



## Bureau of Insurance Statement Regarding Maine Community Health Options

September 1, 2016

The Bureau of Insurance (“BOI”) has committed to post monthly statements on Community Health Options’ (“CHO”) results and this statement concerns results through July.

What follows are the key results for July and YTD:

- Paid claims were 12.1% lower than Plan in July and incurred claims were 3.0% lower for the month. YTD paid claims were 1.7% lower than Plan and YTD incurred claims were 0.6% lower. CHO’s Plan attempts to reflect the seasonality of incurred claims over the course of the year since claimants must satisfy deductibles earlier in the calendar year.
- As indicated in the BOI’s recent statements, some slowdown in claim payment “velocity” was noted; the BOI asked CHO to investigate. The previously described backlog arising from third party claim administrator processing of out-of-state claims has been resolved. There was an increase in unpaid claims during July within the 60-90 days from submission period. CHO advises that this is due principally to its focused review of out-of-network substance abuse claims. It advises that there has been no substantive slowdown in the timeliness of payments to in-network healthcare providers. The BOI will continue to closely monitor this issue and report further in next month’s statement.
- Membership at the end of July was 4.1% lower than Plan but still 2.2% higher than at the end of 2015. Approximately 76% of membership consists of individual insurance with the rest being virtually all small group insurance. July premium was 8.7% lower than Plan and YTD premium was 2.8% lower than Plan.
- The split of business between Maine and New Hampshire, the two states where CHO does business, was essentially unchanged in July from January (85% Maine, 15% New Hampshire). CHO will be withdrawing from New Hampshire as of January 1, 2017 to focus on its core Maine business.
- Total expenses in July were 1.3% more than Plan for the month. YTD expenses are 3.8% lower than Plan.
- July’s net loss was 13.0% better than Plan but the YTD total net losses were 5.6% worse than Plan. The Premium Deficiency Reserve (PDR) change in July was 13.0% better than Plan and the YTD PDR drawdown is 5.8% better than Plan.

- CHO reported bonds, cash, cash equivalents, and short term investments 1.9% lower in July than in June. The Plan projected such investments to drop through July, increase in August (due to reinsurance collections in that month) and then drop again through December. CHO's investments were 5.5% lower than Plan at the end of July. (Based on preliminary reports, it appears that CHO collected more in reinsurance during August than forecast.)

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In summary, CHO's reported YTD results for 2016 business and operations through the first seven months of 2016 were generally consistent with its Plan.