

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



REPORT OF FINANCIAL EXAMINATION
OF
REGENCE HEALTH MAINTENANCE OF OREGON, INC.
PORTLAND, OREGON

AS OF

DECEMBER 31, 2020

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

REPORT OF FINANCIAL EXAMINATION

OF

**REGENCE HEALTH MAINTENANCE OF OREGON, INC.
PORTLAND, OREGON**

NAIC COMPANY CODE 96250

AS OF

DECEMBER 31, 2020

TABLE OF CONTENTS

SALUTATION	3
SCOPE OF EXAMINATION	4
COMPANY HISTORY	5
<i>Capitalization</i>	6
<i>Dividends to Stockholders and Other Distributions</i>	6
CORPORATE RECORDS	6
<i>Board Minutes</i>	6
<i>Articles of Incorporation</i>	7
<i>Bylaws</i>	7
MANAGEMENT AND CONTROL	7
<i>Board of Directors</i>	7
<i>Officers</i>	8
<i>Conflict of Interest</i>	8
<i>Insurance Company Holding System</i>	9
INTERCOMPANY AGREEMENTS	13
FIDELITY BOND AND OTHER INSURANCE	14
TERRITORY AND PLAN OF OPERATION	15
GROWTH OF THE COMPANY	15
LOSS EXPERIENCE	16
REINSURANCE	16
ACCOUNTS AND RECORDS	17
STATUTORY DEPOSIT	17
COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS	17
SUBSEQUENT EVENTS	17
FINANCIAL STATEMENTS	17
NOTES TO FINANCIAL STATEMENTS	23
<i>Note 1 – Invested Assets</i>	23
SUMMARY OF COMMENTS AND RECOMMENDATIONS	23
CONCLUSION	24
ACKNOWLEDGMENT	25
AFFIDAVIT	26

SALUTATION

January 20, 2022

Honorable Andrew Stolfi, Director
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE
Salem, Oregon 97301-3883

Dear Director:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

**REGENCE HEALTH MAINTENANCE OF OREGON, INC.
100 SW Market Street
Portland, Oregon 97204**

NAIC Company Code 96250

hereinafter referred to as the "Plan." The following report is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our regular, triennial, multi-state examination of Regence Health Maintenance of Oregon, Inc., conducted with the insurance regulators from the States of Idaho, Utah and Washington, for the coordinated examination of insurers under Cambia Health Solutions, Inc. (“Cambia”). Oregon was designated as the lead state. The examination was conducted in conjunction with the examination of seven affiliated health care service contractors and two life and health insurers. A separate report of examination will be prepared for each entity. The last examination of this health care service contractor was completed as of December 31, 2017. This examination covers the period of January 1, 2018 to December 31, 2020.

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*. The handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Plan and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Plan were considered in accordance with 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 impact 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 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 Plan.

COMPANY HISTORY

On November 27, 1985, BlueCross and BlueShield of Oregon (BCBSO) formed a for-profit stock subsidiary named NetWork Health Plan, Inc., incorporated with the funding of a one million dollars (\$1,000,000) capital contribution. On September 11, 1986, this company's name was changed to Health Maintenance of Oregon, Inc. The company received its Certificate of Authority to transact business as a domestic health care service contractor from the Division of Financial Regulation on November 19, 1986, under ORS Chapter 750. On March 2, 1987, the Company became a federally qualified, state registered, health maintenance organization. On September 8, 1997, the company adopted its current name.

From its inception until 1988, the Company operated independently. Effective November 15, 1988, Regence HMO Oregon (formerly known as Capitol Health Care, Inc.) entered into a "Plan and Agreement of Acquisition" with BCBSO. The agreement named BCBSO as Regence HMO Oregon's sole corporate member and gave BCBSO the authority to appoint the chairman of the Board of Directors, approve all directors, budgets, changes in product lines and amendments to Bylaws and Articles of Incorporation. Under the terms of the agreement, BCBSO transferred 100% of the issued and outstanding shares of stock of the Plan to its indirectly owned subsidiary, Capitol Health Care Management, Inc., a subsidiary of HMO Oregon.

Capitalization

Article III of the Plan's Articles of Incorporation authorizes issuance of 10,000 shares of no par voting common stock. The Plan issued 4,250 shares to its direct parent, Capitol Health Care Management, Inc., representing 100% of the shares outstanding. The stated value of each share was set at \$1,000.

Dividends to Stockholders and Other Distributions

During the period under examination, the Plan has not paid any cash dividends nor made any distributions to its sole member.

CORPORATE RECORDS

Board Minutes

In general, the review of the Board meeting minutes of the Plan indicated the minutes support the transactions of the Plan and clearly describe the actions taken by its directors. A quorum, as defined by the Plan's Bylaws, met at all of the meetings held during the period under review.

Neither the Plan's Articles nor its Bylaws authorize any standing committee, but does state the Board may appoint special committees for specific purposes and for a limited duration. Instead, the Plan relies on appointed committees of the ultimate parent, Cambia. There are six committees authorized to assist in the management of Cambia, as follows:

- Organizational and Governance Committee
- Investment Committee
- Audit and Compliance Committee
- Personnel and Compensation Committee
- Health Strategies Committee
- Consumer Enablement Committee

A review of the Board minutes indicated the compensation of Cambia's CEO is approved through the Personnel and Compensation Committee, which is then approved by the Board. Compensation of other senior officers, including the Plan's president, is indirectly approved through the Board's approval of an annual budget. This process complies with the provisions of ORS 732.320(3).

Articles of Incorporation

The Plan's Articles of Incorporation were last amended on September 8, 1997. No changes were made during the period under examination. The Articles of Incorporation conformed to the Oregon Insurance Code.

Bylaws

The Bylaws were last amended and restated on June 26, 2012. No changes were made during the period under examination. The Plan's Bylaws conform to Oregon statutes.

MANAGEMENT AND CONTROL

Board of Directors

The Bylaws, in Article II - Section 5, state the business affairs of the corporation shall be managed by its Board of Directors. Section 2 states the number of Directors constituting the Board of Directors shall not be more than seven (7) nor less than five (5). The Plan was governed by a five-member Board of Directors at December 31, 2020, as follows:

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Representative</u>	<u>Member Since</u>
John W. Attey Portland, Oregon	Senior VP and Chief Legal Officer Cambia Health Solutions	Plan	2015
Angela M. Dowling West Linn, Oregon	President and Chief Revenue Officer Regence BlueCross BlueShield of OR	Plan	2013

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Representative</u>	<u>Member Since</u>
Mark B. Ganz Portland, Oregon	Former President & CEO Cambia Health Solutions	Plan	2005
Vince P. Price Portland, Oregon	Executive VP and CFO Cambia Health Solutions	Plan	2009
Jared L. Short Ridgefield, Washington	President and CEO Cambia Health Solutions	Plan	2009

The Insurance Code requires at least one third of the Board of Directors be representatives of the public who are not practicing doctors, employees, or trustees of a participant hospital. As all the Plan's directors were employed by Cambia, the Plan was not in compliance with ORS 750.015. Additionally, the Plan has not designated a Chair of the Board, which may be contrary to the Bylaws. The examiners are not making any recommendations, since there are no policies in force and the Plan is essentially a shell company.

Officers

Principal officers serving at December 31, 2020, were as follows:

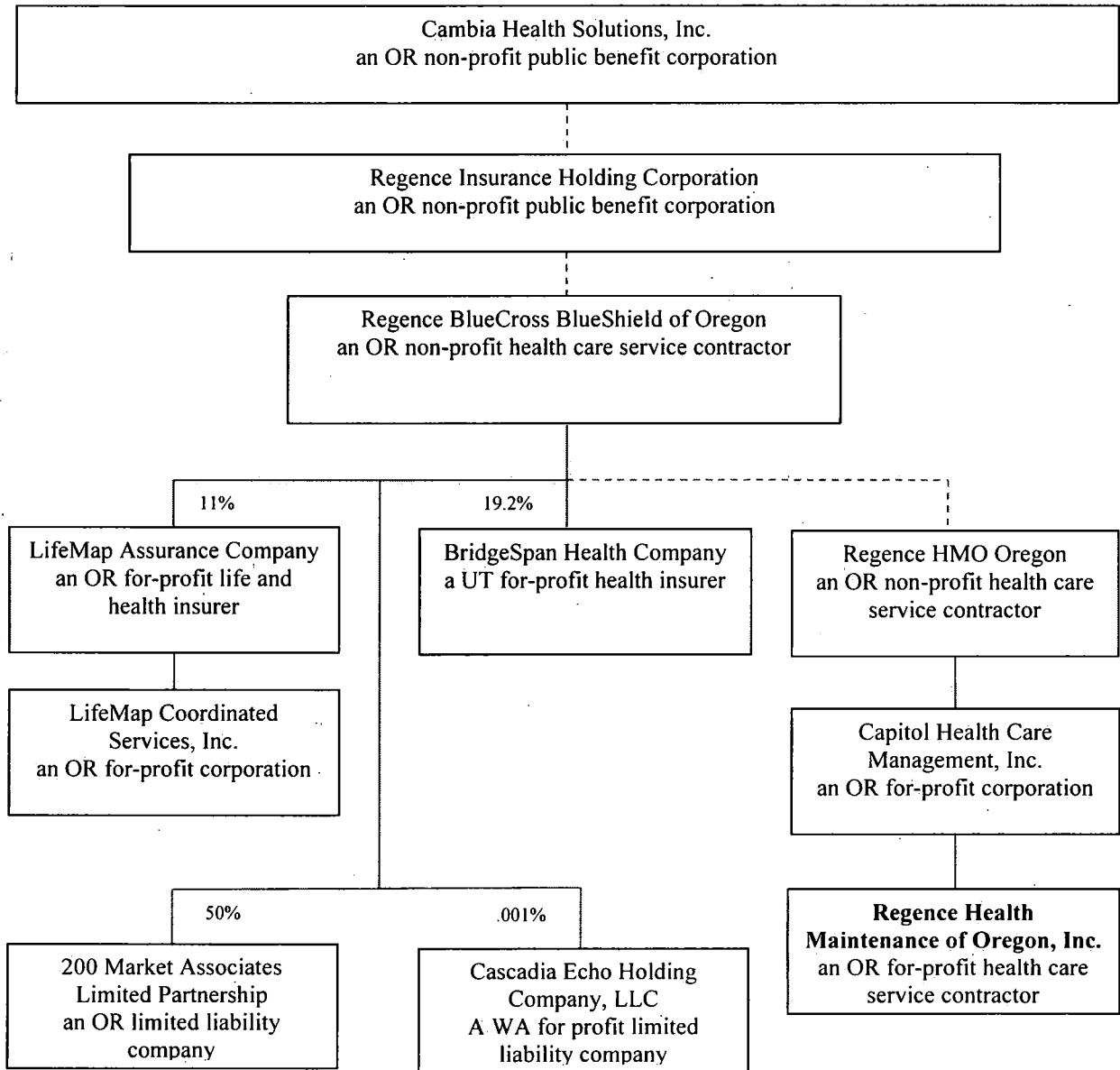
<u>Name</u>	<u>Title</u>
Angela M. Dowling	President
Andreas B. Ellis	Treasurer
Lisa T. Murphy	Secretary

Conflict of Interest

The Plan's Board adopted a formal statement of policy concerning conflict of interest for all directors, officers and responsible employees. Board members, senior officers and key employees are required to annually sign a conflict-of-interest declaration. From a review of the completed conflict of interest questionnaires, the Plan's personnel performed due diligence in completing the conflict-of-interest statements. No material conflicts of interest were noted.

Insurance Company Holding System

An insurance holding company registration statement was filed by the Plan in accordance with the provisions of ORS 732.552, ORS 732.554, and OAR 836-027-0020(1). The following condensed organizational chart depicts the relationships of the Plan within the holding company system:



Cambia owns or is the sole member of four non-insurance companies, as follows:

Regence Insurance Holding Corporation is an Oregon non-profit public benefit corporation established by Cambia on November 21, 2011. It operates as a holding company and is the sole corporate member for Regence BlueShield (RBS), Regence BlueCross BlueShield of Oregon (RBCBSO), and Regence BlueCross BlueShield of Utah (RBCBSU).

OmedaRx, Inc. is an Oregon for-profit taxable corporation that operates as a pharmaceutical benefits management program contracting with pharmacies, processing prescription claims, reviewing medication formularies, and providing educational tools for members and doctors. OmedaRx is a wholly owned subsidiary of Cambia.

Direct Health Solutions Corporation is an Oregon corporation incorporated on April 4, 2012, to act as a holding company for various insurance related businesses. It owns two direct subsidiaries, and one indirect subsidiary as follows:

MedSavvy, Inc. is a website that provides information about the effectiveness and cost of prescription medications for patients, caregivers and doctors. It assigns evidence-based letter grades to medications, making them easier to compare. Grades are based on objective criteria developed from best practices in evidence-based medicine, and assigned by a team of pharmacists who have specialized training in clinical evidence review and evaluation.

HealthSparq, Inc. was incorporated in Oregon on August 9, 2013, and is an online marketplace for employers and health providers. It is an integrated solution that transforms health by turning health care data into consumer information. HealthSparq, Inc. owns one direct subsidiary as follows:

Prism Services Group, LLC is a limited liability company that provides a web-based tool that allows health care consumers to search for providers, estimate healthcare costs and learn more about their health and wellness community.

Cambia Health Foundation is an Oregon tax-exempt, private foundation established by Cambia on June 11, 2007, as a 501(c)(3) corporation. It was formed to provide eleemosynary contributions in Idaho, Oregon, Utah and Washington, which benefits three core areas: 1) building healthier communities, 2) transforming health care, and 3) end-of-life issues. Its primary mission is to increase access to medical care for those who cannot afford it, while delivering and coordinating care with innovative methods that improve outcomes and address disparities in care.

Additional direct and indirect subsidiaries of Cambia include:

Journi, Inc. is a for-profit Oregon Corporation healthcare solutions company offering a mobile-enabled application that allows personnel to get health advice, find in-network providers, make appointments, view health history and deductible information available to organizations that offer health and wellness benefits to employees in the four states where Cambia operates its health plans. It is 100% owned by Cambia.

Cascadia Echo Holding Company is a Washington for-profit investment management company formed in 2016 by Cambia Health Solutions with various contributions from the plans. It is mainly funded through RBS, which has a 70.254% ownership interest. It owns 50% of Echo Health Ventures, LLC. This Holding Company is used to invest in non-insurance related entities which provide various services focusing on the consumer such as IT services; programs/applications, pharmacy benefit management services, network management, and health and wellness services.

LifeMap Coordinated Services, Inc. is an Oregon for-profit corporation that is a life insurance agency. This company is 100% owned by LifeMap Assurance Company.

Capitol Health Care Management, Inc. is an Oregon for-profit corporation that serves as a downstream holding company to own all stock of HMO subsidiaries. This company is 100% owned by Regence HMO Oregon.

200 Market Associates LP is an Oregon limited partnership formed on April 5, 1990, to hold and manage a commercial office building and park in Portland, Oregon. Market Building, LLC is the general partner. RBCBSO is a Class B limited partner (50% ownership interest) and John W. Russell is a Class C limiter partner. The partnership owns and operates the 200 SW Market Street commercial office building.

CSN Acquisition Corporation is a Washington for-profit insurance agency formed on March 31, 1999, and is a wholly-owned subsidiary of RBS.

Healthcare Management Administrators, Inc. is a Washington corporation formed on March 20, 1986. It acts as a third-party administrative company for self-funded employers located in Washington and Oregon, offering access to providers as a preferred provider organization (PPO) and participating networks. It is 100% owned by RBS.

Group Services, Inc. is a Utah for-profit corporation formed as an insurance agency on April 17, 1974. This company is 100% owned by RBCBSU.

ValueCare is a Utah for-profit PPO network management company formed on September 11, 1984. It is 100% owned by RBCBSU.

BCSU Professional Services Corporation is a Utah for-profit facility management company formed on February 5, 1986. It is 100% owned by RBCBSU.

RBCSU Realty Holding Corporation is a Utah for-profit company acting as a downstream holding company to 100% own RBCSU Realty, LLC, a limited liability corporation formed to own a commercial office building in Salt Lake City, Utah (Utah Cottonwood building). It is 100% owned by RBCBSU.

Pando Health Ventures, LLC is a Utah for-profit limited liability company formed on July 8, 2015, with the University of Utah to pursue activities that further the not-for-profit health goals of each joint venture member. This company is 50% owned by RBCBSU.

INTERCOMPANY AGREEMENTS

The following agreements are in place between the Plan and its affiliates or subsidiaries within the insurance company holding system:

Administrative Service Agreement

This agreement became effective December 28, 2007, between Cambia and all of its subsidiaries, including the Plan. Cambia shall provide all operational, administrative and management services reasonably necessary to transact business, including managerial, legal, financial, actuarial, underwriting, accounting, human resources, employee benefits administration, data network/telecommunications, marketing, advertising, community affairs, public relations, communications, billing, banking, membership, claims adjudication, customer service, reporting, regulatory compliance, mail, and information technology services. In addition, Cambia shall provide all equipment, materials, office space, and general supplies. The Plan shall pay Cambia

its proportionate share of the cost, as well as its proportional share of general overhead expenses, according to a system-wide cost allocation methodology and in accordance with generally accepted cost accounting principles. It is intended that Cambia shall receive complete reimbursement for its costs and derive no profit from such reimbursement. All direct and indirect expenses incurred will be reconciled monthly and balances settled within 90 days from the end of the reporting month.

Insolvency Agreements

The Plan's direct parent, Regence HMO Oregon, entered into an agreement on June 1, 1995, with its parent, Regence Health Maintenance of Oregon, Inc. The agreement requires RBCBSO to make certain payments for covered services and to protect members from incurring liability in the event of the insolvency of the subsidiaries. Effective December 15, 2020, the RBCBSO terminated the insolvency agreements that guaranteed all covered liabilities for the Plan and Regence HMO Oregon, Inc.

Consolidated Federal Income Tax Agreement

Effective January 1, 1997 (although the agreement was not signed until September 20, 2000), Cambia agrees to file a consolidated federal income tax return, including any liability for alternative minimum tax. The tax liability is then allocated to each member of the affiliated group, computed as if a separate return was filed. Any credits or operating losses shall be allocated to those members with the credits or generating the losses. Payment of estimated installments due for such taxable periods shall be paid within 30 days of receiving notice. Final settlements for a tax year must be paid within 30 days after the filing of the consolidated return.

FIDELITY BOND AND OTHER INSURANCE

The examination of insurance coverages involved a review of adequacy of limits and retentions, and the solvency of the insurers providing the coverages. The Plan's insurance coverages are provided through insurance policies from unaffiliated carriers, and coverage protected the Plan and all subsidiary and affiliated companies were listed as a named insured. The group as a whole is insured up to \$10,000,000 per occurrence, after a \$200,000 deductible, against losses from acts of dishonesty and fraud by its employees and agents. Fidelity coverage was found to meet the coverage level recommended by the NAIC.

Other insurance coverages in force at December 31, 2020, were found to be adequate, and are as follows:

Property liability	Cyber liability
International liability	Foreign liability
Excess liability	Employment practices liability
General liability, auto, employee benefits	Director's and officer's liability
Managed care errors & omissions	Workers' compensation
Umbrella liability	Fitness center – general and excess liability

TERRITORY AND PLAN OF OPERATION

The Plan has been dormant since 2005, and has reported no enrolled members during the past five years.

GROWTH OF THE COMPANY

Growth of the Plan over the past five years is reflected in the following schedule. Amounts were derived from Plan's filed annual statements, except in those years where a report of examination was published by the Oregon Division of Financial Regulation.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Income (Loss)</u>
2016	\$ 5,190,920	\$ 52,231	\$ 5,138,689	\$ 15,950
2017 *	5,215,232	55,347	5,159,885	21,196
2018	5,298,667	65,994	5,232,673	72,788
2019	5,374,814	26,553	5,348,261	73,796
2020 *	5,430,469	20,396	5,410,073	61,812

*Per examination

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Plan over the past five years.

The amounts were obtained from copies of the Plan's filed annual statements and, where indicated, from the previous examination reports.

<u>Year</u>	<u>(1) Total Revenues</u>	<u>(2) Total Hospital and Medical</u>	<u>(2)/(1) Medical Loss Ratio</u>	<u>(3) Claim Adjustment and General Expenses</u>	<u>(2)+(3)/(1) Combined Loss Ratio</u>
2016	\$ -	\$ -	n/a	\$ 518	0.0%
2017*	-	-	n/a	377	0.0%
2018	-	-	n/a	2,544	0.0%
2019	-	-	n/a	6,703	0.0%
2020*	-	-	n/a	(903)	0.0%

* Per examination

The Plan only reported administrative expenses in each of the past five years.

REINSURANCE

The Plan ceased writing business in 2005.

ACCOUNTS AND RECORDS

In general, the Plan's records and source documentation supported the amounts presented in the Plan's December 31, 2020, annual statement and were maintained in a manner by which the financial condition was readily verifiable pursuant to the provisions of ORS 733.170.

STATUTORY DEPOSIT

As of the examination date, the Plan maintained a \$260,000 (par value) US Treasury bond on deposit at the Division of Financial Regulation, which meets the requirements of ORS 750.045(2). The deposit was verified from the records of the Division of Financial Regulation. The Plan also maintains a \$170,000 (par value) US Treasury bond with the Washington Office of the Commissioner. The deposit was properly listed in the 2020 annual statement on Schedule E – Part3.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

There were no adjustments made to surplus and no recommendations were made in the 2017 report of examination. A follow-up review was not made for this company

SUBSEQUENT EVENTS

There were no events subsequent to the examination date that would have a material impact on the financial statements of the Plan.

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 December 31, 2020. 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, Capital and Surplus

Statement of Revenue and Expenses

Reconciliation of Capital and Surplus Since the last Examination

REGENCE HEALTH MAINTENANCE OF OREGON, INC.
ASSETS
As of December 31, 2020

Assets	Balance per Plan	Examination Adjustments	Balance per Examination	Notes
Bonds	\$ 4,744,793	\$ -	\$ 4,744,793	1
Cash, cash equivalents and short-term investments	648,022	-	648,022	1
Aggregate write-ins for invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal, cash and invested assets	<u>5,392,815</u>	<u>-</u>	<u>5,392,815</u>	
Investment income due and accrued	37,654	-	37,654	
Aggregate write-ins for other than invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Total Assets	<u>\$ 5,430,469</u>	<u>\$ -</u>	<u>\$ 5,430,469</u>	

REGENCE HEALTH MAINTENANCE OF OREGON, INC.
LIABILITIES, CAPITAL AND SURPLUS
As of December 31, 2020

	Balance per Plan	Examination Adjustments	Balance per Examination	Notes
Claims unpaid	\$ -	\$ -	\$ -	2
Unpaid claims adjustment expense	-	-	-	2
Aggregate health policy reserves	-	-	-	
General expenses due or accrued	3,546	-	3,546	
Current federal income tax payable	16,431	-	16,431	
Amounts due to parent, subsidiaries and affiliates	419	-	419	
Aggregate write-ins for liabilities	<u>-</u>	<u>-</u>	<u>-</u>	
Total Liabilities	<u>\$ 20,396</u>	<u>\$ -</u>	<u>\$ 20,396</u>	
Aggregate write-ins for special surplus funds	\$ -	\$ -	\$ -	
Common capital stock	4,250,000	-	4,250,000	
Gross paid-in and contributed capital	125,636	-	125,636	
Unassigned funds (surplus)	<u>1,034,437</u>	<u>-</u>	<u>1,034,437</u>	
Surplus as regards policyholders	<u>5,410,073</u>	<u>-</u>	<u>5,410,073</u>	
Total Liabilities, Surplus and other Funds	<u>\$ 5,430,469</u>	<u>\$ -</u>	<u>\$ 5,430,469</u>	

REGENCE HEALTH MAINTENANCE OF OREGON, INC.
STATEMENT OF REVENUE AND EXPENSES
For the Year Ended December 31, 2020

	Balance per Plan	Examination Adjustments	Balance per Examination	Notes
Revenue				
Net premium income	\$ -	\$ -	\$ -	
Change in unearned premium reserves and reserve rate credits	-	-	-	
Aggregate write-ins for health care related revenues	-	-	-	
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	
Hospital and Medical:				
Hospital/medical benefits	-	-	-	
Other professional services	-	-	-	
Outside referrals	-	-	-	
Emergency room and out-of-area	-	-	-	
Prescription drugs	-	-	-	
Aggregate write-ins for other hospital and medical	-	-	-	
Incentive pool, withhold adjustments and bonus amounts	-	-	-	
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	
Less:				
Net reinsurance recoveries	-	-	-	
Total medical and hospital	-	-	-	
Non-health claims	-	-	-	
Claim adjustment expenses	-	-	-	
General administrative expenses	(903)	-	(903)	
Increase in reserves for life and accident and health contracts	-	-	-	
Total underwriting deductions	<u>(903)</u>	<u>-</u>	<u>(903)</u>	
Net underwriting gain or (loss)	<u>(903)</u>	<u>-</u>	<u>(903)</u>	
Net investment income earned	77,340	-	77,340	
Net realized capital gains (losses)	-	-	-	
Net investment gains (losses)	77,340	-	77,340	
Net gain or (loss) from agents' or premium balances charged off	-	-	-	
Aggregate write-ins for other income or expense	-	-	-	
Federal income taxes incurred	<u>16,431</u>	<u>-</u>	<u>16,431</u>	
Net income	<u>\$ 61,812</u>	<u>\$ -</u>	<u>\$ 61,812</u>	

REGENCE HMO OREGON
RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION
For the Year Ended December 31,

	2020	2019	2018
Surplus as regards policyholders, December 31, previous year	<u>\$ 5,348,261</u>	<u>\$ 5,232,673</u>	<u>\$ 5,159,855</u>
Net income (loss)	61,812	73,796	72,798
Change in net unrealized capital gains or (losses)	-	-	-
Change in net deferred income tax	-	-	-
Change in non-admitted assets	-	-	-
Change in provision for reinsurance	-	-	-
Change in surplus notes	-	-	-
Cumulative effects of changes in accounting principles	-	-	-
Capital changes:			
Paid in	-	-	-
Transferred from surplus (Stock Dividend)	-	-	-
Transferred to surplus	-	-	-
Surplus adjustments:			
Paid in	-	-	-
Transferred to capital (Stock Dividend)	-	-	-
Transferred from capital	-	-	-
Distributions to parent (cash)	-	-	-
Change in treasury stock	-	-	-
Examination adjustment	-	-	-
Aggregate write-ins for gains and losses in surplus	-	41,792	-
Change in surplus as regards policyholders for the year	<u>61,812</u>	<u>115,588</u>	<u>72,798</u>
Surplus as regards policyholders, December 31, current year	<u>\$ 5,410,073</u>	<u>\$ 5,348,261</u>	<u>\$ 5,232,673</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 – Invested Assets

At year-end 2020, the Plan's long-term bond investments were invested in US obligations.

Cash equivalents consisted of one exempt money market mutual fund. The Company did not have any short-term investments.

A comparison of the major investments over the past five years shows the following:

<u>Year</u>	<u>A</u> <u>Bonds</u>	<u>B</u> <u>Cash and</u> <u>Short-term</u>	<u>Ratio</u> <u>A/</u> <u>Total Assets</u>	<u>Ratio</u> <u>B/</u> <u>Total Assets</u>
2016	\$ 4,746,516	\$ 427,165	91.4%	8.2%
2017	4,731,958	466,038	90.7%	8.9%
2018	4,769,361	468,785	90.0%	8.8%
2019	4,769,457	567,009	88.7%	10.5%
2020	4,744,793	648,022	87.4%	11.9%

The Cambia Investment Committee approved the investment transactions in each of the years under review, and the actions of the committee were approved by the Board of Directors, pursuant to ORS 733.740. As of December 31, 2020, sufficient assets were invested in amply secured obligations of the United States, the State of Oregon, or in FDIC insured cash deposits, and the Plan was in compliance with ORS 733.580.

Effective December 17, 2009, the Plan entered into a custodial agreement with BNY Mellon. The agreement contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (1).

Note 2 - Actuarial Reserves

The Plan has been dormant since 2005 and has no recorded actuarial liabilities. As a result, an actuarial review was not conducted.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

This Report of Examination made no adjustments to surplus and the examiners made no recommendation in this report of examination.

CONCLUSION

During the three-year period covered by this examination, the surplus of the Plan has increased from \$5,159,885, as presented in the December 31, 2017, report of examination to \$5,410,073, as shown in this report. The comparative assets and liabilities are:

	<u>2020</u>	December 31, <u>2017</u>	<u>Change</u>
Assets	\$ 5,430,469	\$ 5,215,232	\$ 215,237
Liabilities	<u>20,396</u>	<u>55,347</u>	<u>(34,951)</u>
Surplus	<u>\$ 5,410,073</u>	<u>\$ 5,159,885</u>	<u>\$ 250,188</u>

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, Maanik C. Gupta, CFE, and Lori A. Kirschmann, insurance examiners for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated in this examination. We would also like to thank the following for their participation in this coordinated examination:

Idaho Department of Insurance

Jessie Adamson, CFE, Deputy Chief Examiner
James Anderson, Financial Examiner

Utah Department of Insurance

Malis Rasmussen, MSA, CFE, SPIR, Chief Financial Examiner
Cambria Shore, Examiner-In-Charge
Ashley Bowen, Financial Examiner

Washington Office of the Insurance Commissioner

Randy Fong, CFE, P&C Team Supervisor
Edsel Dino, CFE, Examiner-In-Charge
Constantine Arustamian, CFE, CPA, CIE, Financial Examiner
Cynthia L. Clark, CPA, Financial Examiner

INS Companies

Mark Jaster, CFE (Idaho EIC)
Richard Foster, CFE (Idaho Supervisor)

Risk & Regulatory Consulting, LLC

John Humphries, AES, ASA, CFE, CISA, MAAA, MCM, Partner and Supervising Actuary
Mike Presley, FSA, MAAA, Lead Consulting Actuary
Lisa Parker, ASA, MAAA, Life and Health Actuary & Actuarial Senior Associate
Tom Hayden, CISA and IT Manager

Respectfully submitted,



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 Regence Health Maintenance of Oregon, 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 work papers and examination report. The examination of Regence Health Maintenance of Oregon, Inc. was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.



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 31st day of May, 2022.

Lauren Nicole Bodine
Notary Public in and for the State of Oregon

My Commission Expires: 3/10/2026

