



DEPARTMENT OF

Professional &
Financial Regulation

STATE OF MAINE

• OFFICE OF SECURITIES
• BUREAU OF INSURANCE
• CONSUMER CREDIT PROTECTION
• BUREAU OF FINANCIAL INSTITUTIONS
• OFFICE OF PROF. AND OCC. REGULATION

Bureau of Insurance Statement Regarding Maine Community Health Options

December 5, 2016

Consistent with the Bureau of Insurance's ("BOI") practice during 2016, this statement concerns Community Health Options' ("CHO") results through October.

What follows are the key results for October and YTD:

- Incurred claims were 12.0% lower than Plan in October and paid claims were 4.2% lower for the month. YTD incurred claims were 1.6% lower than Plan and YTD paid claims were 1.9% higher. The October Claim Count, Submitted Claims, Estimated Paid Claims, and Average Net Submitted Claim were very similar to September, the lowest of any month in 2016. The Company remains optimistic this favorable trend will continue and the BOI is monitoring results on a weekly basis.
- The percentage of Net Outstanding Claims Inventory (which is the total pending Submitted Amount at October 31, 2016) in the 0-30 day period (100.2%) improved in October from September (91.7%). The 0-60 day period inventory (102.1%) was higher than September (95.3%). (The numbers are greater than 100% because the 91+ day category was a negative amount reflecting credits due CHO.) Again, the BOI is monitoring the aging of the claim inventory on a weekly basis.
- Membership at the end of October was 4.7% lower than Plan and approximately 3.2% lower than at December 31, 2015. Roughly 75% of membership consisted of individual insurance. The remainder is virtually all small group insurance, with only a small amount of large group business. October premium was 8.4% lower than Plan and YTD premium was 3.5% lower than Plan.
- The split of business between Maine and New Hampshire, the two states where CHO has business in force, was very similar in October to January (85% Maine, 15% New Hampshire). CHO has withdrawn from writing new business in New Hampshire to focus on its core Maine business, and all its individual policies in New Hampshire will terminate at the end of 2016. (CHO's New Hampshire membership in October was 10,674.)
- Total expenses in October were 10.7% lower than Plan for the month. YTD expenses are 1.9% lower than Plan.
- October's net loss was 31.3% worse than Plan and YTD total net losses are 6.9% worse than Plan. The Premium Deficiency Reserve (PDR) change in October was 31.3% worse than Plan but the YTD PDR drawdown is 1.3% better than Plan.

- CHO reported bonds, cash, cash equivalents, and short term investments 3.2% lower in October than in September and 23.1% less than Plan. The principal reason for that negative variance appears to be the reported increase in the velocity of claim payments and lower than planned Net Premium Income. The BOI will continue to closely monitor CHO's cash position throughout the remainder of 2016.

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In summary, CHO's reported YTD results for 2016 business and operations through the first ten months of 2016 were generally consistent with its Plan and October's results were in line with the Company's most recent fourth quarter projections.

The BOI is closely following CHO's operating results and will continue to report on at least a monthly basis regarding developments.