

# CCO Public Brief

For the Year ending December 31, 2023  
Compiled and Presented by OAFA

To summarize the Financial Reports of our 16 CCO contracts, the CCO group generated \$173M in Net Operating Income through December 2023. Of this, \$20.2 million has been designated for Supporting Health for All through Reinvestment (SHARE Initiative). It should be noted that historically most CCO's increase medical and other programmatic spending at the end of the year.

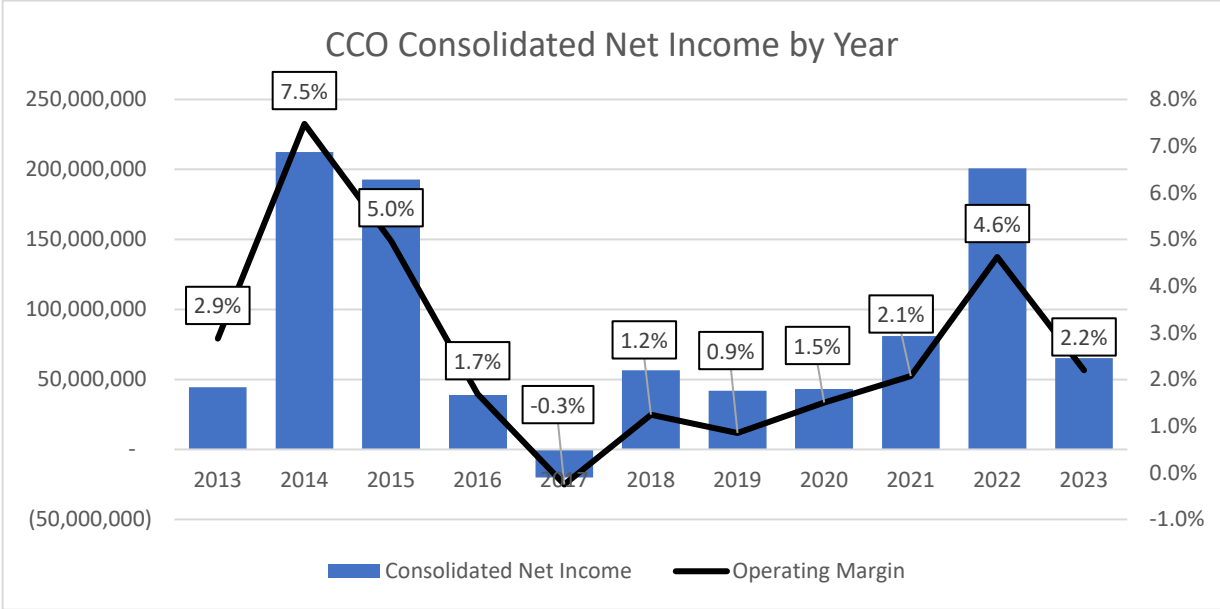
In this Executive Summary, we will cover Key Financial Ratios in Part 1, Risk Accepting Entities in Part 2, and Per Member Per Month expenses in Part 3. Other financial items of note are in Part 4, including growth of Statewide membership, CCO investments in community through HRS and SHARE.

In summary, the CCOs continued to profit throughout 2023. CCOs are now concerned with spending related to their Medical Loss Ratios, as 2023 is the third year out of the three-year measurement period.

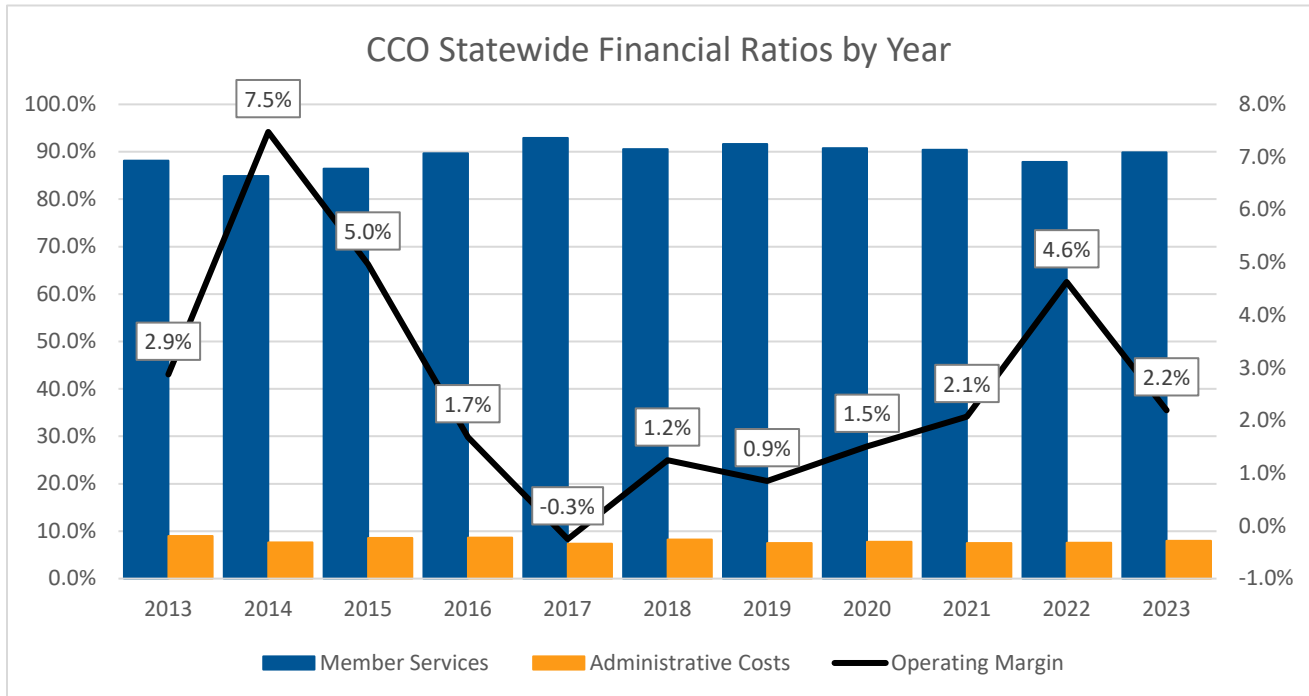
### Key Financial Briefing Terms:

- **Net Operating Revenues** – Revenue available for operations (2023 \$7.87 billion)
- **Member Service Expenses** – Direct Medical Expenses (2023 \$6.84 billion)
- **Administrative Expenses** – Non-medical expenses required for operations (2023 \$625 million)
- **Net Operating Income** – Total Revenue less Member Service Expenses and Administrative Expenses (2023 \$173 million)
- **Operating Margin** – Percentage of Net Operating Income/compared to Net Operating Revenues (2023 2.2%)
- **Net Income Before Taxes and SHARE** – Total Revenue less Member Services Expenses, Administrative Expenses, and Other Non-Operating Expenses (2023 \$105 million)
- **Net Income** – Total Revenue less All Expenses, including taxes and SHARE Obligations (2023 \$63 million)

## Part 1: Key Financial Ratios (Statewide and by CCO)



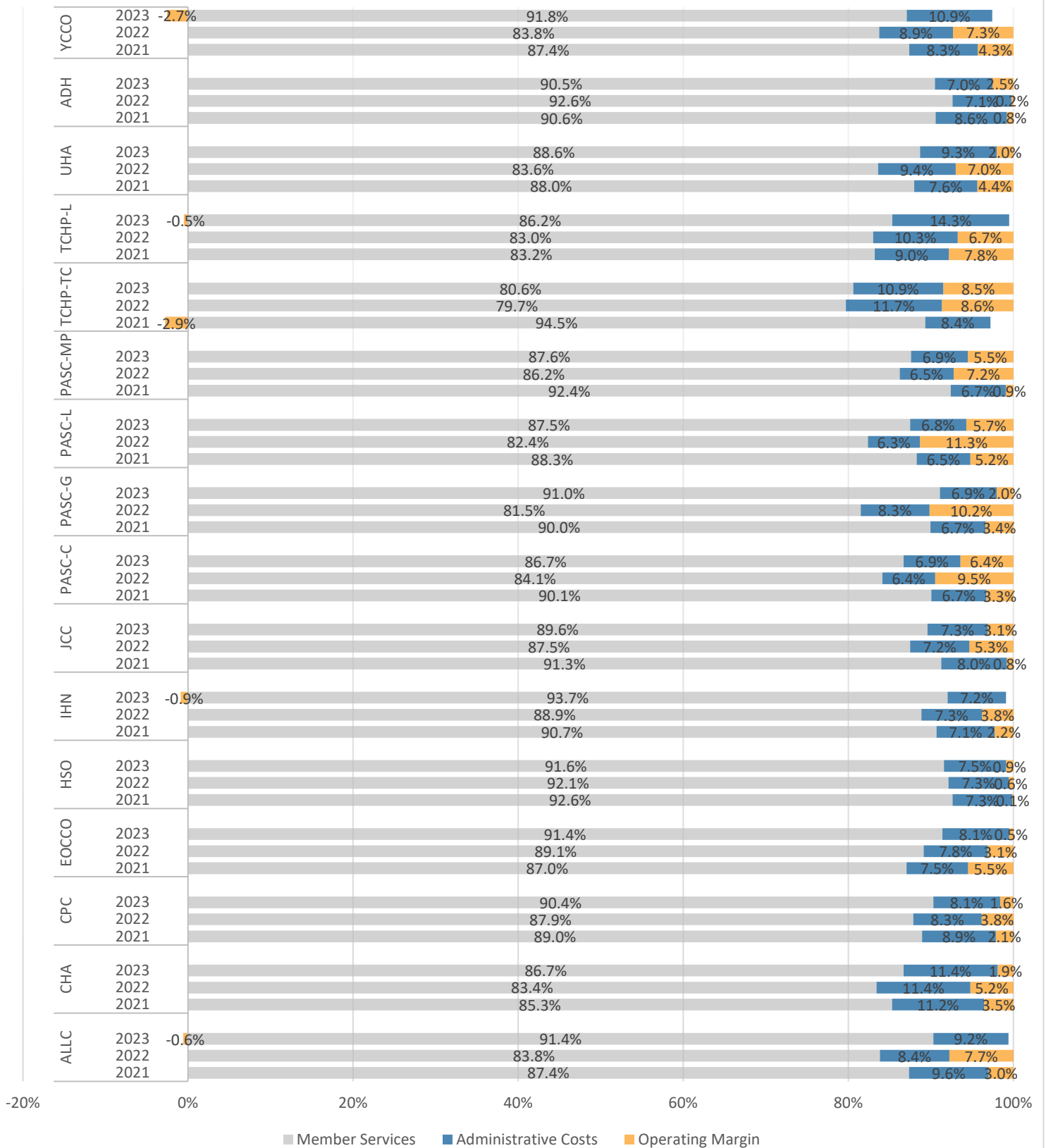
The Consolidated Operating Margin for CCOs was 2.2%. This is \$173 million of Net Operating Income from \$7.87 billion of Operating Revenue. This is a decrease from the 2022 statewide operating margin of 4.6%, or \$327 million Net Operating Income from \$7.07 billion of Operating Revenue. Operating Income is measured as Operating Revenue less Member Expenses and Administrative Expenses, and is before provisions for taxes or SHARE.



All but four CCOs have reported a positive Operating Margin for 2023. The four with negative margins are YCCO (-2.7%), TCHP-L (-.5%), IHN (-.9%) and ALLC (-.6%). In total, the Operating Margins ranged from a low of -2.7% to 8.5%. The large range is due to varying business models, some CCOs are heavily subcapitated and earn profits at the risk accepting entity levels. Risk Accepting Entity financial performance will be discussed in Part 2.

The only CCO that reported less than 85% of spending on Member Expenses was Trillium Consolidated at 83.4% (Consolidation of Lane and Tri-County CCOs). They may still meet the MMLR requirements using the Oregon-specific formula that includes additional spending, such as Health Related Services, in determining medical spend.

# FINANCIAL RATIOS BY CCO FOR THE YEARS 2020 - 2023



## Part 2: Risk Accepting Entity Reporting

In addition to Operating Margins at the CCO entity level, there is an additional level of reporting, the Sub-capitated Entity (SE) reporting. CCOs delegate their risk and a portion of their capitation payments each month to Sub-capitated Entities. The SE Reporting template discloses the details of medical spending and support of members in the risk accepting relationships.

Each CCO has a unique business structure and a different level of delegation of their risks. The percentage of capitation is measured as the percentage of Net Operating Revenues reported on the Exhibit L SE. For 2023, the percentage of capitation ranged from the lowest capitation from PacificSource-Lane at 6.06% to the highest capitation to HealthShare at 99.36%. The amounts are similar to the 2022 data, which ranged from Trillium - Southwest at 5.2% to HealthShare at 99%. The Net Operating Income reported at the Risk Accepting Entity is in addition to the income reported at the CCO entity level.

The table below summarizes the comparative performance of all CCOs and all Risk Accepting Entities. It also details CareOregon and Advantage Dental, which receive the largest percentage of Physical Health capitation and Dental capitation, respectively.

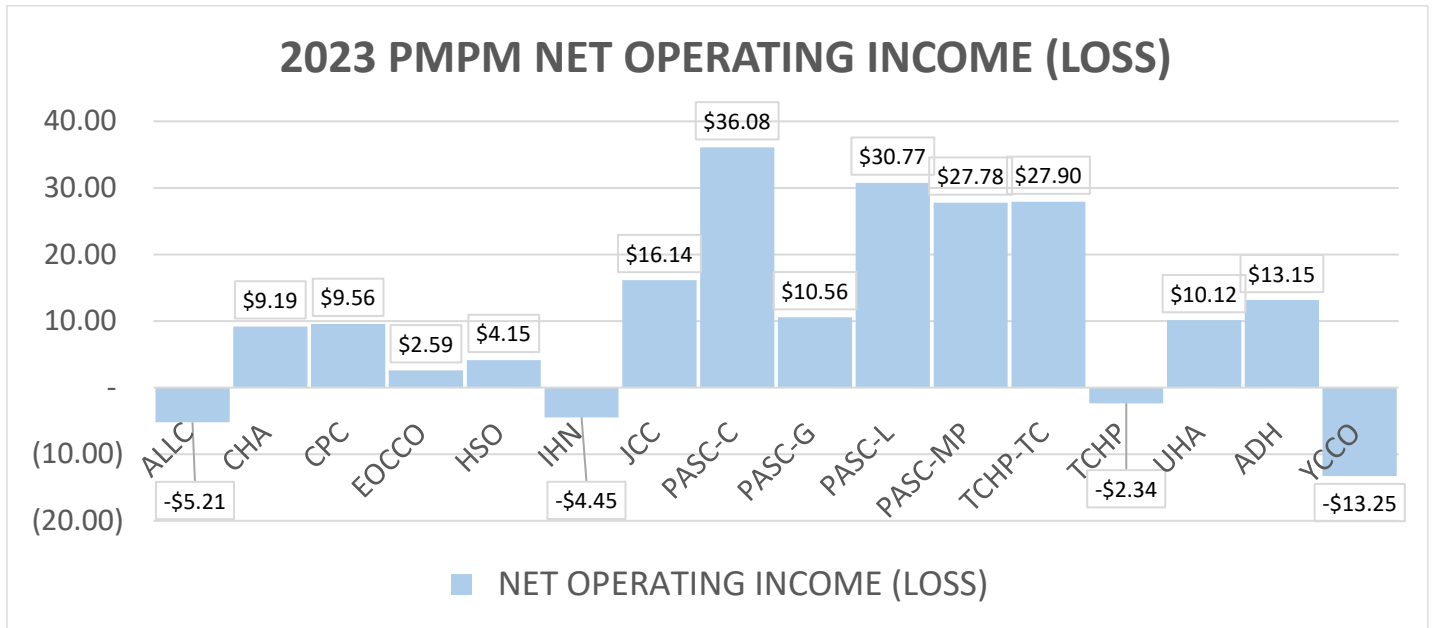
Entity or Care Type	NOI – 2023	NOI - 2022	NOI - 2021
<b>All CCO at CCO level</b>	\$173,033,473	\$327,702,447	\$130,156,814
All Reported RAE*	\$7,990,925	\$68,921,349	\$112,549,060
CareOregon	\$82,311,353	\$118,890,280	\$176,479,818
Dental	\$8,589,996	\$11,812,252	\$4,173,193
Advantage Dental	\$3,466,460	\$5,553,956	\$2,982,033
Behavioral Health**	\$560,483	-\$8,523,153	\$522,713

### Part 3: Exhibit L PMPM (Per-Member-Per-Month) Spending

When viewed on a PMPM basis, Member Service Expenses have increased by 3% from the amounts reported for 2022. Most of this comes from increases in substance use disorder and behavioral health spending collectively increasing by 22.5%, which was expected due to the four qualified directed payments added to the 2023 rates, targeting improved rates to mental health and substance use provider payments.

		December 31, 2023	Percent to Total	2022 Annual	Change PMPM (2023 to 2022)	Percent Change
	<b>Member Service Expenses (PMPM)</b>					
7	Hospital Services	-	-	-	-	
a	Inpatient	62.93	0.15	66.48	(3.55)	-5%
b	Outpatient	49.52	0.12	45.32	4.20	9%
c	Emergency Room	20.29	0.05	19.00	1.29	7%
8	Physician/Profession Services	92.21	0.22	95.34	(3.13)	-3%
9	Substance Use Disorder	-	-	13.97	(13.97)	-100%
a	Inpatient	1.71	0.00		1.71	
b	Residential	4.00	0.01		4.00	
c	Other Non-Inpatient	11.35	0.03		11.35	
10	Mental Health	-	-	-	-	
a	Inpatient	11.67	0.03	6.96	4.72	68%
b	Residential	2.64	0.01	1.21	1.43	118%
c	Other Non-Inpatient	51.07	0.12	45.14	5.93	13%
11	Dental	23.14	0.05	22.45	0.69	3%
12	Prescription Drugs	-	-	57.57	(57.57)	-100%
a	Gross Prescription Drugs	58.85	0.14		58.85	
b	Less: Pharmacy Rebates	(1.66)	(0.00)		(1.66)	
13	Transportation	-	-	-	-	
a	Emergency Medical Transportation	2.92	0.01	3.15	(0.22)	-7%
b	Non-emergency Medical Transportation (NEMT)	9.21	0.02	8.05	1.16	14%
14	DME & Supplies	6.99	0.02	7.17	(0.18)	-3%
15	In Lieu of Services	0.03	0.00		0.03	
16	Other Member Service Expenses	21.93	0.05	25.50	(3.57)	-14%
17	<b>MEMBER SERVICE EXPENSES SUBTOTAL</b>	<b>428.80</b>	<b>100.0%</b>	<b>417.31</b>	<b>11.49</b>	<b>3%</b>
7	Hospital Services- Aggregate	132.73	31.0%	130.80	1.93	1%
10	Mental Health- Aggregate	65.39	15.2%	53.31	12.08	23%
10	Mental Health- Aggregate + Substance Abuse Disorder	82.45	19.2%	67.28	15.17	22.5%

The CCOs do not split Oregon’s Medicaid Population equally. To provide comparable data, one measurement is to provide the Net Operating Income on a Per Member Per Month (PMPM) basis. While Net Operating Income varied from a loss of \$6 million to a high of \$18 million. The range of profits (losses) for 2023 ranged from a loss of \$13.35 PMPM to a profit of \$36.08 PMPM.



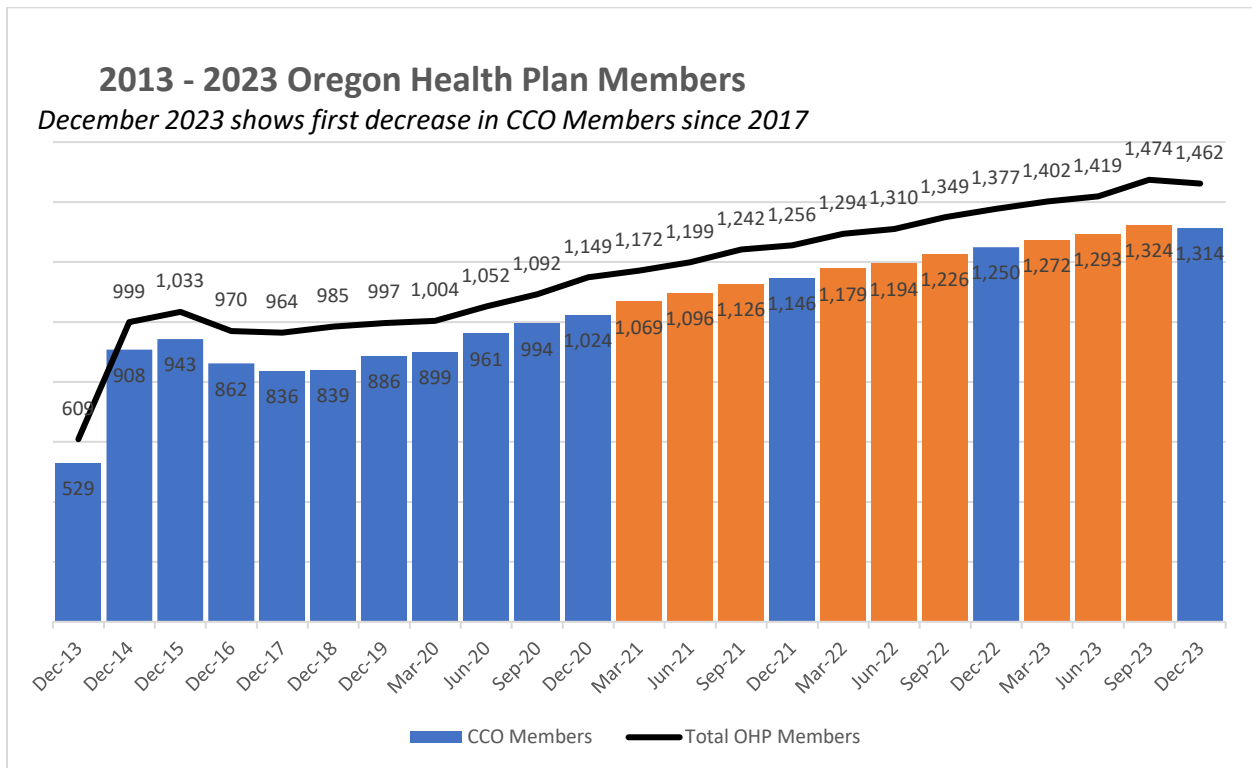
## Part 4: Other Highlights and Observations

### Preliminary HRS and SHARE Spending for 2023

SHARE Requirement - CY 2023										
Modeling of CCO metrics and SHARE formula										
			2023 Report L6 OHP	2023 Report L6 OHP, L6 CAK & L6 HOP				Report L6.7		
CCO	Members	2023 Net Income	HRS Reported*	2023 Net Income before SHARE	Ni from Affiliate RAE ***	Dividends**	SHARE designation	Formula	Difference	
ALLC	AllCare CCO	63,996	(6,033,418)	7,868,877	1,370,455		1,233,045	1,233,158	(113)	
CHA	Cascade Health Alliance	25,846	2,888,085	1,517,451	4,683,332		500,000	500,000	-	
CPC	Columbia Pacific	36,465	(1,219,692)	7,657,143	452,271	14,911,568	1,500,000	1,491,157	8,843	
EOCCO	Eastern Oregon	74,696	2,266,197	995,677	7,679,886	2,965,345	2,024,000	1,813,282	210,718	
HSO	Health Share of Oregon	443,103	(4,682,778)	28,660,642	219,860	21,970,578	2,800,000	2,197,058	602,942	
IHN	Inter-community Health Network	82,476	(1,114,429)	4,635,289	5,678,966		2,505,704	2,505,704	0	
JCC	Jackson Care Connect	64,327	3,938,062	12,694,480	5,212,916	9,384,427	1,000,000	938,443	61,557	
PASC-C	PSCS - Central	75,155	11,407,427	11,765,862	14,937,318		497,537	398,860	98,677	
PASC-G	PSCS - Gorge	17,931	1,064,533	1,988,203	1,421,767		74,257	61,658	12,599	
PASC-L	PSCS - Lane	90,588	14,180,311	18,744,432	18,559,742		609,982	487,447	122,535	
PASC-MP	PSCS - Marion Polk	149,670	18,302,062	3,224,685	23,740,870		574,175	474,954	99,222	
PASC-CORP	PSCS - Other/Corporate						3,088,448			
	PacificSource Consolidated				58,659,697		50,000,000	4,844,399	5,000,000	(155,601)
TCHP-L	Trillium Comm. Health Plan - Lane	53,002	1,641,656	10,079,620	3,599,003		2,398,905	2,398,905	(0)	
TCHP-TC	Trillium Comm. Health Plan - TC	35,323	16,142,930	15,619,179	22,253,961		2,388,204	2,388,204	(0)	
TCHP - Con	Trillium Consolidated						14,000,000	4,787,109	4,595,368	191,741
UHA	Umpqua Health Alliance	37,685	6,885,110	4,333,726	8,829,275		12,000,000	1,200,000	-	
ADH	Advanced Health	27,183	4,350,376	1,770,086	4,573,544	2,355,380	320,000	235,538	84,462	
YCCO	Yamhill Community Care	36,164	(4,711,212)	2,123,947	(6,022,620)		1,152,584	1,152,584	0	
	<b>Totals</b>	<b>1,313,610</b>	<b>65,305,219</b>	<b>133,679,298</b>	<b>117,190,547</b>		<b>81,000,000</b>	<b>23,866,841</b>	<b>19,476,951</b>	<b>1,301,442</b>
							6.6%	5.4%	0.4%	
						PacificSource/Legacy IDS****	155,601			
						* HRS Spending is reported but not yet approved spending and is deducted to reach Net Income (before SHARE)				
						** excluding tax distributions. Source is L6 Corp				
						*** Oafa included self-reported amount reported as Adj from Peer-Through is the RAE income				
						**** Legacy IDS is reported as a part of HealthShare, but is designated and reported from PacificSource Community Solutions, this amount should not be double-counted for all all SHARE				

## Growth of Statewide Membership

Beginning in March 2020 redeterminations were paused for Medicaid Members as a part of the Public Health Emergency. Through December 2023, approximately three quarters of OHP members had responded to the benefit renewal process. Through 2023, about 85% renewal rate of those who had completed process. Reporting for Medicaid as of December 2023 shows membership took its first dip, an adjustment of approximately 140,000 members. The CCOs have noted that the end of the PHE and redeterminations have been a concern, and the loss of members could contribute to changes in their overall financial stability. Oregon’s Medicaid population growth is not an isolated incident as redetermination was paused across the country. The Oregon Medicaid Population’s growth rate during the PHE has been 41%.



## Risk Based Examinations

OHA began the Risk Based Examination process in the Spring of 2023. Oafa, has engaged a team from Myers and Stauffer and Examination Resources (ER) to assist in conducting these examinations on all CCOs over a 5-year period. ER is licensed to perform Risk Based Examinations and has Certified Financial Examiners on staff, both of which are contractual requirements for these examinations. The Risk Assessment Cycle image below shows how examinations are one step in the regulatory cycle that provides Oafa a clearer look into the business and financial operations of each CCO. By identifying potential risks CCOs may be facing now or in the future, we may be able to identify and avoid significant financial and solvency risks. Upon completion of the examination, a report on the examination will be published, and a management letter issued to the CCO Board.

The first round of examinations began in the Spring of 2023 and concluded in the Spring of 2024 with three CCOs completing their examination: Advanced Health, AllCare CCO, and Eastern Oregon CCO. These

examinations were for the year ended December 31, 2022 and we anticipate the release of examination reports within the next month. Examinations began on two additional CCOs in early 2024: Pacific Source Community Solutions and Trillium Community Health Plan. These examinations have an anticipated conclusion of early Q3 2024 and are for the year ended December 31, 2023.

Additionally, a third round of examinations is anticipated to begin mid July 2024 and will examine three CCOs: Health Share of Oregon, Columbia Pacific, and Jackson Care Connect. These examinations are for the year ended December 31, 2024, and are anticipated to run at least through the remainder of the 2024 calendar year.

## Risk Assessment Cycle

