

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

	March 02, 2017	September 30, 2017
	Estimated Realizable Value	Estimated Realizable Value
ASSETS		
Cash and Cash Equivalents	\$ 11,092,641	\$ 9,437,888
Risk Corridor Receivable	18,814,901	29,406,684
Risk Corridor Receivable Valuation Adjustment	(18,814,901)	(29,406,684)
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	16,634
Prepaid Expenses	138,304	3,641
Other Assets	937,953	944,756
Total Assets	\$ 13,897,765	\$ 12,639,607
LIABILITIES		
Administrative Claims (Class 1)		
Administration of Delinquency Proceedings	\$ 382,176	\$ 291,703
Operations of Delinquency Proceedings	1,895,873	789,929
Loss Claims (Class 2)		
Unpaid Claims	13,243,103	12,214,086
Advance Premium Claims	537,073	451,762
Federal Government Claims (Class 3)	2,001,350	7,749,019
Employee Claims (Class 4)	84,000	84,000
State & Local Government Claims (Class 5)	192,012	201,769
General Creditor Claims (Class 6)	2,165,996	2,324,066
Total Liabilities	20,501,582	24,106,333
EQUITY		
Total Capital & Surplus	(6,603,818)	(11,466,726)
Excess (Deficiency) of Assets over Liabilities	(6,603,818)	(11,466,726)
Total Liabilities and Equity	\$ 13,897,765	\$ 12,639,607

Notes:

OHC was ordered into liquidation on March 2, 2017.

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

	Adjusted balance as of March 2, 2017	January 1 through August 31, 2017	January 1 through September 30, 2017	Statement of Receipts and Disbursements September 1, 2017 through September 30, 2017	Receipts and Disbursements Since Date of Liquidation
CASH RECEIPTS					
Premiums collected net of reinsurance	\$ (248,428)	\$ (300,405)	\$ 53,361	\$ 353,766	\$ 301,790
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)	(300,405)	53,361	353,766	301,790
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)	(296,472)	57,294	353,766	301,790
CASH DISBURSEMENTS & DISTRIBUTIONS					
Benefit and Loss Related Payments	1,507,431	1,475,863	1,444,669	31,194	62,763
Admin Expenses	810,244	2,218,397	2,360,098	(141,701)	(1,549,854)
Salaries and Benefits	160,172	536,610	586,045	(49,435)	(425,873)
Rent, Building and Equipment	18,162	42,468	45,507	(3,039)	(27,345)
Taxes & Fees	4,879	21,112	21,112	-	(16,233)
Disbursements	2,500,888	4,294,449	4,457,430	(162,981)	(1,956,542)
Distributions					
Early Access-Guaranty Associations	-	-	-	-	-
Total Distributed	-	-	-	-	-
Disbursements & Distributions Before Investment Activities	2,500,888	4,294,449	4,457,430	(162,981)	(1,956,542)
Disbursements for Investment Activities	-	-	-	-	-
Total Cash Disbursements & Distributions	2,500,888	4,294,449	4,457,430	(162,981)	(1,956,542)
Net Increase (Decrease) in Cash	(2,745,384)	(4,590,921)	(4,400,136)	190,785	(1,654,752)
Beginning Cash Balance:					
Beginning Cash	13,838,024	13,838,024	13,838,024	9,247,103	11,092,640
Ending Cash Balance	\$ 11,092,640	\$ 9,247,103	\$ 9,437,888	\$ 9,437,888	\$ 9,437,888

Notes:

OHC was ordered into liquidation on March 2, 2017.

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

Description	Balance 3/2/2017	Adjustments	Balance 9/30/2017
Risk Corridor Receivable	18,814,901	10,591,783	29,406,684 A
Risk Corridor Receivable Valuation Adjustment	(18,814,901)	(10,591,783)	(29,406,684) A
	<u>-</u>	<u>-</u>	<u>-</u>

A Risk Corridor (RC) Receivable represents \$10.6 million and \$18.8 million, respectively, of calculated risk corridor receivable amounts due from CMS for the 2016, and 2014/2015 plan years. This amount has been fully reserved since the collection from CMS is doubtful.

**Oregon's Health Co-Op
 CSR Receivable
 September 30, 2017**

Description	Balance 3/2/2017	Received	Adjustments	Balance 9/30/2017
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. CMS has already indicated that they are offsetting the amount against funds due to them from OHC, therefore amount is not reserved against.

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

Description	Balance 3/2/2017	Added/ (Applied)	Received	Balance 9/30/2017	
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 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
 September 30, 2017**

Description	Balance 3/2/2017	Payments	Adjustments	Balance 9/30/2017
Premium Receivables	\$ 20,846		\$ (20,846)	\$ - A
	<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
September 30, 2017**

Description	Balance 3/2/2017	Payments	Adjustments	Balance 9/30/2017
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
September 30, 2017

Description	Balance 3/2/2017	Additions	Deletions	Balance 9/30/2017
Furniture and Equipment	\$ 162,280			\$ 162,280
Accum. Depreciation	\$ (123,695)	\$ (21,950)		\$ (145,645)
	<u>\$ 38,585</u>	<u>\$ (21,950)</u>	<u>\$ -</u>	<u>\$ 16,634</u>

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

Description	Balance 3/2/2017	Payments Additions	Adjustments	Balance 9/30/2017
Prepaid Expenses	\$ 138,304	\$ 6,563	\$ (95,295)	\$ 49,573 A
Monthly Amortization		\$ (45,932)		\$ (45,932)
	<u>\$ 138,304</u>	<u>\$ (39,368)</u>	<u>\$ (95,295)</u>	<u>\$ 3,641</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. The workers compensation, commercial umbrella and business owners policy for the period of 8/1/2017 through 8/1/2018 was put in place during August.

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

Description	Balance 3/2/2017	Added/ (Applied)	Received	Balance 9/30/2017
Provider Refunds Receivable	\$ 536,628	\$ 632,678	\$ (629,002)	\$ 540,305 A
ACA Risk Adjustment	\$ 401,324			\$ 401,324
A/R - Zoom Health Plan	\$ -	\$ 11,857	\$ (8,730.21)	\$ 3,127 B
	<u>\$ 937,953</u>	<u>\$ 644,535</u>	<u>\$ (637,732)</u>	<u>\$ 944,756</u>

- A** Provider Refunds Receivables are related to claims that have been overpaid, identified as a part of the claims payment process. During September, OHC reviewed provider refunds receivables for collectability, only considering refunds receivables that are associated with providers that have submitted a Liquidation Proof of Claims to offset the provider refunds receivable with, as collectible. All other provider refunds receivables have been considered not collectible and were written off in the amount of \$873,513. Additionally, OHC reclassified \$881,772 of provider refunds that were previously netted in the claims payable account, due to checks being held under the liquidation processes.
- 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
September 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, 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 July and August, 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 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. Previous balance of \$50 thousand for the state's transitional reinsurance program was received during July, and amount 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 September 30, 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 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.

Oregon's Health Co-Op

Footnotes

September 30, 2017

- 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.
- 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.