



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**

**December 6, 2019**

This statement discusses the key October financial results for Maine Community Health Options (“CHO”) compared to its 2019 Business Plan provided to the Bureau of Insurance (BOI).

CHO reported net income of \$1.1 million for the month of October, which compares to the Plan’s projected income of \$1.5 million. Year-to-date net income was a reported \$17.4 million compared to the Plan’s expected \$1.0 million of net income during the period. As of October 31, 2019, capital and surplus were a reported \$75.6 million, an \$18.3 million increase (31.8%) from \$57.3 million as of December 31, 2018.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of October totaled \$167.2 million, a \$5.8 million (3.6%) increase from \$161.4 million at December 31, 2018. These assets exceed the Company’s accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has adequate assets to meet its current obligations to its members and their health care providers.

CHO had total membership of 37,448 during October (71.0% individual, 24.0% small group, and 5.0% large group). This reflects a 25.3% drop in total membership from December 31, 2018 when it was 50,128 (79.4% individual, 17.4% small group, and 3.2% large group.) A drop in membership was expected due in part to the entry of another insurer into the Maine Affordable Care Act Marketplace as of January 1, 2019 and other factors such as repeal of the individual mandate and associated tax penalty. CHO’s actual October membership was lower (3.0%) than the Plan projection for the month.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Dollar Amount at October 31, 2019) in the 0-30 day period (99.7%) was higher than the same figure reported for September 30, 2019 (94.3%). The reported percentage of inventory in the 0-60 day period (100%) was somewhat higher than that reported for September (99.7%). 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 30, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 97.7% and in the 0-60 day period 100%. The age of the average claim in CHO’s inventory on November 30 was reported to be 3.8 days.

During October CHO increased its aggregate net health policy reserves by \$1.7 million from the September 30, 2019 level to a total of \$63.4 million (this principally reflects an increase of \$1.7 million in the 2019 risk adjustment payable reserve). Management advises the BOI that these are deemed conservative steps.