



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

May 7, 2020

This statement discusses the key March 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 March, which compares to the Plan’s projected net loss of \$0.1 million. Reported YTD net income was \$0.6 million, which compares to the Plan’s expected \$0.4 million net loss for the period. As of March 31, 2020, capital and surplus were \$84.3 million, \$0.2 million higher than February, and \$0.1 million higher than at December 31, 2019.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of March totaled \$170.0 million, a \$4.2 million (2.4%) decrease from \$174.2 million at February 29, 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 28,938 during March (60.4% individual, 32.1% small group, and 7.5% large group). This reflects a 22.1% 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 March membership was slightly higher (2.8%) 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 March 31, 2020) in the 0-30 day period (99.8%) was slightly higher than the same figure reported for February 29, 2020 (98.3%). 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 30, 2020, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 100% of the total. The age of the average claim in CHO’s inventory on April 30 was reported to be 1.5 days.

During March CHO increased its aggregate net health policy reserves by \$0.8 million from the February 29, 2020 level to a total of \$61.1 million (a \$3.3 million reserve for a 2019 medical loss ratio rebate payment, \$41.1 million in the risk adjustment payable reserve, a \$4.2 million 2020 policy reserve, and a \$12.5 million 2020 premium deficiency reserve). Management advises the BOI that these are deemed conservative steps.

On April 27, 2020, the US Supreme Court ruled in favor of CHO and certain other health insurers concerning their entitlement to reimbursement from the US Government for claim payments subject to a so-called “risk corridor”, during the first three years of the Affordable Care Act (2014-2016). CHO claims \$59 million of such risk corridor reimbursements. The amount and timing of payment by the United States is uncertain at this point in time.