



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

July 6, 2018

CHO reported net income of \$1.9 million for the month of May (\$1.2 million more than Plan) and its year to date net income at the end of May was \$16.4 million (\$2.7 million more than Plan). Revenues YTD were \$3 million less than Plan and expenses YTD were \$1.2 million lower than projected in the Plan. As of May 31, 2018, the Company's total reported surplus was \$49.8 million, a \$16.1 million (47.6%) increase from December 31, 2017 and a \$1.4 million (2.9%) increase from April 30, 2018.

The Company reported bonds, cash, cash equivalents, and short term investments in May totaling \$125.0 million, a \$62.2 million increase from the \$62.8 million CHO reported at December 31, 2017 and an increase of 8.9% over the amount reported for April. 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 53,538 at the end of May (81.1% individual, 16.1% small group, and 2.7% large group). This reflects a 0.7% decrease in total membership from April 30, 2018 and is 1.6% greater than Plan.

The reported percentage of Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at May 31, 2018) in the 0-30 day period (90.2%) was higher than the figure reported for April 30, 2018 (76.7%). The 0-60 day period inventory (97.9%) was higher than reported for April (93.7%). The BOI is monitoring the aging of the claim inventory on a weekly basis and can advise, based on CHO's most recent reporting, that as of June 30, 2018, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 84.1% and in the 0-60 day period 99.0%. The decrease in the percentage of the net claim submissions during June in the 0-30 day period is due to CHO's new bill review process. The Company believes that as the process becomes established that this slight deterioration in the amount of claims in the 0-30 day period will be reversed. The BOI is closely following the implementation of the bill review process.

CHO's reported net income for May reflects a conservative approach to claim reserving. In light of the Company's results in the later portions of prior years, the BOI believes that such conservatism is both warranted and prudent.