

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

IN RE: )  
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MAINE COMMUNITY HEALTH )  
OPTIONS 2018 INDIVIDUAL RATE ) **ORDER ON RECONSIDERATION**  
FILING )  
 )  
 )  
Docket No. INS-17-1002 )

On August 31, 2017, Maine Community Health Options (“Health Options”) filed a Motion for Reconsideration of the Superintendent’s August 30 Decision and Order Regarding Compliance Filing. For good cause shown, Health Options’ Motion is granted.

In its Motion, consistent with the substantive terms of the August 30 order rejecting Health Options’ original Compliance filing, Health Options agreed to implement the Superintendent’s original August 10 Decision and Order without making any adjustments to the assumptions in Health Options’ July 14, 2017 filing. However, Health Options noted certain mathematical inconsistencies in the Decision and Order, and requested guidance in reconciling those inconsistencies.

In particular, Health Options determined that if the morbidity factor is reduced to 1.198 as specified in the Decision and Order, the actual average rate increase for the Base Filing would be 18.6% rather than the 17.5% ordered by the Superintendent. Health Options proposed three options for resolving the discrepancy. Reviewing those three options, I conclude that rates will be neither excessive nor inadequate if Health Options follows Option 3, which is to apply a different morbidity factor calculated so as to achieve a 17.5% overall weighted average rate increase for plans renewing from 2017 to 2018.

Health Options has also noted an inconsistency in the original Decision and Order between the order to reduce the Base morbidity factor to 1.198 and the order to reduce the Unreimbursed morbidity factor to 1.180. This was a drafting error. As the text of relevant section of the Decision and Order states, the intent was to preserve the originally proposed relationship between the Base and Unreimbursed rates, and to incorporate the reduction to the morbidity factor “discussed in the analysis” of the Base Filing. Accordingly, Health Options should use the same morbidity factors in its Revised Unreimbursed Filing as it uses in its Revised Base Filing. Similarly, as Health Options proposes in its Motion for Reconsideration, it is appropriate to use the same administrative expense methodology in both filings. Therefore, I am approving Health Options’ request “that the September 5, 2017 Unreimbursed Filing be based on the September 5, 2017 Base Filing, with the same modifications for replacing the CSR payment with higher premium and the same membership distribution from June 23, 2017.” Projected membership distribution for the Revised Base and Unreimbursed rates shall be based on Health Options’ July 14 Base Filing and June 23 Unreimbursed Filing respectively.

Health Options is hereby authorized to submit a revised Compliance Filing for review on or before September 5, 2017, and it shall be APPROVED if the Superintendent finds the revised Compliance Filing to be consistent with the terms of the August 10 Decision and Order as modified by this Order on Reconsideration.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

September 1, 2017



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ERIC A. CIOPPA  
Superintendent of Insurance