

Bureau of Insurance Statement Regarding Maine Community Health Options

April 15, 2020

This statement discusses the key February financial results for Maine Community Health Options (“CHO”) compared to its 2020 Business Plan provided to the Bureau of Insurance (BOI). (The 2020 Business Plan gave no consideration to the possible impact of COVID-19. Once such information becomes available, CHO will accordingly modify the 2020 Plan.)

CHO reported net income of \$0.2 million for the month of February, which compares to the Plan’s projected net loss of \$0.1 million. As of February 29, 2020, capital and surplus were \$84.1 million, level with January and a slight drop from \$84.2 million as of December 31, 2019.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of February totaled \$174.2 million, a \$10.9 million (6.7%) increase from \$163.3 million at January 31, 2020. 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 29,402 during February (60.9% individual, 31.7% small group, and 7.4% large group). This reflects a 20.8% drop in total membership from December 31, 2019 when it was 37,130 (69.4% individual, 25.6% small group, and 5.0% large group.) CHO’s actual February membership was higher (3.7%) 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 February 29, 2020) in the 0-30 day period (98.3%) was slightly lower than the same figure reported for January 31, 2019 (100%). 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 April 7, 2020, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 95.7% and in the 0-60 day period 100%. The age of the average claim in CHO’s inventory on April 7 was reported to be 4.2 days.

During February CHO increased its aggregate net health policy reserves by \$0.4 million from the January 31, 2020 level to a total of \$60.4 million (a \$3.3 million reserve for a 2019 medical loss ratio rebate payment, \$39.5 million in the risk adjustment payable reserve, a \$4.6 million 2020 policy reserve, and a \$12.9 million 2020 premium deficiency reserve). Management advises the BOI that these are deemed conservative steps.