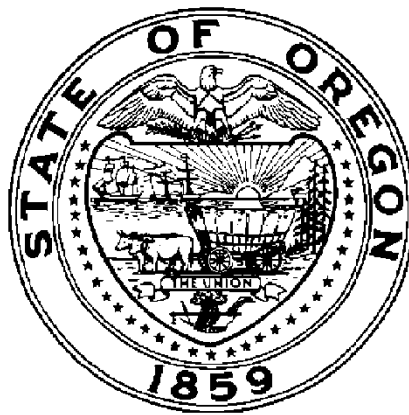


**STATE OF OREGON**  
**DEPARTMENT OF**  
**CONSUMER AND BUSINESS**  
**SERVICES**  
**DIVISION OF FINANCIAL**  
**REGULATION**



**REPORT OF LIMITED-SCOPE FINANCIAL EXAMINATION**

**OF**

**MODA HEALTH PLAN INC.**  
**PORTLAND, OREGON**

**AS OF**

**DEC. 31, 2022**

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

REPORT OF LIMITED-SCOPE FINANCIAL EXAMINATION

OF

**MODA HEALTH PLAN INC.  
PORTLAND, OREGON**

**NAIC COMPANY CODE 47098**

AS OF

DEC. 31, 2022

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## **SALUTATION**

March 24, 2025

Honorable Andrew Stolfi, director  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon  
350 Winter St. NE  
Salem, OR 97301-3883

Dear Director Stolfi:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*, pursuant to ORS 731.300 and 731.302, respectively, we have performed a limited-scope examination of the status of remediation of Management Letter and Exam Report issues from the 2019 financial examination of

**MODA HEALTH PLAN INC.  
601 SW Second Ave.  
Portland, OR 97204**

**NAIC Company Code 47098**

Hereinafter referred to as the “plan.” The following report is respectfully submitted.

## **SCOPE OF EXAMINATION**

We have performed a single-state, limited-scope, financial examination of Moda Health Plan Inc. The last examination of this health care service contractor was a full-scope examination completed as of Dec. 31, 2019. This limited-scope examination covers the three-year period of Jan. 1, 2020, through Dec. 31, 2022, specific to issues noted in the 2019 Management Letter and Exam Report.

We conducted our examination pursuant to ORS 731.300 and in accordance with ORS 731.302, which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners Handbook*.

Accounts and activities specific to intercompany agreements, administrative services only (ASO) reporting, and contracts were considered according to the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the effect of such adjustment will be documented separately following the plan's financial statements.

This examination report includes significant findings of fact, as mentioned in ORS 731.302 and in 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 and proprietary information), are not included within the examination report but separately communicated to other regulators and the plan.

## **COMPANY HISTORY**

The plan was incorporated in 1988 under the laws of the Oregon Insurance Code as a for-profit life and health insurer under ORS Chapter 732. The plan received its Certificate of Authority as a domestic life and health insurer on Dec. 28, 1988. In 1992, the plan sought to amend its Certificate of Authority to become a property and casualty insurer. An amended Certificate of Authority was granted on Jan. 5, 1993. Effective Jan. 1, 1992, the Oregon Dental Association (ODA) contributed 100 percent of the capital stock of the plan to Health Services Group (HSG – now Moda Partners Inc. (MPI)), the current direct parent.

On June 22, 1999, HSG formed and incorporated a new subsidiary named Oregon Dental Service Health Plan (ODSHP) Acquisition Sub Inc., under the laws of the State of Oregon. The Oregon Secretary of State Corporation Division registered this plan as a domestic business corporation. The plan was merged with and into this corporation, and a new Certificate of Authority was granted on Oct. 8, 1999, as a health care service contractor under ORS Chapter 750. On Oct. 19, 1999, ODSHP Acquisition Sub changed its name to Oregon Dental Service Health Plan Inc.

On Nov. 27, 2000, the Oregon Insurance Division approved a corporate reorganization in which ODA, the ultimate controlling entity of the company and the sole shareholder of HSG, donated all of its outstanding HSG stock to Oregon Dental Service (ODS). As a result, HSG and all its subsidiaries became a direct or indirect subsidiary of ODS.

On Nov. 16, 2012, the plan amended its Articles of Incorporation, changed its name to Moda Health Plan Inc. and received its amended Certificate of Authority effective Jan. 24, 2013. The company experienced substantial negative net income in 2014 through 2016 and was operating in a hazardous condition as described in OAR 836-013-0110 until March 2019, when it was released

from its risk-based capital plan. The company received payment for risk corridor payments from the United States government in the amount of \$248.9 million in the third quarter of 2020. The company then distributed \$118.9 million to its immediate parent MPI as a dividend and a partial return of contributed capital on Sept. 16, 2020. On Nov. 13, 2020, the company distributed an additional \$35 million to MPI as a dividend.

The company also distributed its three wholly owned subsidiaries, BenefitHelp Solutions Inc., ODS Community Health Inc., and Payless Drug Stores Inc., totaling \$46.5 million to MPI on Oct. 31, 2021. This transaction was approved by the Oregon Division of Financial Regulation on Oct. 31, 2021. The distribution was accounted for as a return of previously contributed capital.

## **SURPLUS**

### **Capitalization**

Under Article III of the Restated Article of Incorporation, the plan is authorized to issue 2,000,000 shares of common stock of \$1.25 par value per share. The outstanding stock certificates are 100 percent owned by Moda Partners Inc. (MPI).

### **Surplus notes**

The plan reported issuance of two surplus notes, as follows:

<u>Purchaser</u>	<u>Issued</u>	<u>Principal</u>	<u>Rate</u>	<u>Maturity</u>
OEA Choice Welfare Benefit Trust	07/01/2017	\$ 10,000,000	6.55%	06/30/2024
Oregon Health Sciences University	12/15/2014	<u>50,000,000</u>	4.00%	12/15/2024
Total		<u>\$ 60,000,000</u>		

The notes were approved by the Oregon Division of Financial Regulation (DFR) and each payment of interest of the surplus notes was made with the prior approval of the director of the Department of Consumer and Business Services, in compliance with Statement of Statutory Accounting Principles (SSAP) No. 41.

As of the date of this report, the surplus notes discussed above have been fully repaid.

**Dividends to stockholders and other distributions**

On Sept. 23, 2020, the plan made an extraordinary distribution in the amount of \$118.9 million to MPI that was then passed on to the parent company, Oregon Dental Service (ODS). The distribution was approved by DFR on Aug. 31, 2020. The proceeds were used as a settlement of outstanding preferred stock in MPI held by ODS.

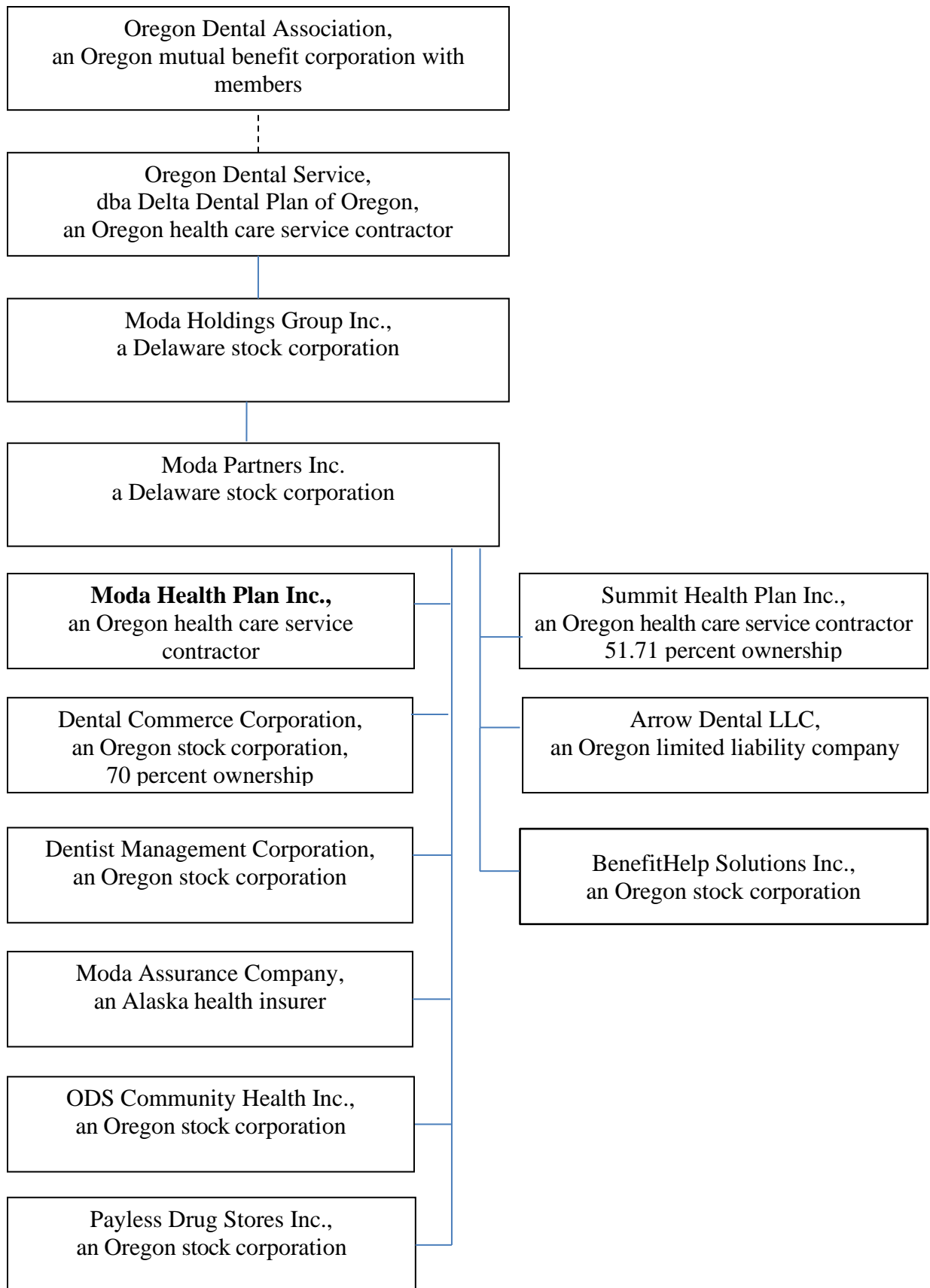
On Nov. 12, 2020, the plan paid an extraordinary dividend in the amount of \$35 million to the parent company (MPI) for the purposes of repaying debt acquired by MPI as part of the 2016 risk-based capital plan, including accumulated interest that was due Nov. 15, 2020. The dividend was approved by DFR on Nov. 9, 2020.

In addition to dividends and a return of capital listed above, the company paid a \$20 million dividend to MPI that was approved by DFR on July 30, 2021, and a \$5 million dividend that was approved by DFR on Nov. 16, 2022.

**INSURANCE COMPANY HOLDING SYSTEM**

The plan filed an insurance holding company registration statement according to the provisions of ORS 732.552, ORS 732.554, and Oregon Administrative Rule (OAR) 836-027-0020(1). The following abbreviated organizational chart depicts the relationship between the related entities of the plan (ownership is 100 percent unless otherwise indicated):





A description of the direct entities above is as follows:

Oregon Dental Association (ODA) is an Oregon nonprofit professional association formed in 1949. It is one of the five constituent dental societies that comprise the American Dental Association's Eleventh Trustee District. ODA members are dentists licensed in Oregon. The ODA Board of Trustees appoints all but one of the directors of the plan's board and could be considered the ultimate controlling entity.

Oregon Dental Service dba Delta Dental of Oregon (ODS) is an Oregon nonprofit health care service contractor formed in 1961 under the sponsorship of the ODA. It received its Certificate of Authority on July 23, 1962, and writes dental insurance in the states of Alaska and Oregon.

Moda Holdings Group Inc. is a Delaware stock corporation formed in 2019 to hold an investment in Moda Partners Inc., subsequent to the acquisition of 49.5 percent of the shares of Moda Partners Inc. by Delta Dental of California. It is 100 percent owned by ODS.

Moda Partners Inc. (MPI) (fka Moda Inc.) is a Delaware for-profit stock corporation formed in 2019 as a management company. It maintains all employees, facilities, and operations used by the plan under a management agreement described below. MPI owns all the outstanding shares of the plan and is the direct parent.

Arrow Dental LLC is an Oregon limited liability company formed to serve the Medicaid consumer dental market.

Dental Commerce Corporation (DCC) is an Oregon corporation incorporated on May 2, 2011. Its purpose is to finance dentist offices and equipment purchases.

Dentists Management Corporation (DMC) is an Oregon corporation incorporated on Aug. 4, 1981. Its primary function is to market a dental practice management system known as DAISY.

Moda Assurance Company is a stock corporation and a licensed health insurer in Alaska. The entity was formed in 2019 and began to write major medical policies for individual insurance coverage on Jan. 1, 2020.

Summit Health Plan Inc. is a stock company licensed in Oregon. It was formed in 2019 but ultimately incorporated in 2020 and began writing Medicare Advantage business in eastern Oregon in 2021.

Benefit Help Solutions Inc. is an Oregon corporation operating as a third-party administrator and was incorporated on Jan. 26, 1994.

ODS Community Health Inc. was incorporated in December 2003 for the purpose of handling business of the Oregon Health Plan through the Division of Medical Assistance Programs (now the Oregon Health Authority). With other partners, it formed Eastern Oregon Coordinated Care Organization (EOCCO) LLC.

Payless Drug Stores Inc. (Payless) is a stock corporation. It serves as a holding company for standalone pharmacy entities. Payless' majority-owned subsidiary is Ardon Holdings, LLC (Ardon Holdings). Ardon Holdings' wholly owned subsidiaries are Ardon Health, LLC (Ardon) and Emerging Health, LLC (Emerging). Ardon is a retailer of specialty pharmaceuticals, offering a wide range of medications, such as injectables and oncology therapies. Emerging is a pharmacy and infusion center, providing pharmacy services and in-office or at-home infusion services.

## **INTERCOMPANY AGREEMENTS**

The examiners reviewed all agreements that were filed with DFR to ensure compliance with the intercompany agreement listing in the 2019 Management Letter regarding the failure to file and receive approval from the division. The company did not file amended agreements in a timely manner and were noncompliant with ORS 732.574(2)(a)-(B), which states: *A domestic insurer and any person in the domestic insurer's insurance holding company system may enter into a transaction described in this subsection, including an amendment to or modification of an affiliate agreement that is subject to standards set forth in this section, only if: (A) the domestic insurer has notified the director of the domestic insurer's intention to enter into the transaction in writing and not later than the 30th day before the transaction, or within a shorter period the director allows; and (B) the director does not disapprove the transaction within the period.*

#### **Failure to file a Form D in a timely manner**

In review of the intercompany agreements, the examiner noted the following agreements that were not filed timely:

Amended and Restated Management Services Agreement between Moda Partners Inc. and multiple entities effective Jan. 1, 2023, not filed for approval until May 8, 2023.

Administrative Services Agreement between Moda Health Plan Inc. and Summit Health Plan Inc. effective Jan. 1, 2023, not filed for approval until May 31, 2023.

Pharmacy Services Agreement between Moda Health Plan Inc. and Ardon Health LLC effective Jan. 1, 2023, not filed for approval until Sept. 25, 2023.

Participating Provider Agreement between Moda Health Plan Inc. and Emerging Health LLC effective July 1, 2022, not filed for approval until Sept. 15, 2023.

Participating Program Agreement between Moda Health Plan Inc. and Eastern Oregon Coordinated Care Organization (EOCCO) effective Jan. 1, 2023, not filed for approval until Sept. 18, 2023.

Participating Program Agreement between Moda Health Plan, Inc. and OHSU Health IDS LLC effective Dec. 21, 2021, not filed for approval until Sept. 18, 2023.

Promissory Note between Moda Partners Inc. and Moda Health Plan Inc. effective July 31, 2023, not filed for approval until Oct. 20, 2023.

**It is recommended the plan adopt policies and procedures to ensure it is always in compliance with ORS 732.574(2).**

### **TERRITORY AND PLAN OF OPERATION**

The plan is licensed in Alaska, California, Idaho, Oregon, Texas, and Washington, but only actively writes in Alaska, Texas, and Oregon. The plan offers commercial comprehensive individual and group (small and large) plans, minimum premium plans, administrative service only (ASO), Medicare supplement plans and Medicare Advantage PPO (Title XVIII), both with and without prescription drug coverage. The majority of the plan's business is ASO and resides in two large state employee accounts (Oregon Educators Benefit Board and Public Employees' Benefit Board contracts).

The plan's health products are supported by key physician and hospital networks in Oregon. The plan sells its commercial products through a network of appointed brokers/consultants and has been certified to offer plans through the Oregon Health Insurance Marketplace as part of the Affordable Care Act.

In addition to its insured business, the plan acts as a third-party administrator for many self-insured groups through ASO arrangements. Premiums and claims associated with ASO business, and the uninsured portion of partially insured business are excluded from statutory financial statements. Under an ASO prefunding arrangement, the claims are not paid until the plan's bank account has been funded by the group to cover the claims payment.

A minimum premium plan is part of the ASO business that is identified as partially insured business. The plan carries the risk to insure that portion of the ASO business and is identified as its exposure above a stop-loss threshold. At year-end, any stop-loss component should be included in the incurred but not reported reserve (IBNR) and the associated premiums and claims be reported as direct business of the plan.

The records maintained by the plan regarding uninsured plans included sufficient information to determine the accuracy of the reported amounts in the annual statement. The examiners reviewed the contracts of the employer groups and noted the plan corrected its accounting for the ASO contracts to be in compliance with SSAP No. 47 and the NAIC Annual Statement Instructions for Health manual.

### **ACCOUNTS AND RECORDS**

In general, the plan's records and source documentation supported the amounts presented for the specific lines tested of the plan's Dec. 31, 2022, annual statement in the course of the limited-scope examination. The source documentation presented was maintained in a manner by which those amounts tested were readily verifiable pursuant to the provisions of ORS 733.170.

### **COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS**

The 2022 limited-scope risk focused examination disclosed the following in response to the prior examination recommendations:

1. I recommend the plan amend the Management Services Agreement as follows per the requirements of SSAP No. 24, paragraph 8, and ORS 732.574(1)(a) through (d):
  - Have all parties to the agreement, including affiliated companies, sign the agreement.
  - Have the agreement specifically state that it is between Moda Partners Inc. (MPI) and the affiliated companies, so it is clear what applies to the plan and what applies to affiliated companies.
  - Have the allocation methodologies for indirect expenses specifically outlined in the agreement.
  - Have sections of the agreement that are vague and general be made more specific or made into separate agreements (i.e., clarification on required insurance coverages);
  - Have the agreement clarify that essential services to policyholders may not be immediately suspended or terminated without the approval of the Division of Financial Regulation.
  - Have the agreement specify due dates for payments in regards to all intercompany activities and intercompany loans.
  - Amend the agreement to include an accurate listing of existing affiliated companies of MPI.
  - Amend the agreement to reflect the name change of an affiliate from ODS Health Plan Inc. to Moda Health Plan Inc.

**The plan updated the Management Services Agreement but failed to file a timely Form D with the Division of Financial Regulation for this intercompany agreement. The plan is in violation of ORS 732.574(2)(a). Refer to the Intercompany Agreements section, Page 11.**

2. I further recommend the plan incorporate into the Management Services Agreement for a lease/rental provision between Moda Partners Inc. and each named affiliated company that specifies rent charges or at least the rent allocation methodology to be used, settlement dates, and consequences if settlement is not made by the due date, pursuant to the requirements of SSSAP No. 25 and ORS 732.574(1)(a) through (d).

**The plan amended its Management Services Agreement. Refer to the Intercompany Agreements section, Page 11.**

3. I recommend the plan bring the Tax Consolidated Agreement into compliance with ORS 732.574(1)(a) by following industry standard best practices and specifically state that allocations of taxes payable and refunds will be computed on a separate tax liability basis.

I further recommend the plan ensure that each party named in the agreement sign the document by stating the name of the company and an authorized individual of the company sign on behalf of the company and ensure any future entities are included in the Tax Consolidated Agreement and are signatories to the agreement.

**The plan updated the Tax Consolidated Agreement in compliance with ORS 732.574(1)(a) and each party named in the agreement signed the document.**

4. I recommend the plan immediately file a Form D on the Participation Agreement between Moda Health Plan Inc. and EOCCO and adopt policies and procedures to ensure the Plan is always in compliance with ORS 732.574.

**The Form D for the Participation Agreement, effective Jan. 1, 2023, between Moda Health Plan Inc. and EOCCO was not filed until Sept. 18, 2023. The company is in violation of ORS 732.574.**

5. I recommend the plan either amend and file its Management Service Agreement with MPI to include intercompany expense allocations and any pre-settlements or file a new agreement under a Form D for approval by the Division of Financial Regulation. Additionally, I recommend the plan adopt and implement policies and procedures that ensure all transactions between affiliated entities are in compliance with SSAP No. 25, paragraph 8, and ORS 732.574(2).

**The plan did amend the Management Services Agreement and replaced it with the Amended and Restated Management Services Agreement between Moda Partners Inc. and multiple entities. However, the plan did not timely file a Form D with the Division of Financial Regulation as required under ORS 732.574(2)(a). Refer to the Intercompany Agreements section, Page 11.**

6. I recommend the plan evaluate its entire book of business recorded as uninsured or partially insured plans and properly report its results in accordance with SSAP No. 47 and the NAIC Annual Statement Instructions for Health manual.

**The plan was found to appropriately report its uninsured and partially insured plans in compliance with SSAP No. 47 and the NAIC Annual Statement Instructions for Health manual.**

7. I recommend the plan properly list statutory deposit totals in Schedule E – Part 3 of the annual statement, according to the provisions of ORS 731.574(1) and the annual statement instructions.

**The plan was found to appropriately list the statutory deposit totals in Schedule E – Part 3 in compliance with the provisions of ORS 731.574(1) and the NAIC Annual Statement Instructions for Health manual.**



8. I recommend the plan report the cumulative claims amounts under the MPP contract as incurred claims, per the requirements of SSAP No. 47, paragraph 4.

**The plan updated its OEGB contract to include a stop-loss coverage component. As a result, the company was found to be in compliance with uninsured and partially insured business reporting of SSAP No. 47.**

9. I recommend the plan properly report pharmaceutical rebates under Healthcare and Other Amounts on the Assets page of all future statement filings to comply with the NAIC Annual Statement Instructions for Health manual.

**The plan was found to properly report pharmaceutical rebates under Healthcare and Other Amounts on the Assets page in compliance with NAIC Annual Statement Instructions for Health manual.**

10. I recommend the plan properly report only the amounts of recoverables from self-insured plans that are collected within 90 days of recording, according to ORS 733.020 and SSAPs Nos. 4 and 47.

**The plan was found to have reported the majority of the amounts recoverable from self-insured plans collected within 90 days of recording but could not produce an aged receivables report for approximately 9 percent of the amounts reported for the examiner to determine if the amounts were in excess of 90 days due.**

### **SUBSEQUENT EVENTS**

On Dec. 12, 2023, the Alaska Division of Insurance conducted a hearing regarding a request from Moda Assurance Company (MAC), an Alaska domiciled company, to merge with Moda Health Plan Inc. (MHPI), an Oregon domiciled company. As there were no comments or objections to the merger, the Alaska Division of Insurance approved the merger on Dec. 27, 2023. Under the Agreement of Merger, on January 1, 2024, MAC was merged with and into MHPI with MHPI being the surviving insurer. All of the issued and outstanding shares, assets, liabilities, and policyholders of MAC will be contributed to MHPI. MHPI, which is licensed to transact insurance in Alaska, will continue to transact health insurance in Alaska following the merger. It is noted this event has no effect on the limited-scope examination.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the plan with the Division of Financial Regulation and present the financial condition of the plan for the period ending Dec. 31, 2022. The financial statements are prepared by management and therefore, the responsibility of management. These statements include:

- Statement of Assets
- Statement of Liabilities, Capital and Surplus
- Statement of Revenue and Expenses
- Reconciliation of Surplus since the Last Examination

**MODA HEALTH PLAN INC.**  
**STATEMENT OF ASSETS**  
**As of Dec. 31, 2022**

<b>Assets</b>	<b>Net admitted assets</b>
Bonds	\$ 119,221,456
Common stocks	59,148,554
Cash, cash equivalents and short-term investments	(9,196,582)
Aggregate write-ins for invested assets	<u>-</u>
Subtotal, cash, and invested assets	<u>169,173,428</u>
Investment income due and accrued	503,034
Premiums and considerations	
Uncollected premiums, agents' balances in course of collection	657,771
Accrued retrospective premiums and contracts subject to redetermination	15,156,709
Reinsurance	
Amounts recoverable from reinsurers	21,687,785
Amounts receivable related to uninsured plans	34,268,242
Federal income tax recoverable	
Net deferred tax assets	3,756,091
Receivable from parent, subsidiaries and affiliates	3,300,169
Health care and other accounts receivable	128,350,089
Aggregate write-ins for other than invested assets	<u>612,576</u>
Total Assets	<u>\$ 377,465,894</u>

**MODA HEALTH PLAN INC.**  
**STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS**  
**As of Dec. 31, 2022**

	<b>Current year total</b>
Claims unpaid	\$ 55,975,000
Accrued medical incentive pool and bonus amounts	2,133,863
Unpaid claims adjustment expense	3,219,049
Aggregate health policy reserves	10,313,352
Premiums received in advance	6,663,482
General expenses due or accrued	10,894,047
Current FIT payable	375,613
Ceded reinsurance premiums payable	291,532
Remittances and items not allocated	602,621
Amounts due to parent, subsidiaries, and affiliates	1,674,073
Liability for amounts held under uninsured plans	174,002,776
Aggregate write-ins for liabilities	<u>800,374</u>
Total liabilities	<u>\$ 266,945,782</u>
Common capital stock	\$ 2,500,000
Gross paid-in and contributed capital	23,186,787
Surplus notes	60,000,000
Unassigned funds (surplus)	<u>24,833,325</u>
Surplus as regards policyholders	<u>\$ 110,520,112</u>
Total liabilities, surplus, and other funds	<u>\$ 377,465,894</u>

**MODA HEALTH PLAN INC.**  
**STATEMENT OF REVENUE AND EXPENSES**  
**For the Year Ended Dec. 31, 2022**

	Current year total
<b>Revenue</b>	
Net premium income	\$ 604,715,763
Aggregate write-ins for health care related revenues	<u>2,061,938</u>
Total revenue	<u>606,777,701</u>
 Hospital and Medical:	
Hospital/medical benefits	347,435,057
Other professional services	34,830,574
Outside referrals	34,128,102
Emergency room and out-of-area	35,303,176
Prescription drugs	109,812,735
Aggregate write-ins for other hospital and medical	-
Incentive pool, withhold adjustments, and bonus amounts	<u>1,268,497</u>
Subtotal	562,778,141
 Less:	
Net reinsurance recoveries	<u>32,870,532</u>
Total medical and hospital	529,907,509
Non-health claims	-
Claim adjustment expenses	44,091,860
General administrative expenses	31,416,258
Increase in reserves for life and accident and health contracts	<u>-</u>
Total underwriting deductions	<u>605,415,727</u>
Net underwriting gain or (loss)	<u>1,361,974</u>
Net investment income earned	(229,000)
Net realized capital gains (losses)	<u>750,140</u>
Net investment gains (losses)	521,140
Net gain or (loss) from agents' or premium balances charged off	-
Aggregate write-ins for other income or expense	769,481
Federal income taxes incurred	<u>1,486,836</u>
Net income	<u>\$ 1,165,759</u>

**MODA HEALTH PLAN INC.**  
**RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION**  
**For the Year Ended Dec. 31,**

	2022	2021	2020	2019
Surplus as regards policyholders, Dec. 31, previous year	<u>\$136,424,928</u>	<u>\$178,759,770</u>	<u>\$ 99,616,107*</u>	<u>\$130,757,252</u>
Net income (loss)	1,165,759	39,748,074	227,811,309	6,250,380
Change in net unrealized capital gains or (losses)	(12,871,297)	(13,576,239)	13,697,484	(23,531,216)
Change in net deferred income tax	3,771,148	729,100	(29,001,347)	(4,513,211)
Change in non-admitted assets	(12,970,426)	(4,189,227)	20,581,296	(12,386,625)
Change in provision for reinsurance	-	-	-	-
Change in surplus notes				(13,953,333)
Cumulative effects of changes in accounting principles	-	-	-	-
Capital changes:				
Paid in	-	-	-	-
Transferred from surplus (stock dividend)	-	-	-	-
Transferred to surplus	-	-	-	-
Surplus adjustments:				
Paid in	-	(165,405,104)		-
Transferred to capital (stock dividend)	-	-	-	-
Transferred from capital	-	-	-	-
Distributions to parent (cash)	(5,000,000)	(20,000,000)	(153,945,079)	(25,000,000)
Change in treasury stock	-	-	-	-
Examination adjustment		-	-	(41,992,860)
Aggregate write-ins for gains and losses in surplus	<u>-</u>	<u>120,358,554</u>	<u>-</u>	<u>-</u>
Change in surplus as regards policyholders for the year	<u>(25,904,816)</u>	<u>(42,334,842)</u>	<u>79,143,663</u>	<u>(73,134,005)</u>
Surplus as regards policyholders, Dec. 31, current year	<u>\$110,520,112</u>	<u>\$136,424,928</u>	<u>\$178,759,770</u>	<u>\$ 57,623,247*^</u>

^ Per Examination

\*NOTE: The difference in surplus amounts ending 2019 and beginning 2020 are due to the 2019 examination report adjustment in the plan's surplus that was not adjusted by the plan in its 2020 annual statement.

## **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

No adjustments to surplus were noted during the limited-scope examination. The following is a summary of the recommendations made in this report:

Page

12-14, 16 The 2019 financial examination stated several intercompany agreements were in operation that had never been filed for approval with the Division of Financial Regulation, a violation of ORS 732.574(2). It was recommended the plan immediately file Form Ds with the division for approval of the intercompany agreements. This limited-scope examination noted those intercompany agreements were amended and/or replaced but were in operation several months before the plan filed Form Ds with the division for approval of the intercompany agreements. The plan continues to be in violation of ORS 732.574(2).

**The recommendation stands from the 2019 financial examination that the plan adopt and implement policies and procedures to ensure compliance with ORS 732.574(2) regarding all intercompany agreements.**

12-14, 16 The prior examination review of the Management and Administrative Services Agreement recommended the plan adopt and implement policies and procedures that ensure all transactions between affiliated entities are in compliance with SSAP No. 25, paragraph 8, and ORS 732.574(2)(a)(B). An Amended and Restated Management and Administrative Services Agreement between Moda Partners Inc. and several entities was entered into effective Jan. 1, 2023.

**The Form D for the Amended Management and Administrative Services Agreement, effective Jan. 1, 2023, was not filed until May 8, 2023. The company is in violation of ORS 732.574.**

17 The plan was directed in the 2019 financial examination report to properly report only the amounts recoverable from self-insured plans that are collected within 90 days of recording, according to ORS 733.020 and SSAPs Nos. 4 and 47.

**The plan was found to have reported the majority of the amounts recoverable from self-insured plans collected within 90 days of recording but could not produce an aged receivables report for approximately 9 percent of the amounts reported for the examiner to determine if the amounts were in excess of the 90 days due. It is recommended the plan ensure it has all supporting documents for amounts reported in the annual statement for compliance with ORS 731.308, Books and Records.**

## **CONCLUSION**

During the three-year period covered by this limited-scope examination, the surplus of the plan increased from \$57.6 million, as presented in the Dec. 31, 2019, report of examination, to \$110.5 million, as shown in this report. The comparative assets and liabilities are:

	<b><u>2022</u></b>	<b>Dec. 31, <u>2019</u></b>	<b><u>Change</u></b>
Assets	\$ 377,465,894	\$ 249,150,945	\$ 128,314,949
Liabilities	<u>266,945,782</u>	<u>191,527,698</u>	<u>75,418,084</u>
Surplus	\$ 110,520,112	\$ 57,623,247	\$ 52,896,865



### **ACKNOWLEDGMENT**

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

In addition to the undersigned, Barbara A. Bartlett, CPA (retired), MBA, CFE, senior manager; James Davis, CFE, associate; and Jan Moenck, CFE, partner, of Risk & Regulatory Consulting LLC; participated in this examination.

Respectfully submitted,

/s/ Mark Giffin  
Mark A. Giffin, CFE  
Senior insurance examiner  
Division of Financial Regulation  
Department of Consumer and Business Services  
State of Oregon

**AFFIDAVIT**

STATE OF OREGON)

County of Marion)

Mark A. Giffin, CFE, being duly sworn, states as follows:

1. I have authority to represent the State of Oregon in the examination of Moda Health Plan Inc., Portland, 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 workpapers and examination report. The limited-scope examination of Moda Health Plan Inc. was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

/s/ Mark Giffin  
Mark A. Giffin, CFE  
Senior insurance examiner  
Division of Financial Regulation  
Department of Consumer and Business Services  
State of Oregon

Subscribed and sworn to before me this 6th day of May, 2025

Cindy Engle  
Notary Public in and for the State of Oregon

My commission expires: 7/9/2027