



DEPARTMENT OF

Professional &  
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STATE OF MAINE

• OFFICE OF SECURITIES  
• BUREAU OF INSURANCE  
• CONSUMER CREDIT PROTECTION  
• BUREAU OF FINANCIAL INSTITUTIONS  
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## **Bureau of Insurance Statement Regarding Maine Community Health Options**

**April 3, 2019**

This statement discusses the key February financial results for Community Health Options (“CHO”). It is too early in the year to compare these results to CHO’s 2019 Business Plan because CHO delivered the proposed Plan to the Bureau of Insurance (“BOI”) in late March. The BOI then reviewed the Plan with its consulting actuaries who advised that CHO’s 2019 projection was reasonable. Therefore, starting with CHO’s reported March results, the BOI’s monthly statements will compare results to that Plan.

CHO reported net income of \$1.3 million for the month of February. As of February 28, 2019, capital and surplus were a reported \$61.0 million, a \$3.6 million increase (6.4%) 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 February totaled \$169.2 million, a \$7.8 million (4.8%) 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 41,862 during February (76.0% individual, 20.0% small group, and 4.0% large group). This reflects a 16.5% 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 to the entry of another insurer into the Maine Affordable Care Act Marketplace as of January 1, 2019. CHO’s actual February membership was 2.3% higher than it had projected for the month.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at February 28, 2019) in the 0-30 day period (90.0%) was somewhat lower than the figure reported for January 31, 2019 (92.1%). The 0-60 day period inventory (96.6%) was slightly higher than reported for January (96.2%). 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 March 31, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 89.9% and in the 0-60 day period 96.2%. The age of the average claim in CHO’s inventory on March 31 was reported to be 7.8 days.

During February, CHO increased its aggregate health policy reserves by \$5.1 million from the January 31, 2019 level (this consists of a \$3.4 million increase in the 2019 policy reserve to a total of \$9.1 million and a \$1.7 million accrual for estimated 2019 risk adjustment obligations to a total of \$3.4 million). The \$15.8 million premium deficiency reserve for 2019 (accrued as of December 31, 2018) was unchanged in February (or January). Management advises the BOI that these were conservative steps taken pending finalization of its 2019 Business Plan.