

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)	
MAINE COMMUNITY HEALTH OPTIONS)	COMMUNITY HEALTH OPTIONS'
INDIVIDUAL RATE HEARING)	CLOSING STATEMENT
)	
)	
)	
Docket No. INS-16-1002)	

Maine Community Health Options (“Community Health Options”) hereby submits its closing statement:

Thank you for the opportunity to present the specific considerations and factors influencing our product and rate filings for Community Health Options’ 2017 plans on the Individual Market. After two years of maintaining relatively flat rates, we have had to significantly increase our rates to reflect the actual morbidity that we have experienced along with a higher medical trend. We come to the conclusion that a 25.5% rate increase is both necessary and sufficient for premiums to adequately cover forecasted claims costs in light of the last two years of experience. Additionally, the end of the federal transitional reinsurance support of the individual market presents additional expense that all insurers will have to absorb.

At the same time, we have taken steps to offset the upward pressure posed by the increased morbidity of our membership and the greater medical trend than we initially anticipated. Our proposed changes to plan designs offset a significant portion of the utilization spike. Greater efficiencies in our administration round out the efforts we’ve applied to contain the rate increase, and perhaps none more powerful than the change in our pharmacy benefits manager.

Even with these adjustments we are fully aware that the proposed increase poses a burden on consumers. Fortunately, the advanced premium tax credit (APTC) available to consumers below 400% of the federal poverty level is set according to household income and the relative cost of the second lowest silver plan on the Marketplace. Therefore, consumers’ purchasing power for those eligible for the APTC will be unaltered. The greatest burden of these rates will fall on those with incomes above 400% FPL, or otherwise ineligible for APTC, including those below the poverty line who don’t otherwise qualify for MaineCare or other coverage. With this in mind, we will continue to pursue avenues to lower the total costs of care as we seek to provide affordable and high quality benefits so as to improve health outcomes and wellbeing throughout our service area.

We are committed to this market and offering meaningful choice and avenues to improved health outcomes for consumers throughout our service area. We are also committed to working with our

Members, our provider network, and businesses to reduce the total costs of care. This is a long term proposition that requires a long range view, and sufficiency of capital to withstand the ups and downs of the yet emerging individual market.

August 2, 2016

Submitted by:

/s/Kevin Lewis

Kevin Lewis,

Chief Executive Officer

/s/Nancy H. Johnson

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