

Oregon's Health Co-Op
Statement of Affairs
June 30, 2017

	<u>March 02, 2017</u>		<u>June 30, 2017</u>
	<u>Estimated Realizable Value</u>		<u>Estimated Realizable Value</u>
ASSETS			
Cash and Cash Equivalents	\$ 11,092,641	\$	9,473,405
Risk Corridor Receivable	18,814,901		18,814,901
Risk Corridor Receivable Valuation Adjustment	(18,814,901)		(18,814,901)
CSR Receivable	-		265,324
Amounts Recoverable from Reinsurers	1,638,016		2,073,695
Premiums in Course of Collection	20,846		278
Rebates Receivable	31,421		356,881
Fixed Assets	38,585		26,042
Prepaid Expenses	138,304		1,712
Other Assets	937,953		1,900,193
Total Assets	\$ 13,897,765	\$	14,097,531
LIABILITIES			
Administrative Claims (Class 1)			
Administration of Delinquency Proceedings	\$ 382,176	\$	315,036
Operations of Delinquency Proceedings	1,895,873		1,261,198
Loss Claims (Class 2)			
Unpaid Claims	13,243,103		13,105,667
Advance Premium Claims	537,073		453,961
Federal Government Claims (Class 3)	2,001,350		7,758,540
Employee Claims (Class 4)	84,000		84,000
State & Local Government Claims (Class 5)	192,012		201,769
General Creditor Claims (Class 6)			
Other	2,165,996		2,226,780
Total Liabilities	20,501,582		25,406,951
EQUITY			
Total Capital & Surplus	(6,603,818)		(11,309,419)
Excess (Deficiency) of Assets over Liabilities	(6,603,818)		(11,309,419)
Total Liabilities and Equity	\$ 13,897,765	\$	14,097,531

Notes:

OHC was ordered into liquidation on March 2, 2017.

Oregon's Health Co-Op
Statement of Cash and Receipts and Distributions
June 30, 2017

	Adjusted balance as of March 2, 2017	January 1 through May 31, 2017	January 1 through June 30, 2017	Statement of Receipts and Disbursements June 1, 2017 through June 30, 2017	Receipts and Disbursements Since Date of Liquidation
CASH RECEIPTS					
Premiums collected net of reinsurance	\$ (248,428)	\$ (90,074)	\$ (373,515)	\$ (283,440)	\$ (125,086)
Litigation Recoveries	-	-	-	-	-
Tax Recoveries	-	-	-	-	-
Other Cash Provided	-	-	-	-	-
Sale of Personal Property Inventory	-	-	-	-	-
Sale of Real Property Inventory	-	-	-	-	-
Sale of Other Assets	-	-	-	-	-
Receipts Before Investment Activities	(248,428)	(90,074)	(373,515)	(283,440)	(125,086)
Interest and Dividend Receipts	373	373	373	-	-
Proceeds from investments sold, matured or repaid	3,560	3,560	3,560	-	-
Receipts From Investment Activities	3,933	3,933	3,933	-	-
Total Cash Receipts	(244,495)	(86,141)	(369,582)	(283,440)	(125,086)
CASH DISBURSEMENTS & DISTRIBUTIONS					
Benefit and Loss Related Payments	1,507,431	1,618,752	1,321,696	297,056	185,736
Admin Expenses	810,244	1,751,716	2,170,230	(418,515)	(1,359,986)
Salaries and Benefits	160,172	370,196	451,656	(81,460)	(291,484)
Rent, Building and Equipment	18,162	33,995	36,819	(2,824)	(18,657)
Taxes & Fees	4,879	12,196	14,636	(2,439)	(9,757)
Disbursements	2,500,888	3,786,855	3,995,037	(208,182)	(1,494,149)
Distributions					
Early Access-Guaranty Associations	-	-	-	-	-
Total Distributed	-	-	-	-	-
Disbursements & Distributions Before Investment Activities	2,500,888	3,786,855	3,995,037	(208,182)	(1,494,149)
Disbursements for Investment Activities	-	-	-	-	-
Total Cash Disbursements & Distributions	2,500,888	3,786,855	3,995,037	(208,182)	(1,494,149)
Net Increase (Decrease) in Cash	(2,745,384)	(3,872,996)	(4,364,619)	(491,622)	(1,619,235)
Beginning Cash Balance:					
Beginning Cash	13,838,024	13,838,024	13,838,024	9,965,028	11,092,640
Ending Cash Balance	\$ 11,092,640	\$ 9,965,028	\$ 9,473,405	\$ 9,473,405	\$ 9,473,405

Notes:

OHC was ordered into liquidation on March 2, 2017.

Oregon's Health Co-Op
Risk Corridor Receivable and Valuation Adjustment
June 30, 2017

Description	Balance 3/2/2017	Adjustments	Balance 6/30/2017
Risk Corridor Receivable	18,814,901		18,814,901
Risk Corridor Receivable Valuation Adjustment	(18,814,901)		(18,814,901)
	-	-	-
	-	-	-

Note: On July 31, 2017 OHC completed and submitted the 2016 Medical Loss Ratio (MLR) and Risk Corridor (RC) filing with CMS. The filing resulted in a \$0 MLR rebate due to members and a \$10.6 million RC receivable which will be reflected in the July financial statements. This \$10.6 million is in addition to the \$18.8 million receivable already recorded at June 2017. Total Risk Corridor receivable from CMS is \$29.4 million.

**Oregon's Health CO-OP
 CSR Receivable
 June 30, 2017**

Description	Balance 3/2/2017	Received	Adjustments	Balance 6/30/2017
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.

Oregon's Health Co-Op
Amounts Recoverable from Reinsurers
June 30, 2017

Description	Balance 3/2/2017	Added/ (Applied)	Received	Balance 6/30/2017	
ACA Reinsurance	1,593,413	404,804	22,959	2,021,176	A
Commercial Reinsurance	44,603	7,917		52,520	B
	<u>1,638,016</u>	<u>412,721</u>	<u>22,959</u>	<u>2,073,695</u>	
	-			-	

A The balance represents federal reinsurance of \$545,220 and \$1,426,142 for 2015 and 2016, respectively and state reinsurance for 2016 of \$49,814.

B During July PartnerRe exercised their right to offset the recoverable amount with the required minimum premiums under the contract. The commercial reinsurance will be written-off in the July financial statements.

**Oregon's Health Co-Op
 Premiums in Collections
 June 30, 2017**

Description	Balance 3/2/2017	Payments	Adjustments	Balance 6/30/2017
Premium Receivables	\$ 20,846		\$ (20,568)	\$ 278 A
	<u>\$ 20,846</u>		<u>\$ (20,568)</u>	<u>\$ 278</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
June 30, 2017**

Description	Balance 2/28/2017	Payments	Adjustments	Balance 6/30/2017
RX Rebate Receivables	\$ 31,421		\$ 325,460	\$ 356,881 A
	<u>\$ 31,421</u>		<u>\$ 325,460</u>	<u>\$ 356,881</u>

A The adjustment to the RX Rebate Receivable reflects the amount settled between Optum and OHC and it includes RX rebates and HEP-C drug rebates.

Oregon's Health Co-Op
Fixed Assets
June 30, 2017

Description	Balance 3/2/2017	Additions	Deletions	Balance 6/30/2017
Furniture and Equipment	\$ 162,280			\$ 162,280
Accum. Depreciation	\$ (123,695)	\$ (12,543)		\$ (136,238)
	<u>\$ 38,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,042</u>
	-			-

Oregon's Health Co-Op
Prepaid Expenses
June 30, 2017

Description	Balance 3/2/2017	Payments Additions	Adjustments	Balance 6/30/2017	
Prepaid Expenses	\$ 138,304	\$ 1,726	\$ (95,295)	\$ 44,736	A
Monthly Amortization		\$ (43,024)		\$ (43,024)	
	<u>\$ 138,304</u>	<u>\$ (41,297)</u>	<u>\$ (95,295)</u>	<u>\$ 1,712</u>	
	-			-	

A Prepaid costs related to the OHC's Broker and Member website portals through OnLine Insight were written off during April in the amount of \$86 thousand.

Oregon's Health Co-Op
Other Assets
June 30, 2017

Description	Balance 3/2/2017	Added/ (Applied)	Received	Balance 5/31/2017	
Recoup Receivable	\$ 536,628	\$ 661,757	\$ 297,148	\$ 1,495,533	A
ACA Risk Adjustment	\$ 401,324			\$ 401,324	
A/R - Zoom Health Plan	\$ -	\$ 3,336	\$ (1,821)	\$ 3,336	B
	<u>\$ 937,953</u>	<u>\$ 665,093</u>	<u>\$ 297,148</u>	<u>\$ 1,900,193</u>	
	\$ -			\$ -	

A As a part of the claims payment process OHC looks for claims that have been overpaid. Changes in recoup receivables relate to net additions identified during claims processing, less those applied or received of \$661,757 and net unapplied provider refunds received of \$297,148.

B In Q2 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
June 30, 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 and 2015 ACA Risk Corridor program. The amount is fully reserved since the Company is uncertain when the Risk Corridor will be collected. OHC finalized the 2016 Risk Corridor calculation on July 31, 2017, which resulted in an additional \$10.6 million receivable from CMS which will be reflected in the July financial statements.
- 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 represents funds due to OHC from their private reinsurer in the amount of \$53 thousand, for amounts due from CMS for 2015 and 2016 federal reinsurance of in the amount of \$2 million and from the state's transitional reinsurance program of \$50 thousand.
- 8 **Premiums in Course of Collections.** Represents estimated remaining premium receivables.
- 9 **Rebates Receivable.** Estimated value of net receivable from OHC's pharmacy PBM for rebates.
- 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 related to the OHC's Broker and Member website portals through OnLine Insight were written off during April in the amount of \$86 thousand.
- 12 **Other Assets.** Estimated value remaining of 2015 individual risk adjustment due from CMS and provider refunds expected to be received.
- 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.
- 14 **Loss Claims (Class 2).** Loss Claims liability numbers are based upon 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.
- 15 **Federal Government Claims (Class 3).** Federal Government Claims relate to \$5.8 million Risk Adjuster from the 2016 plan year, net advanced APTC/CSR and other ACA fees that are due to CMS.
- 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."
- 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.

Oregon's Health Co-Op
Footnotes
June 30, 2017

- 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.
- 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 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.