



DEPARTMENT OF

Professional &
Financial Regulation

STATE OF MAINE

• OFFICE OF SECURITIES
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Bureau of Insurance Statement Regarding Maine Community Health Options

March 16, 2017

Consistent with the Bureau of Insurance's ("BOI") practice, this statement concerns Community Health Options' ("CHO") results for January. CHO delivered its proposed 2017 Business Plan to the BOI in early March; while the Plan is still under review, this statement compares CHO's January results to that Plan in order to provide the reader with a reasonable basis for comparison.

What follows are the key results for January:

- Paid claims were 2.7% higher in January than Plan. However, total hospital and medical benefits, which reflects incurred claims as well as pharmacy rebates, CSR advance payments, and other adjustments, were 1.1% higher than Plan for the month. The number of open claims at the end of January was 7.8% lower than at the end of December. The Average Daily Dollar Amount in the Claim Inventory during January was 10.6% lower than in December.
- The percentage of Net Outstanding Claims Inventory (which is the total pending Submitted Amount at January 31, 2017) in the 0-30 day period (104.9%) was higher in January than December (97.7%). The 0-60 day period inventory (106.3%) was higher than December (101.6%). (Some of these numbers are greater than 100% because the 91+ day category was a negative amount reflecting credits due CHO.) The BOI is monitoring the aging of the claim inventory on a weekly basis.
- Membership at the end of January was 3.7% higher than Plan. The membership breakdown was roughly 74.5% individual, 23.7% small group and 1.8% large group. Net premium income in January was 2.3% higher than the Plan. It is expected that CHO's membership will decrease somewhat throughout 2017.
- Total expenses in January were 26.6% lower than Plan for the month. This one-time favorable variance was caused by the timing of the payment for certain expenses.
- The \$0.52 million net income reported for January was \$1.5 million higher than Plan. This favorable variance is primarily due to the timing of the payment of certain administrative expenses.
- CHO's reported bonds, cash, cash equivalents, and short term investments in January were 0.2% higher than Plan.

CHO's reported results for January were generally consistent with its Plan for the month. The BOI will continue to closely monitor CHO's performance and post monthly statements about its results.