

STATE OF OREGON
DEPARTMENT OF
CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION



REPORT OF LIMITED SCOPE FINANCIAL EXAMINATION
OF
ATRIO HEALTH PLANS, INC.
SALEM, OREGON
AS OF
SEPT. 30, 2024

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SALUTATION

June 16, 2025

Honorable TK Keen
Administrator, Acting insurance commissioner
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon
350 Winter St. NE
Salem, OR 97301-3883

Dear Commissioner Keen,

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (*NAIC Financial Condition Examiners Handbook (Handbook)*), pursuant to ORS 731.300 and 731.302, respectively, we have performed a limited scope examination as of Sept. 30, 2024 of:

ATRIO HEALTH PLANS, INC.
4263 Commercial Street, Suite 400
Salem, OR 97301

NAIC Company Code 10123

Hereinafter referred to as the "company." The following report is respectfully submitted.

LIMITED-SCOPE OF EXAMINATION

We have performed a limited-scope examination of ATRIO Health Plans, Inc., covering the areas noted below, that was conducted as of Sept. 30, 2024. The limited-scope examination was called due to the findings within the full scope examination of ATRIO Health Plans, Inc., covering the period of January 2019 to Dec. 31, 2022, and the subsequent financial position of the company. The prior full-scope examination of this health care service contractor insurer was completed as of Dec. 31, 2018.

The scope of this examination was limited to the following:

1. Escrow agreement – Risk adjustment processing system liability
2. Affiliated receivable – P3 health partners
3. Excess policy reserves – P3 health partners
4. Evaluation of the unpaid claims liability
5. Investigation of provider complaints
6. Viability of the 2025 business plan

We conducted our examination pursuant to ORS 731.300 and in accordance with ORS 731.302(1) which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners Handbook*. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively. The report is a limited-scope examination, and is not intended to communicate all matters of importance for an understanding of the company's financial condition. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the company's financial statements.

This examination report includes significant findings of fact, as mentioned in ORS 731.302 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not

included within the examination report, but separately communicated to other regulators and the company.

SUBSEQUENT EVENT – ADDITIONAL CAPITAL

The parent of ATRIO Health Plans, Inc., Chicago Pacific Founders infused capital subsequent to the examination date of \$61 million and is committed to an additional \$43 million in capital infusions through the remainder of 2025 to cure the examination's identified deficiencies. Additionally the company received significant capital infusions in 2024 and 2025.

COMPANY HISTORY

The plan was incorporated under the laws of the State of Oregon on Dec. 23, 2004, as a for profit stock corporation. It was formed by three provider sponsored health plans servicing rural Medicaid enrollees in Southern Oregon; Doctors of the Oregon Coast South (DOCS) in Coos County, Douglas County Individual Practice Association (DCIPA) in Douglas County (now known as Umpqua Health, LLC), and Cascade Comprehensive Care, Inc. (CCC) in Klamath County. Each health partner owned one-third of the issued preferred voting stock of the plan. The plan was granted a Certificate of Authority in Oregon on March 31, 2005, as a health care service contractor pursuant to ORS Chapter 750. DOCS subsequently sold its shares to the plan. In 2011, Marion Polk Community Health Plan Advantage, Inc. (MPCHPA) acquired a 33.3 percent share of the Series A voting stock of the plan.

On April 29, 2016, CCC purchased an additional 300 shares of Series B preferred stock in the amount of \$1,564,197, which brought its ownership percentage to 33.33 percent. Consequently, both Umpqua Health and MPCHPA's ownership percentage changed to 33.33 percent.

On Nov. 1, 2016, the plan filed an amendment to Article XII of the 2011 restated articles of incorporation, whereby the corporation elected to become a public benefits corporation as defined in ORS 60.750(1),

and to be subject to ORS 60.750 – ORS 60.770, as amended. The corporation has the purpose of providing a general public benefit, including making Medicare health insurance coverage available to qualifying members of the communities that it serves.

On June 20, 2019 the holding company structure changed as ATRIO Acquisition Corporation acquired 100 percent of the outstanding common shares of ATRIO Health Plan, Inc. At the close of the transaction, CCC and WVP Health Authority (WVP) contributed their ATRIO common stock holdings in exchange for non-controlling membership interests in ATRIO Holding Company, LLC. ATRIO Acquisition Corporation, a Delaware corporation is wholly owned by ATRIO Holding Company, LLC, a Delaware limited liability company, which is 59.64 percent owned by ATRIO Splitter Fund, LP, 29.82 percent owned by Cascade Comprehensive Care, Inc., 9.94 percent owned by Marion Polk Community Health Plan Advantage, Inc. and 0.59 percent owned by Ken Stoll, an individual. ATRIO Splitter Fund, LP is approximately 80 percent owned by Chicago Pacific Founders Fund II, LP. The ultimate controlling entity is a group of limited partners/investors; no limited partner/investor has a 10 percent or greater ownership interest in Chicago Pacific Founders Fund II, L.P.

Chicago Pacific Founders Fund II, L.P., consists of Chicago Pacific Founders GP II L.P., Chicago Pacific Founders Fund II-A, L.P., Chicago Pacific Founders Fund II-B, L.P., and Chicago Pacific Founders UGP II LLC (Chicago, IL), which is a limited partnership and private equity fund. Mary Tolan, Chicago, IL, Lawrence Leisure, San Francisco, CA, and Vance Vanier, M.D., San Francisco, CA, each have 33.3 percent controlling interest in Chicago Pacific Founders UGP II LLC, the decision-making entity of CPF.

MANAGEMENT AND CONTROL

Board of directors

<u>Name and address</u>	<u>Principal affiliation</u>	<u>Representative</u>	<u>Member since</u>
Peter Ricoy	Private regulatory lawyer Beechy Ricoy Law Group	Public	2024
Grant Kennon	Chief legal and strategy officer Sky Lakes (interim CEO of CCC)	Public	2024
Jeffrey David Fox Phoenix, Arizona	Health care industry advisor Chicago Pacific Founders	Ownership	2022
Lloyd Brooks Minor, MD Portola Valley, California	Physician and dean Stanford University School of Medicine	Public	2021
Helena Barbey Lankton Portland, Oregon	Retired	Public	2021

Brian Florence McCarthy Atlanta, Georgia	Private equity operating partner Chicago Pacific Founders	Ownership	2021
Etienne Henri Deffarges La Croix sur Lurtry Switzerland	Private equity operating partner Chicago Pacific Founders	Ownership	2019
*Vance Kiernan Vanier Jackson, Wyoming *Chairman	Private equity managing partner Private equity managing partner	Ownership	2019

Officers

<u>Name</u>	<u>Title</u>	<u>Since</u>
Jennifer Callahan	President and chief executive officer	12/29/24
James Kirkpatrick	VP of finance, chief financial officer	12/29/24
Charles J. Wilson	Secretary	6/1/19

TERRITORY AND PLAN OF OPERATION

The plan is licensed in the State of Oregon and Nevada. The plan serves 38,000 members as a plan sponsor offering four Medicare Advantage plans (each an “MA plan” or collectively the “MA plans”) under a contract with the Centers for Medicare and Medicaid Services (CMS).

As an Oregon health care service contractor, the plan provides MA plan benefits to enrollees in Douglas, Josephine, Jackson, Klamath, Marion, and Polk counties. The plan also offers Medicare Part D prescription drug insurance coverage. Coverage is provided in the following counties through partnerships with these entities:

Asante Physician Partners: Josephine

P3 Health Partners (Medicare): Douglas, Marion and Polk

Cascade Comprehensive Care (CCC) (MA): Klamath

PacificSource (Medicaid/SNP): Marion and Polk

ESCROW AGREEMENT – RISK ADJUSTMENT PROCESSING SYSTEM LIABILITY

Atrio collected \$28 million in funds through the 2010-2015 risk adjustment payment submission (RAPS) process that ultimately did not belong to Atrio and should have been repaid. Ultimately, CMS recouped the 2015 overpayments but \$18,782,219 remains unpaid per company records. CMS has opined that any overpayment amounts must be repaid to CMS within 60 days of the overpayment. It is also possible that CMS could add interest to the amount that is due. Whether or not CMS chooses to pursue the collection of the overpayments is not the issue. The overpayment creates a statutory liability and the liability should be reflected in Atrio's financial statements. This statutory liability is reflected as an examination adjustment for purposes of this report and this issue has not been resolved.

As part of the sale of Atrio to Chicago Pacific Founders, an escrow agreement was established for contingent liabilities including the RAPS liability. The escrow amount attributable to the RAPS liability is \$16,821,638 per the escrow agreement. The escrow requires that Atrio pay the overpayment liability after CMS conducts an audit and verifies the amount of the debt. Once the overpayment is paid by Atrio, the escrow would be released to Atrio. There is very little doubt that the escrow agreement was established to pay back CMS for the 2010-2014 overpayments. Atrio is not a party to the escrow agreement and also has no control over the escrow agreement. From a statutory accounting standpoint as defined in SSAP #4, an asset is defined as: a present right of an entity to an economic benefit. An asset has two essential characteristics: (a) it is a present right, and (b) the right is to an economic benefit. These assets shall then

be evaluated to determine whether they are admitted. Atrio is not a party to the escrow agreement and has no present right to the escrow agreement. Under this definition, “[a]n asset has two essential characteristics: (1) it is a present right, and (2) the right is to an economic benefit. The combination of these two characteristics allows an entity to obtain the economic benefit and control others’ access to the benefit. A present right of an entity to an economic benefit entitles the entity to the economic benefit and the ability to restrict others’ access to the benefit to which the entity is entitled.” Statutory Issue Paper No. 166 (“IP No. 166”), para. 2. Although the 2022 revisions removed the term “control” from this definition, the concept of control continues to be an important aspect of the analysis. As previously discussed, because Atrio is not a party to the escrow agreement and has no express right to enforce the terms of the escrow agreement, Atrio has no present right in the escrow agreement. And the Guaranty did not extend any such right to Atrio – it merely provided that AAC would perform in the event Atrio were not reimbursed from the escrow funds. Also, the rights of Atrio under the assignment likely do not constitute a “present right” because the assignment made under the assignment agreement likely is prohibited by the terms of the escrow agreement. Specifically, section 16 of the escrow agreement provides that “this escrow agreement shall not be assignable by any party hereto without the prior written consent of the other parties hereto; provided, however, that [AAC] shall be allowed to assign its rights and benefits hereto to buyer’s lenders as collateral for security purposes. According to Statutory Issue Paper No. No. 87 (“IP 87”), p. 5, “Assets having economic value other than those which can be used to fulfill policyholder obligations, or those assets which are unavailable due to encumbrances or other third-party interests should not be recognized on the balance sheet but rather should be charged against surplus when acquired or when availability otherwise becomes questionable.” SSAP No. 4, fn. 2, provides that “[i]f assets of an insurance entity are pledged or otherwise restricted by the action of a related party, the assets are not under the exclusive control of the insurance entity and are not available to satisfy

policyholder obligations due to these encumbrances or other third-party interests ... [and] such assets shall not be recognized as an admitted asset on the balance sheet." This issue has not been resolved.

I recommend the company comply with statutory accounting principles noted above regarding the RAPS liability or overpayment which creates a statutory liability and that the liability should be reflected in Atrio's financial statements.

It is further recommended the company comply with statutory accounting principles noted above in regards to the escrow account funds, that "such assets shall not be recognized as an admitted asset on the balance sheet," and be removed from the company's financial statement.

AFFILIATED RECEIVABLE – P3 HEALTH PARTNERS (P3)

The examination focused on the mechanics of the capitation agreement with P3 and the accompanying TPA agreement. The structure of the agreements requires Atrio to pay over the capitated premium and then also has Atrio adjusting and funding the claims payments before seeking reimbursement from P3. In a typical TPA agreement, the service provider processes the claims and the at risk party funds the claims. The combination of paying over the capitated premium as well as fronting the claims payments is untenable from a cash flow standpoint for Atrio. The TPA agreement requires P3 to reimburse Atrio the next business day after P3 claims have been paid. This is not occurring in fact at Feb. 28, 2025, P3 owes Atrio \$46,339,387 per accounts receivable ledgers provided by the company. As for the period under review, Atrio provided subsequent receipt evidence to substantiate that P3 satisfied their outstanding balance within 90 days of the examination date. This issue has not been resolved.

I recommend the P3/Atrio TPA agreement needs to be amended to require that at least 50 percent or more of the capitated premium payment from Atrio to P3 be placed into a trust account for the payment

of future claims. Atrio lacks the assets to pay over the capitated premium payment and then front the claims payments on behalf of P3.

EXCESS POLICY RESERVES – P3 HEALTH PARTNERS (P3)

P3 holds the capitated reserves of Atrio's policies on their books as a liability. Based on the capitation agreement, P3 is required to maintain cash and investments sufficient to cover the Atrio policy reserves reflected on their balance sheet per paragraph 3 of Attachment 4 to the P3 Medicare Advantage Services Agreement. At Sept. 30, 2024, P3 had \$62,962,000 in cash and investments and were carrying Atrio policy reserves of \$93,526,381. On Dec. 31, 2024, P3 had \$38 million in cash and investments and were carrying Atrio policy reserves of \$92,240,000. This finding was substantiated using information from company officers and from SEC filings. P3 is in default of the Medicare Advantage Services Agreement and lacks sufficient cash and investments to honor the policy reserves. The examination finding is that the excess Atrio policy reserves will be required to be carried on Atrio's balance sheet due to collectability concerns and P3's violation of the Medicare Advantage Services Agreement in the amount of \$30,564,381 as of Sept. 30, 2024. This issue has not been resolved.

Subsequent event: As reported above at 12/31/2024, P3 had \$38 million in cash and investments and were carrying Atrio policy reserves of \$92,240,000 or a deficiency of \$54,240,000 in cash to support Atrio's capitated policy reserves held by P3 as substantiated using information from company officers and from SEC filings.

I recommend the P3 /Atrio capitation agreement needs to be amended to require P3 to hold sufficient assets in support of capitated Atrio policy reserves in a collateral account for the benefit of Atrio.

EVALUATION OF THE UNPAID CLAIMS LIABILITY

On Sept. 30, 2024, Atrio reported unpaid claims liability was \$22,229,544. Our examination of unpaid claims focused on the processing of claims payments, the actuarial estimate of unpaid claims and the subsequent payment of unpaid claims after the balance sheet date. A sample of 59 claims were reviewed for reserve adequacy as well as subsequent payment. Nine of the sampled claims remained unpaid and three claims had EOB's pending. These 12 claims were generally hospital stays and/or out-of-network charges that can take additional time to negotiate and process. Eighty percent of the sample chosen was traced to EOB's and subsequent payments made to providers through ACH. No exceptions were noted. The uncapitated reserves appear to be fairly stated on Sept. 30, 2024 in the amount of \$22,229,544. This issue has been resolved.

INVESTIGATION OF PROVIDER COMPLAINTS

During the course of our examination, we reviewed a detailed complaint log provided by Atrio as well as researched provider complaints received by the Division of Financial Regulation (DFR). Based upon that review and discussions with management, it appears Atrio addressed these complaints largely on a triage basis and complaints only diminished as funds were infused into Atrio by their parent Chicago Pacific Founders as a result of ongoing pressure from the federal health agency that regulates Medicare Advantage programs. Initially, the company provided a very large and detailed complaint report that essentially reported all identified complaints at June 30, 2024. The examination team was unable to confirm the results and/or tie the complaints to open claims.

In the alternative, the examination team identified a sample of 25 complaints received from either the Oregon consumer advocacy team or provider market analysis group claiming long overdue provider claims that were still outstanding. After inquiry with management, 17 of the 25 complaints reviewed the exam team received a comparison of the provider's billed amounts versus the amount allowed for payment by

Atrio. On average most all payments made to the subject providers represented approximately 30 percent of billed charges which has been a consistent threshold for comparable hospital and or out of network charges. Further, based upon the allowed payments reported all remaining open claims for the 17 providers were reported at less than 60 days old. Regarding the balance of the sample reviewed, seven of the complaints remained under review by the Atrio appeals/grievance team with no resolution and Atrio never provided any information related to one complaint involving a dispute over premiums paid.

While Atrio has made significant efforts to address the backlog of open claims thereby reducing and resolving provider complaints, their ability to do so is fully dependent on significant and continuing capital funding from their parent Chicago Pacific Founders. This issue is not resolved.

I recommend the P3 /Atrio TPA agreement need to be amended to require that at least 50 percent or more of the capitated premium payment from Atrio to P3 be placed into a trust account for the payment of future claims. Atrio lacks the assets to pay over the capitated premium payment and then front the claims payments on behalf of P3.

VIABILITY OF THE 2025 BUSINESS PLAN

Atrio has 38,000 members for their Medicare Advantage program in 2025. This will produce a gross written premium of \$538 million before capitation. This premium has a retention rate of 96 percent year over year. Atrio has experienced net losses historically from a claims basis as well as an expense basis. In 2024, Atrio's expenses ratio was 30 percent. In 2025, expense optimization cuts include:

Personnel cuts	\$3,583,335
Commissions	2,567,949
IT – developer spending	2,100,000
Call center resources	1,010,866

Rent expense reduction	314,769
Miscellaneous cuts	<u>382,475</u>
Total expense reduction	\$9,959,393

These reductions as presented by the company officers represent a 20 percent reduction in operating expenses and are a step in the right direction to minimize future net losses. The greatest threat to the viability of Atrio is the performance of their network provider, P3. P3's inability to perform under the capitation and TPA agreement is a substantial risk to the Atrio/P3 enterprise. As stated above, P3 owed Atrio \$46,339,387 on Feb. 28, 2025. This issue is not resolved.

I recommend the company continue to explore operational cost reductions and the P3/Atrio TPA agreement needs to be amended to require that at least 50 percent or more of the capitated premium payment from Atrio to P3 be placed into a trust account for the payment of future claims. Atrio lacks the assets to pay over the capitated premium payment and then front the claims payments on behalf of P3.

ACCOUNTS AND RECORDS

The plan did not provide many of the requested records timely in order to properly facilitate the examination in violation of ORS 731.308(3). The examination was forced to be conducted onsite since many of the examination requests were not provided while the examination was being conducted remotely.

I recommend the plan provide future record requests timely in order to properly facilitate the examination in accordance with ORS 731.308(3).

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the company with the DFR and present the financial condition of the plan for the period ending Sept. 30, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

These statements include:

Statement of assets
Statement of liabilities, surplus, and other funds
Statement of income
Analysis of changes to surplus

ATRIO HEALTH PLANS INC. ASSETS AS OF SEPTEMBER 30, 2024

	Net admitted <u>assets</u>	<u>Notes</u>
Bonds	\$2,808,282	
Cash	(1,464,061)	
Investment income		
Due and accrued	19,859	
Premiums and considerations:		
Uncollected premiums, agent's		
Balances in course of collection	290,809	
Accrued retrospective		
Premiums	16,261,547	
Reinsurance:		
Amounts recoverable from		
reinsurers	361,962	
Federal income tax recoverable	4,641,446	
EDP equipment and software	1,384,617	
Receivable from parent,		
subsidiary and affiliates	7,785	
Health care receivable	<u>44,508,810</u>	
Total assets	<u>\$68,821,056</u>	
	=====	

ATRIO HEALTH PLANS, INC
LIABILITIES, SURPLUS & OTHER FUNDS
AS OF SEPTEMBER 30, 2024

	<u>Current year</u> <u>total</u>	<u>Notes</u>
Claims unpaid	\$22,229,544	
Excess P3 policy reserves	0	(1)
Unpaid claims adjustment expenses	228,000	
Aggregate health policy reserves	559,387	
Premiums received in advance	133,063	
General expenses due and accrued	6,644,860	
Ceded reinsurance premiums payable	3,790	
Borrowed money	26,198,305	
Risk adjustment program liability		(2)
Amount due to parent, subsidiaries and affiliates	509,327	
Liability for amounts held for uninsured plans	4,317,408	
Aggregate write-ins for other liabilities	<u>346,403</u>	
Total liabilities	\$ 61,170,087	
Preferred capital stock	20,498,899	
Surplus notes	43,800,000	
Unassigned funds (surplus)	<u>(56,647,930)</u>	
Total capital and surplus	7,650,969	(3)
Total liabilities, capital, and surplus	<u>\$68,821,056</u> =====	

ATRIO HEALTH PLANS, INC
STATEMENT OF INCOME
AS OF SEPTEMBER 30, 2024

REVENUE	Current year <u>total</u>	<u>Notes</u>
Net premium income	\$131,017,172	
Total revenues	131,017,172	
HOSPITAL AND MEDICAL		
Hospital/medical benefits	90,761,961	
Other professional services	25,687,179	
Emergency room and out of area	3,248,269	
Prescription drugs	11,548,596	
Incentive pool	(13,979,350)	
Reinsurance recoveries	<u>(583,975)</u>	
Total hospital and medical	116,682,680	
Claims adjustment expenses	7,325,431	
General administrative expenses	<u>30,595,846</u>	
Total underwriting deductions	154,603,957	
Net underwriting gain/(loss)	(23,586,785)	
Net investment income earned	1,893,148	
Recoveries	<u>6,330</u>	
Net loss	(\$21,687,307)	

Analysis of changes to surplus

Surplus at Sept. 30, 2024 per Quarterly financial statement			\$ 7,650,969
	Increase	Decrease	
Excess P3 policy reserves		30,564,381 (1)	
Risk adjustment program liability		18,782,219 (2)	
Net increase (decrease)			(49,346,600)
Surplus at Sept. 30, 2024 after adjustment			(\$41,695,631) (3)

NOTES TO FINANCIAL STATEMENTS

Note (1) – Excess P3 policy reserves: P3 holds the capitated reserves of Atrio’s policies on their books as a liability. Based on the capitation agreement, P3 is required to maintain cash and investments sufficient to cover the Atrio policy reserves reflected on their balance sheet per paragraph 3 of Attachment 4 to the P3 Medicare Advantage Services Agreement. At Sept. 30, 2024, P3 had \$62,962,000 in cash and investments and were carrying Atrio policy reserves of \$93,526,381. The examination finding is that the excess Atrio policy reserves will be required to be carried on Atrio’s balance sheet due to collectability concerns and P3’s violation of the Medicare Advantage Services Agreement in the amount of \$30,564,381 as of Sept. 30, 2024.

Note (2) – Risk adjustment program liability: Atrio collected \$28 million in funds through the 2010-15 risk adjustment payment submission (RAPS) process that ultimately did not belong to Atrio and should have been repaid. Ultimately, CMS recouped the 2015 overpayments but \$18,782,219 remains unpaid. The overpayment creates a statutory liability and the liability should be reflected in Atrio’s financial statements. This statutory liability is reflected as an examination adjustment for purposes of this report.

Note (3) – Total capital and surplus: Total capital and surplus after exam adjustments amounts to (\$41,695,631), this is below the minimum capital and surplus requirements pursuant to ORS 750.045 and ORS 731.554 and ORS 733.580 of \$2.5 million.

I recommend the company become compliant with the minimum capital and surplus requirements pursuant to ORS 750.045, ORS 731.554, and ORS 733.580 which is due by Sep. 15, 2025.

LIMITED SCOPE EXAMINATION RECOMMENDATIONS:

1. Escrow agreement – Risk adjustment processing system liability
 - a. I recommend the company comply with statutory accounting principles noted above regarding the RAPS liability or overpayment which creates a statutory liability and that the liability should be reflected in Atrio's financial statements.
 - b. It is further recommended the company comply with statutory accounting principles noted above in regards to the escrow account funds, that "such assets shall not be recognized as an admitted asset on the balance sheet," and be removed from the company's financial statement.
 - i. Status update 10/20/25: Atrio submitted a new agreement to DFR on Sept. 30, 2025, which was reviewed and determined that it met the requirements in order for the company to admit the asset and report the liability on their financial statements. It also contained the signatures of all parties of the original agreement.
2. Affiliated receivable – P3 health partners
 - a. I recommend the P3 /Atrio TPA agreement needs to be amended to require that at least 50 percent or more of the capitated premium payment from Atrio to P3 be placed into a trust account for the payment of future claims. Atrio lacks the assets to pay over the capitated premium payment and then front the claims payments on behalf of P3.
 - i. Status update Oct. 20, 2025: It was agreed that ATRIO will file an amended P3 capitation and TPA agreement (Form D) by Sept. 30, 2025 that reflects that ATRIO will hold all capitated premium and pay the P3 claims from the capitated premium with an annual settlement and true up. DFR received an amended Form D from the company on Oct. 2, 2025, which has been approved.
3. Excess policy reserves – P3 health partners
 - a. I recommend the P3/Atrio capitation agreement needs to be amended to require P3 to hold sufficient assets in support of capitated Atrio policy reserves in a collateral account for the benefit of Atrio.
 - i. Status update Oct. 10, 2025: Additionally, it was agreed that P3 must adhere to the requirement in the P3 capitation agreement that requires P3 to carry cash and investments equal to the amount of ATRIO policy reserves held as liabilities by P3. DFR received an amended Form D from the company on Oct. 2, 2025, which has been approved.
4. Evaluation of the unpaid claims liability
 - a. No exceptions were noted. The uncapitated reserves appear to be fairly stated at Sept. 30, 2024 in the amount of \$22,229,544.
 - i. Status update Oct. 20, 2025: It was agreed that ATRIO will report bi-weekly to DFR the aging and total of provider claims outstanding as well as copies of all status

reports submitted to CMS. Company has provided the reports from May 8, 2025 through Oct. 27, 2025 to the department for internal review.

5. Investigation of provider complaints

- a. I recommend the P3 /Atrio TPA agreement needs to be amended to require that at least 50 percent or more of the capitated premium payment from Atrio to P3 be placed into a trust account for the payment of future claims. Atrio lacks the assets to pay over the capitated premium payment and then front the claims payments on behalf of P3.

- i. Status update Oct. 20, 2025: *As described above, the company has entered into a new capitation agreement that has been approved.*

6. Viability of the 2025 business plan

- a. I recommend the company continue to explore operational cost reductions, which includes amendments to the P3 /Atrio TPA agreement as noted above.

- i. Status update Oct. 20, 2025: *To the recommendation of P3/Atrio TPA agreement, as described above, the new agreement has been approved. The company continues to explore ways to make operational cost reductions.*

- b. I recommend the company acquire adequate resources to improve their financial reporting to DFR.

- i. Status update Oct. 20, 2025: *It was agreed that ATRIO will take the necessary actions to contract with a vendor to help file correct monthly, quarterly, and annual statements with DFR. ATRIO is in the process of finding a vendor to help improve their financial reporting.*

7. Total capital and surplus

- a. I recommend the company become compliant with the minimum capital and surplus requirements pursuant to ORS 750.045 due by Sept. 15, 2025.

- i. Status update Oct. 20, 2025: *It was agreed that ATRIO will provide additional necessary capital infusions in 2025. Thus far the company has contributed \$61 million and has agreed to infuse an additional \$43 million by year end. ATRIO will use the capital contributions and converted note funds identified above only to pay outstanding provider claims. In addition, debt service and any other payments made by ATRIO outside of the ordinary course of business must be approved by DFR.*

8. Accounts and records

- a. I recommend the plan provide future record requests timely in order to properly facilitate the examination in accordance with ORS 731.308(3).

ACKNOWLEDGEMENT

The cooperation and assistance extended by the officers and employees of the plan and Chicago Pacific Founders during the examination process are gratefully acknowledged.

In addition to the undersigned, Scott Pearce for CACLO, and Mark Giffin, CFE for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, all participated in this examination.

Sincerely,

/s/ Joe Holloway

Joe Holloway, CFE
Chief Executive Officer
CA Conservation and Liquidation Office (CACLO)/Regulatory Services Group
100 Pine Street, Suite 725
San Francisco, CA 94111

AFFIDAVIT

STATE OF CALIFORNIA)

County of San Francisco)

Joe Holloway, CFE, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of ATRIO Health Plans, Inc., Salem, Oregon.
2. The Division of Financial Regulation of the Department of Consumer and Business Services of the State of Oregon is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report. The examination of ATRIO Health Plans, Inc. was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

/s/ Joe Holloway

Joe Holloway, CFE

Chief executive officer

CA Conservation and Liquidation Office (CACLO) /

Regulatory Services Group

Subscribed and sworn to before me this _____ day of _____, 2025.

Notary Public in and for the State of California

My commission expires: _____