

Bureau of Insurance Preliminary Statement Regarding Maine Community Health Options' December 2018 Results

February 14, 2019

Community Health Options (CHO) is expected to file its 2018 Annual Statement by March 1, 2019. In the meantime it has provided the Bureau of Insurance (BOI) with its preliminary operating results through December 31, 2018. (CHO reports its results to the BOI for the prior month on or about the 25th of the following month.) Since CHO is still consulting with its independent actuaries on a number of material reserve liabilities and the BOI has not yet received their analysis, this statement on December results should be viewed as preliminary. A supplemental statement will be posted after the final December 31, 2018 results are known.

In general, CHO is expected to report significantly higher net income for 2018 than estimated by its 2018 Plan. Similarly, it is anticipated that the Company's surplus will increase substantially from 2017.

CHO's December 2018 membership was 50,128 which is 1.4% lower than November 2018 but 6.0% higher than Plan. Paid medical claims on a per member per month basis were 15.7% lower in December than Plan and 16.5% lower YTD. Paid prescription drug costs on a per member per month basis in December were 3.4% lower than Plan and 14.5% lower YTD. Total expenses YTD were 1.9% higher than projected in the Plan.

The Company reported bonds, cash, cash equivalents, and short-term investments in December totaling \$161.4 million, a \$98.6 million increase from the \$62.8 million CHO reported at December 31, 2017.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at December 31, 2018) in the 0-30 day period (93.1%) was higher than the figure reported for November 30, 2018 (83.1%). The 0-60 day period inventory (95.1%) was slightly higher than reported for November (94.7%). 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 January 31, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 92.1% and in the 0-60 day period 96.2%. The age of the average claim in CHO's inventory on January 31, 2019 was reported to be 5.1 days.

The BOI will post a supplemental statement reporting on CHO's 2018 net income, surplus and significant reserve levels once the yearend numbers are finalized.