



Bureau of Insurance Statement Regarding Maine Community Health Options

September 29, 2016

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

What follows are the key results for August and YTD:

- Paid claims were 3.9% higher than Plan in August and incurred claims were 0.3% lower for the month. YTD paid claims were 1% 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.
- Recent BOI monthly statements noted some slowdown in claim payment "velocity". August reflects a significant improvement with 87.3% of total unpaid claims falling into the 0-30 day period. The BOI is monitoring the aging of the claim inventory on a weekly basis.
- Membership at the end of August was 4.4% lower than Plan but approximately the same as at the end of 2015. Roughly 76% of membership consisted of individual insurance with the rest being virtually all small group insurance. August premium was 4.8% lower than Plan and YTD premium was 3% lower than Plan.
- The split of business between Maine and New Hampshire, the two states where CHO does business, was essentially unchanged in August 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. (CHO's New Hampshire membership in August was 11,204.)
- Total expenses in August were 11% less than Plan for the month. YTD expenses are 4.6% lower than Plan.
- August's net loss was 3.6% better than Plan but YTD total net losses are 4.1% worse than Plan. The Premium Deficiency Reserve (PDR) change in August was 3.6% better than Plan and the YTD PDR drawdown is 5.5% better than Plan.
- CHO reported bonds, cash, cash equivalents, and short term investments 7.8% higher in August than in July but 15% less than Plan. The principal reason for that variance is the timing of reinsurance, risk adjustment and cost sharing payments by CMS. All those amounts are expected to be paid. The second source for the variance (which

will continue throughout the year) are certain lower than expected (at December 31, 2015) CMS cost sharing and reinsurance payments. The BOI will continue to closely monitor CHO's cash position but the variance from Plan in August is not a source of particular concern.

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