

NAIC Climate Risk Disclosure Response

Intercommunity Health Plan (IHN) and Samaritan Health Plan (SHP)

Governance

IHN and SHP are licensed health insurers of Medicaid, Medicare, Commercial and Self-Funded health plans serving Linn, Benton, and Lincoln counties in Oregon. Both companies are wholly owned subsidiaries of Samaritan Health Services (SHS), a five-hospital medical group providing integrated health care to the region. The combined mission statement of Building Healthier Communities Together addresses climate related risks by ensuring our communities have access to health care during any climate emergency or climate related event.

IHN, SHP, and SHS are governed by separate boards of directors. IHN and SHP have Enterprise Risk Management (ERM) councils and committees that govern climate related risks. These risks are monitored by the ERM committee with the highest-level risks reported to the respective Boards. Climate related financial risks would be monitored by the ERM committee. Changes in risk status are elevated to the ERM council for further review and determination of reporting to the Board. Conversely both the Board and ERM Council can provide direction to management on the management of Climate related risks.

Management is tasked with monitoring the risk environment and providing assessments to the ERM committee of what should and shouldn't be elevated to ERM monitoring and mitigation.

Strategy

IHN and SHP face two primary categories of Climate risks. Risks to the Health Plan's ability to operate and health risks to the members themselves. Both are addressed through different strategies.

The most short-term direct risk to business activities and members ties primarily to increased risk of forest fires or extreme heat events in our region. Our area has experienced multiple forest fires that have displaced members from their homes and in some situations directly caused harm. In 2020, a coastal SHS Hospital was required to temporarily close due to proximity of forest fires. Patients at this facility were diverted to other hospitals within the network. This climate emergency put a significant strain on health service coverage during a critical time. SHS has addressed future regional climate risks by creating continuity plans that factor in redundancy and flexibility in service delivery.

Extreme heat events have been a more frequent risk. These risks are mitigated through delivery of air conditioning units or coordination of transportation to cooling centers for our members.

IHN and SHP property is less at risk due to the location of its headquarters in a small city, but a material portion health plan staff live in areas directly impacted or at risk of forest fires. A regional climate event

could cause service disruptions. To prepare for these events, management has created options for employees to work remotely or on site to minimize any business disruption.

To prepare for climate related events, IHN and SHP work with its community network to provide safe options for members during these events. IHN and SHP take our member's health vulnerability seriously. We work to prepare or coordinate activities that will keep our member from harm during a climate emergency event.

Educational efforts focus on informing members of the risks of high temperature events and how to stay safe in these situations. IHN provides air conditioners and heating units to those members at risk of adverse health impacts related to climate emergencies. We coordinate with the member or community partners to get needed supplies to at risk members free of charge.

Risk Management

Being a health insurer, IHN and SHP's climate related risks tie primarily to members affected by climate change and investment risk.

Risks to member's health is factored into premium development. IHN's coverage of climate related equipment (air conditioners and heating) are included, by state actuaries, in the rate development process. Direct health risks in an inpatient or outpatient setting would be included in prior health experience, and then forecasted into future rate requirements. Climate emergencies that affect access, such as a hospital closure, would be noted as outlier events in our analysis.

Climate risks to the investment portfolio would be minor due to our heavily weighted portfolio in US treasuries and highly rated corporate bonds. SHP and IHN purchase bonds with an eye to conservatism. Corporate bond sectors invested in either have little direct exposure to climate change or have mitigation efforts in place. Both IHN and SHP avoid bonds in companies that have direct negative climate impacts, such as the oil and gas sectors.

Climate related risks are included in Enterprise Risk Management activities. These risks are either identified separately or factored into related risks. Specific potential climate events are discussed for inclusion in ERM catalogs. These risks then feed into Business Continuity plans where appropriate. Timeframes are generally in the short-term range, 1 to 5 years, tied to the business cycle of health insurance.

Metrics and Targets

Climate related metrics are related to cost exposure and service disruption tied to climate related events. Analysis revolves around positive and negative changes in costs, or members impacted during actual and potential events. IHN also quantifies those members at risk during climate events or could be supported through climate devices or coordination of services. Risk governance does not have greenhouse gas emission targets at this time.