



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**

**March 23, 2018**

In its March 1, 2018 statement, the Bureau of Insurance (“BOI”) reported on Community Health Options’ (“CHO”) results through December 2017. The BOI noted that CHO was working with its consulting actuaries to analyze the drivers of 2017 results and evaluate whether a 2018 premium deficiency reserve was required. The Company was granted an extension to file its annual statement by April 1, 2018 in order to complete that evaluation and share it with the BOI. That process is still on-going.

CHO is scheduled to deliver its proposed 2018 Business Plan to the BOI before the end of March. The BOI’s consideration of CHO’s position on whether a 2018 premium deficiency reserve is necessary is connected to its review of the 2018 Business Plan. The BOI and its consulting actuaries will promptly review the Plan for reasonability and, if so, will apply it in subsequent statements to track monthly results in comparison with Plan.

Even though the 2018 Business Plan is not yet available as a measure of 2018 performance, the BOI remains committed to share CHO’s reported results on a monthly basis. CHO reported net income of \$2.55 million for the month of January, which compares with a \$3.4 million revised preliminary loss for December that is currently being analyzed. As of January 31, 2018, the Company’s total reported surplus was \$35.96 million, a \$2.23 million increase from the \$33.73 million initially reported as of December 31, 2017.

The Company reported bonds, cash, cash equivalents, and short term investments in January totaling \$83.25 million, a 32.7% increase over the \$62.75 million CHO reported at December 31, 2017. 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 55,125 during the month of January (82.0% individual, 15.3% small group, and 2.7% large group). This reflects a 44.6% increase in total membership from December 31, 2017 when the Company had total membership of 38,124 (75.7% individual, 20.7% small group, and 3.6% large group). CHO’s membership grew in all three categories, with individual membership increasing by 56.5%, small group membership increasing by 7.0%, and large group membership increasing by 9.4%.

It is important to place these reported January results into context. Health insurers generally have better experience earlier in the calendar year before members begin to satisfy deductibles and other cost sharing thresholds. January’s results are therefore not necessarily predictive of results in subsequent months. Also, CHO’s transition to a new claim administration platform in January reduced its cash outflow since claim payments were somewhat delayed. Finally, because CHO’s membership significantly increased from 2017 to 2018, one would expect an increase in assets due to the additional premium revenue.