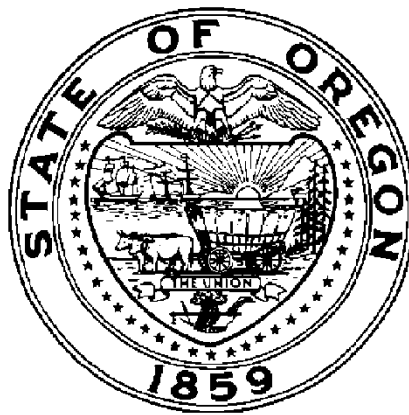


STATE OF OREGON
DEPARTMENT OF
CONSUMER AND BUSINESS
SERVICES
DIVISION OF FINANCIAL
REGULATION



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

AS OF
DEC. 31, 2023

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

DEC. 31, 2023

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SALUTATION

April 29, 2025

Honorable Andrew R. 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:

According to your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*, under Oregon Revised Statutes (ORS) 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

**REGENCE HEALTH MAINTENANCE OF OREGON INC.
200 SW Market St.
Portland, OR 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, multistate 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 eight affiliated health care service contractors and one 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 Dec. 31, 2020. This examination covers the period of Jan. 1, 2021, to Dec. 31, 2023.

We conducted our examination under ORS 731.300 and according to 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 currently and prospectively.

All accounts and activities of the plan 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; if, during the course of the examination an adjustment is identified, the effect of such an 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 or proprietary information), are not included within the examination report, but separately communicated to other regulators and the plan.

COMPANY HISTORY

On Nov. 27, 1985, BlueCross BlueShield of Oregon formed a for-profit stock subsidiary named NetWork Health Plan Inc., incorporated with a \$1 million capital contribution. On Sept. 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 Nov. 19, 1986, under ORS chapter 750. On March 2, 1987, the company became a federally qualified, state-registered, health maintenance organization (HMO). On Sept. 8, 1997, the company adopted its current name.

From its inception until 1988, the company operated independently. Effective Nov. 15, 1988, Regence HMO Oregon (formerly known as Capitol Health Care Inc.) entered into a “plan and agreement of acquisition” with BlueCross BlueShield Oregon. The agreement named BlueCross BlueShield Oregon as Regence HMO Oregon’s sole corporate member and gave BlueCross BlueShield Oregon 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, BlueCross BlueShield Oregon transferred 100 percent 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 percent 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 they do 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 five committees authorized to help in the management of Cambia, as follows:

- Audit and compliance committee
- Investment committee
- Organizational and governance committee
- Personnel and compensation committee
- Strategies initiatives committee

A review of the board minutes indicated the compensation of Cambia's chief executive officer (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 Sept. 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 1, 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 less than five nor more than nine. The plan was governed by a five-member board of directors as of Dec. 31, 2023, as follows:

| <u>Name and address</u> | <u>Principal affiliation</u> | <u>Representative</u> | <u>Member since</u> |
|-----------------------------------|---|------------------------------|----------------------------|
| John W. Attey Portland, Oregon | Executive vice president and chief legal officer Cambia Health Solutions Inc. | Plan | 2015 |

| <u>Name and address</u> | <u>Principal affiliation</u> | <u>Representative</u> | <u>Member since</u> |
|--|---|------------------------------|----------------------------|
| Michael G. Cole Portland, Oregon | President Regence BlueCross BlueShield of Oregon Inc. | Plan | 2023 |
| Chrisopher G. Blanton Sammamish, WA | Senior vice president commercial and ancillary markets Cambia Health Solutions Inc. | Plan | 2021 |
| Michael J. Rains Seattle, Washington | Executive vice president and chief financial officer (CFO) Cambia Health Solutions Inc. | Plan | 2023 |
| Jared L. Short Ridgefield, Washington | President and CEO Cambia Health Solutions Inc. | 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, because there are no policies in force and the plan is essentially a shell company.

Officers

Principal officers serving at Dec. 31, 2023, were as follows:

| <u>Name</u> | <u>Title</u> |
|--------------------|---------------------|
| Michael G. Cole | President |
| Jennifer L. New | Treasurer |
| John W. Attey | Secretary |

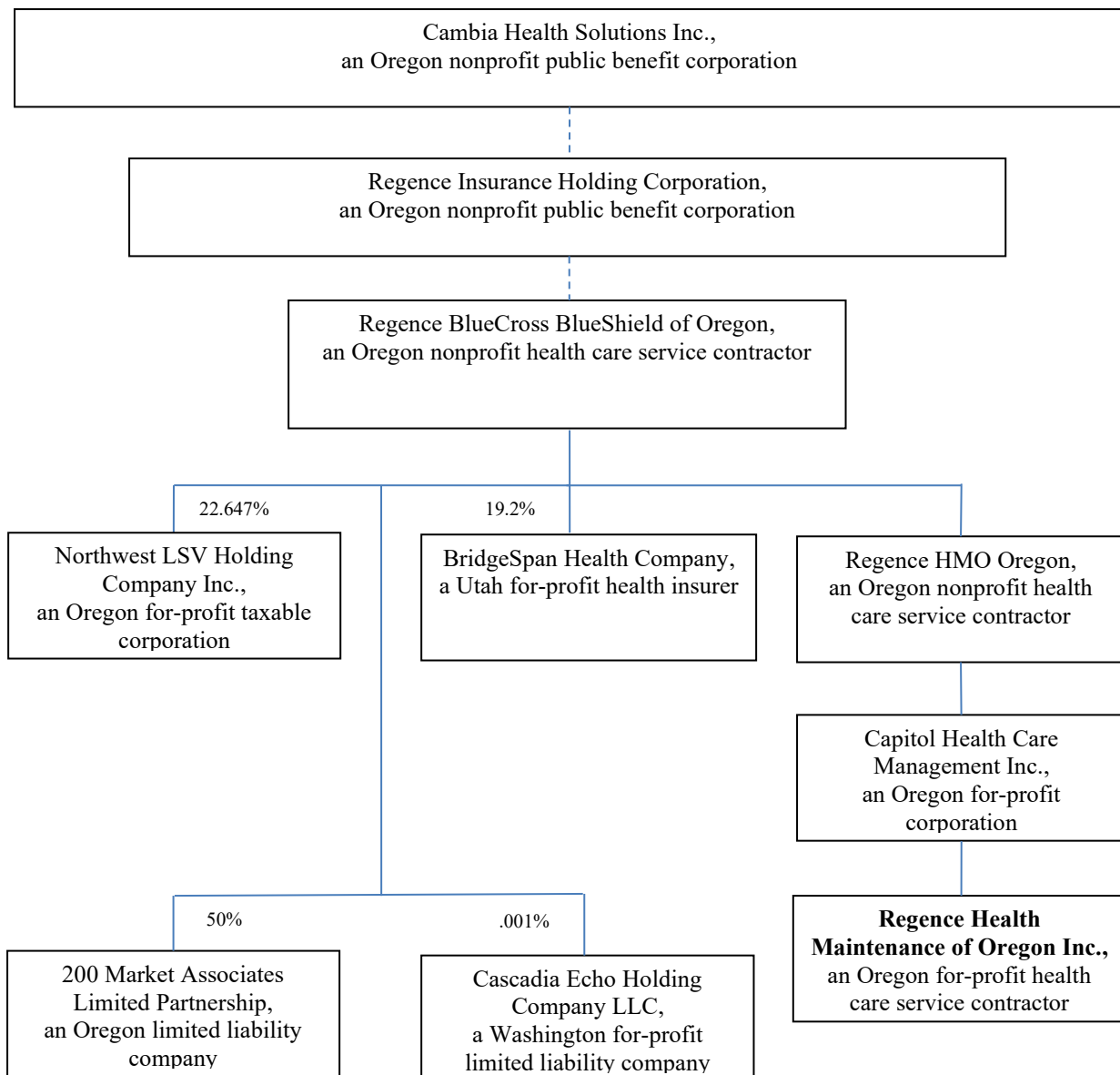
Conflict of interest

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 according to the provisions of ORS 732.552, ORS 732.554, and Oregon Administrative Rules (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 noninsurance companies, as follows:

- Regence Insurance Holding Corporation is an Oregon nonprofit public benefit corporation established by Cambia on Nov. 21, 2011. It operates as a holding company and is the sole corporate member for Regence BlueShield, Regence BlueCross BlueShield of Oregon, and Regence BlueCross BlueShield of Utah.

- 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.
- 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 charitable contributions in Idaho, Oregon, Utah, and Washington that benefit 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 health care 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 percent owned by Cambia. Journi Inc. owns one direct subsidiary:
 - JourniRx 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.

- Cascadia Echo Holding Company LLC is a Delaware limited liability, for-profit investment management company formed in 2016 by Cambia Health Solutions with various contributions from the plans. It is funded through Cambia, Regence BlueShield (RBS) and Regence BlueCross BlueShield of Utah (RBCBSU), with ownership interest of 42.455%, 47.284% and 10.261%, respectively. It owns 50 percent of Echo Health Ventures LLC. This holding company is used to invest in non-insurance related entities that provide various services focusing on the consumer such as information technology services, programs/applications and pharmacy benefit management services, and network management and health and wellness services.
- Capitol Health Care Management Inc. is an Oregon for-profit corporation that serves as a downstream holding company to own all stock of health maintenance organization (HMO) subsidiaries. This company is 100 percent 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. Regence BlueCross BlueShield of Oregon is a Class B limited partner (50 percent ownership interest) and John W. Russell is a Class C limited 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 Regence BlueShield.
- 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 percent owned by Regence BlueShield.
- Group Services Inc. is a Utah for-profit corporation formed as an insurance agency on April 17, 1974. This company is 100 percent owned by Regence BlueCross BlueShield Utah.
- BCSU Professional Services Corporation is a Utah for-profit facility management company formed on Feb. 5, 1986. It is 100 percent owned by Regence BlueCross BlueShield Utah.
- RBCSU Realty Holding Corporation is a Utah for-profit company acting as a downstream holding company to 100 percent own RBCSU Realty LLC, a limited liability corporation formed to own a commercial office building in Salt Lake City, Utah (Utah Cottonwood building). This company is 100 percent owned by Regence BlueCross BlueShield Utah. On Sept. 5, 2023, the company was dissolved.
- Pando Health Ventures, LLC is a Delaware 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 percent 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:

Management agreement

The plan and Regence HMO Oregon entered into a management agreement effective Jan. 1, 1999. Regence HMO Oregon agreed to provide management services consistent with and necessary to the effective operation and management of the business of the plan. The plan agrees to pay all direct personnel and administrative costs and all indirect overhead costs incurred according to a cost allocation plan as revised from time to time. The agreement expires each Dec. 31 and is automatically renewed for one-year periods thereafter, unless modified or terminated.

Administrative service agreement

This agreement became effective Dec. 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 systemwide cost allocation methodology and according to 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.

Consolidated federal income tax agreement

Effective Jan. 1, 1997, (although the agreement was not signed until Sept. 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 the 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 insurance companies. 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 million 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 NAIC.

Other insurance coverages in force at Dec. 31, 2023, were found to be adequate, and are as follows:

| | |
|------------------------------------|--|
| Cyber liability | Fiduciary liability |
| Employment practices liability | General liability, auto, employee benefits |
| Director's and officer's liability | Managed care errors and omissions |
| Umbrella liability | Property liability |
| International liability | Excess liability |
| Workers' compensation | |

TERRITORY AND PLAN OF OPERATION

Company discontinued renewal of group and individual services and contracts as of Dec. 31, 2005 and has reported no enrolled members as of that time

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 Division of Financial Regulation (DFR).

| <u>Year</u> | <u>Assets</u> | <u>Liabilities</u> | <u>Capital and surplus</u> | <u>Net income (loss)</u> |
|--------------------|----------------------|---------------------------|-----------------------------------|---------------------------------|
| 2019 | \$ 5,374,814 | \$ 26,553 | \$ 5,348,261 | \$ 73,796 |
| 2020 * | 5,430,469 | 20,396 | 5,410,073 | 61,812 |
| 2021 | 5,461,994 | 13,496 | 5,448,498 | 38,425 |
| 2022 | 5,471,696 | 6,566 | 5,465,130 | 16,632 |
| 2023 * | 5,518,842 | 14,013 | 5,504,829 | 39,699 |

*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> | (1) <u>Total revenues</u> | (2) <u>Total hospital and medical</u> | (2)/(1) <u>Medical loss ratio</u> | (3) Claim <u>adjustment and general expenses</u> | (2)+(3)/(1) <u>Combined loss ratio</u> |
|--------------------|--------------------------------------|--|--|---|---|
| 2019 | \$ - | \$ - | n/a | \$ 6,703 | 0.0% |
| 2020* | - | - | n/a | (903) | 0.0% |
| 2021 | - | - | n/a | (678) | 0.0% |
| 2022 | - | - | n/a | (655) | 0.0% |
| 2023* | - | - | n/a | 1,549 | 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 Dec. 31, 2023, annual statement and were maintained in a manner by which the financial condition was readily verifiable under the provisions of ORS 733.170.

STATUTORY DEPOSIT

As of the examination date, the plan maintained a \$260,000 (par value) U.S. Treasury bond on deposit at DFR, which meets the requirements of ORS 750.045(2). The deposit was verified from the records of DFR. The plan also maintains a \$170,000 (par value) U.S. Treasury bond with the Washington Office of the Insurance Commissioner. The deposit was properly listed in the 2023 annual statement on Schedule E – Part 3.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

There were no adjustments made to surplus and no recommendations were made in the 2020 report of examination. A follow-up review was not made for this plan.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date that would have a material effect 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 DFR and present the financial condition of the plan for the period ending Dec. 31, 2023. 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 Dec. 31, 2023

| Assets | Net admitted assets | notes |
|--|--------------------------------|--------------|
| Bonds | \$ 4,555,080 | 1 |
| Cash, cash equivalents, and short-term investments | 951,591 | 1 |
| Aggregate write-ins for invested assets | <u>-</u> | |
| Subtotals, cash and invested assets | <u>\$ 5,506,672</u> | |
| Investment income due and accrued | 6,897 | |
| Net deferred tax asset | - | |
| Receivables from parent; subsidiaries and affiliates | 5,272 | |
| Aggregate write-ins for other-than-invested assets | <u>-</u> | |
| Total assets | <u>\$ 5,518,842</u> | |

REGENCE HEALTH MAINTENANCE OF OREGON INC.
LIABILITIES, CAPITAL AND SURPLUS
As of Dec. 31, 2023

| | Current Year Total | Notes |
|--|-----------------------|-------|
| Claims unpaid | \$ - | 2 |
| Unpaid claims adjustment expenses | - | 2 |
| Aggregate health policy reserves | - | |
| General expenses due or accrued | 3,459 | |
| Current federal income tax payable | 10,554 | |
| Amounts due to parent, subsidiaries and affiliates | - | |
| Aggregate write-ins for other liabilities | - | |
| Total liabilities | <u>\$ 14,013</u> | |
| Aggregate write-ins for special surplus funds | \$ - | |
| Common capital stock | 4,250,000 | |
| Gross paid in and contributed surplus | 125,636 | |
| Unassigned funds (surplus) | <u>1,129,193</u> | |
| Surplus as regards policyholders | <u>5,504,829</u> | |
| Total liabilities, surplus, and other funds | <u>\$ 5,518,842</u> | |

REGENCE HEALTH MAINTENANCE OF OREGON INC.
STATEMENT OF REVENUE AND EXPENSES
For the year ended Dec. 31, 2023

| | Current year total | Notes |
|---|-----------------------|-------|
| Revenue | | |
| Net premium income | \$ - | |
| Change in unearned premium reserves and reserve for rate credits | - | |
| Aggregate write-ins for other health care related revenues | - | |
| Total revenues | - | |
| 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 | - | |
| Less: | | |
| Net reinsurance recoveries | - | |
| Total hospital and medical | - | |
| Non-health claims (net) | - | |
| Claims adjustment expenses | - | |
| General administrative expenses | 1,549 | |
| Increase in reserves for life and accident and health contracts | - | |
| Total underwriting deductions | 1,549 | |
| Net underwriting gain or (loss) | (1,549) | |
| Net investment income earned | 51,801 | |
| Net realized capital gains or (losses) | - | |
| Net investment gains or (losses) | 51,801 | |
| Net gain or (loss) from agents' or premium balances charged off | - | |
| Aggregate write-ins for other income or expenses | - | |
| Federal income taxes incurred | 10,553 | |
| Net income | \$ 39,699 | |

REGENCE HMO OREGON
RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION
For the year ended Dec. 31,

| | 2023 | 2022 | 2021 | 2020 |
|--|---------------------|---------------------|---------------------|---------------------|
| Surplus as regards policyholders, Dec. 31, previous year | <u>\$ 5,465,130</u> | <u>\$ 5,448,498</u> | <u>\$ 5,410,073</u> | <u>\$ 5,348,261</u> |
| Net income or (loss) | 39,699 | 16,632 | 38,425 | 61,812 |
| Change in net unrealized capital gains or (losses) | - | - | - | - |
| Change in net deferred income tax | - | - | - | - |
| Change in nonadmitted assets | - | - | - | - |
| Change in unauthorized and certified reinsurance | - | - | - | - |
| Change in treasury stock | - | - | - | - |
| Change in surplus notes | - | - | - | - |
| Cumulative effect 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) | - | - | - | - |
| Examination adjustments | - | - | - | - |
| Aggregate write-ins for gains or (losses) in surplus | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in surplus as regards policyholders for the year | <u>39,699</u> | <u>16,632</u> | <u>38,425</u> | <u>61,812</u> |
| Surplus as regards policyholders, Dec. 31, current year | <u>\$ 5,504,829</u> | <u>\$ 5,465,130</u> | <u>\$ 5,448,498</u> | <u>\$ 5,410,073</u> |

NOTES TO FINANCIAL STATEMENTS

Note 1 – Invested assets

At year-end 2023, the plan's long-term bond investments were invested in U.S. obligations.

Cash equivalents consisted of two 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> |
|--------------------|--|---|---|---|
| 2019 | 4,769,457 | 567,009 | 88.7% | 10.5% |
| 2020 | 4,744,793 | 648,022 | 87.4% | 11.9% |
| 2021 | 4,728,761 | 730,003 | 86.6% | 13.4% |
| 2022 | 4,727,326 | 737,054 | 86.4% | 13.5% |
| 2023 | 4,555,080 | 951,591 | 82.5% | 17.2% |

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, under ORS 733.740. As of Dec. 31, 2023, sufficient assets were invested in amply secured obligations of the United States, the State of Oregon, or in Federal Deposit Insurance Company (FDIC) insured cash deposits, and the plan was in compliance with ORS 733.580.

Effective Dec. 17, 2009, and last amended and restated on March 19, 2019, the plan entered into a custodial agreement with BNY Mellon. The agreements contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (n).

Note 2 - Actuarial Reserves

Company discontinued renewal of group and individual services and contracts as of Dec.31, 2005, and has reported no enrolled members nor recorded actuarial liabilities as of that time. As a result, an actuarial review was not deemed warranted.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

There were no adjustments to capital and surplus resulting from this examination.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were 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 \$5,410,073, as presented in the Dec. 31, 2020, report of examination to \$5,504,829, as shown in this report. The comparative assets and liabilities are:

| | <u>2023</u> | Dec. 31, <u>2020</u> | <u>Change</u> |
|-------------|---------------------|---------------------------------------|----------------------|
| Assets | \$ 5,518,842 | \$ 5,430,469 | \$ 88,373 |
| Liabilities | <u>14,013</u> | <u>20,396</u> | <u>6,383)</u> |
| Surplus | <u>\$ 5,504,829</u> | <u>\$ 5,410,073</u> | <u>\$ 94,756</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, David Lorenz, AIE, APIR, insurance examiner for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated in this examination. Additionally, Eric Free, CFE, ALMI, director, from Risk and Regulatory Consulting, LLC, participated in this examination. We would also like to thank the following for their participation in this coordinated examination:

Idaho Department of Insurance

James Anderson, AFE, deputy chief examiner

Utah Department of Insurance

Cambria Shore, MSA, CFE, APIR, examiner-in-charge

Jamie Larson, Financial Examiner

Washington Office of the Insurance Commissioner

Randy Fong, CFE, team supervisor

Bert Karau, CPA, CFE, FLMI, examiner-in-charge

Constantine Arustamian, CFE, CPA, CIE, CISA, IT examiner

Che Pasia, financial examiner

Branden Philpot, CPA, financial examiner

Jonathan Yee, CPA, CFE, financial examiner

Katy Bardsley, CPA, CFE, APIR, financial examiner

James Koo, financial examiner

Amina Mohammud, financial examiner

INS Companies

Toni Bean, CFE (Idaho EIC)

Exam 360

Mike Presley, FSA, MAAA, lead consulting actuary – Utah contract actuary

Respectfully submitted,

/s/ Tho Le

Tho Le, CFE, PIR

Senior insurance examiner

Division of Financial Regulation

Department of Consumer and Business Services

State of Oregon

AFFIDAVIT

STATE OF OREGON

County of Marion

Tho Le, CFE, PIR, 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 workpapers 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.

/s/ Tho Le

Tho Le, CFE, PIR
Senior insurance examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to before me this 7th day of July, 2025.

/s/ Cindy Engle

Notary public in and for the State of Oregon

My commission expires: 7/9/2027