



## **Bureau of Insurance Statement Regarding Maine Community Health Options' Results December 6, 2018**

CHO reported net income of \$0 for the month of October (\$3.8 million higher than the Plan's expected \$3.8 million net loss) and its year-to-date net income at the end of October was \$32.9 million (\$21.8 million more than Plan). (Please see the explanation below of the approximately \$0.2 million reduction in the \$12 million policy reserve in October.) Total revenues YTD were \$5.2 million (1.6%) less than Plan and total expenses YTD were \$2.1 million (4.4%) less than projected in the Plan. As of October 31, 2018, the Company's total reported surplus was \$65.5 million, a \$31.8 million (94.2%) increase from December 31, 2017 and a \$0.7 million (1.0%) decrease from September 30, 2018.

The Company reported bonds, cash, cash equivalents, and short-term investments in October totaling \$153.2 million, a \$90.4 million increase from the \$62.8 million CHO reported at December 31, 2017, and an increase of 4.3% over the amount reported for September. These assets exceed the Company's accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has the assets to meet its current obligations to members and their health care providers.

CHO had total membership of 51,241 at the end of October (80.0% individual, 17.0% small group, and 3.0% large group). This reflects a 0.7% decrease in total membership from September 30, 2018, but is 4.6% greater than Plan.

The reported percentage of Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at October 31, 2018) in the 0-30 day period (91.8%) was higher than the figure reported for September 30, 2018 (80.6%). The 0-60 day period inventory (95.7%) was slightly higher than reported for September (95.6%). The BOI is monitoring the aging of the claim inventory on a weekly basis, so more recent information is available. CHO reports that as of November 26, 2018, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 85.3% and in the 0-60 day period 96.7%. The age of the average claim in CHO's inventory on November 26, 2018 was reported to be 11.7 days.

CHO's reported net income/loss for October continues to reflect a conservative approach to claim reserving which is appropriate in light of the Company's results in the last few months of prior years. This includes the continued recording of a policy reserve which estimates negative claim experience expected in the latter portion of the year as members satisfy deductibles and other cost-sharing thresholds. (The roughly \$12 million policy reserve, as of September 30, 2018, was in addition to the reserve for unpaid claim obligations (\$49.0 million as of October 31, 2018).) During October the policy reserve was reduced, as its purpose intended, by approximately \$0.2 million to offset what would otherwise have been a loss in that amount for the month.