



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 – May 17, 2016

On May 6, the Bureau of Insurance (“BOI”) posted its statement on Community Health Options’ (“CHO”) March results. That statement noted methodological questions concerning the monthly and quarterly plan estimates of incurred claims (these are paid claims plus changes in reserves during the reporting period) against which actual results are compared. The BOI committed to comment on first quarter incurred claims, among other things, after receiving answers from CHO and its actuarial consultants. CHO provided that information to the BOI on Friday, May 13. Since CHO, like other insurers, filed its first quarter financial statement on May 16 (a copy of which is posted on the BOI’s website), the BOI is issuing this statement about first quarter results even though it has not yet completed review of the information provided last Friday by CHO and its actuaries.

What follows are the key first quarter results compared to plan:

- CHO’s individual and group membership was 1.2% lower than the plan. Net premium income was 1.1% lower than plan. (Reported total membership was 10.4% higher at March 31, 2015 than at December 31, 2015.)
- Total incurred claims were 3.2% lower than plan.
- Total expenses were 0.5% higher than plan.
- CHO drew-down its premium deficiency reserve (the estimated amount of the difference between CHO’s 2016 premium and its 2016 losses and expenses) by 12.7% less than planned. This draw-down was in the amount necessary to offset operating losses so as to yield a \$0 Net Income or Loss.

CHO reported bonds, cash, cash equivalents, and short term investments 4.8% higher at March 31, 2016 than at December 31, 2015.

In summary, CHO’s results through the first quarter of 2016 were generally consistent with its plan for the year.

CHO’s April results will be reported to the BOI on May 25 and it is expected that the next BOI statement will be posted within a week thereafter.