is related to the reduction of IBNR to the full value of the liability from claims received under the Proof of Claim (POC) process.
- D** Reduction in Advanced Premium Claims is related to the reduction of the deferred revenue liability to agree with amounts claimed under the POC process.
- E** Reduction of Federal Government Claims is related to on-going CMS monthly offsets.
- F** Reduction of Employee Claims reduced the claim to \$2,000 or a lower amount that was claimed in the POC process. The POC forms have not been evaluated for this class.
- G** Reduction in State & Local Government Claims is related to the write-off DCBS Premium Assessment fees (\$29k), offset by an accrual of 2017 personal property tax (\$3.5k). The POC forms have not been evaluated for this class.
- H** Increase in General Creditor Claims is related to true-up of vendor liabilities to those claimed in the POC process of \$1.3 million, offset by the write-off of deferred rent of (\$121 thousand) and a reduction of employe claims in excess of the \$2,000 limit in Class 4. The POC forms have not been evaluated for this class.