



Bureau of Insurance Statement Regarding Maine Community Health Options September 12, 2018

CHO reported net income of \$14.3 million for the month of July (\$14.2 million more than Plan) and its year to date net income at the end of July was \$32.0 million (\$17.1 million more than Plan). Total revenues YTD were \$0.3 million less than Plan and total expenses YTD were \$1.8 million lower than projected in the Plan. As of July 31, 2018, the Company's total reported surplus was \$65.3 million, a \$31.6 million (93.7%) increase from December 31, 2017 and a \$14.0 million (27.4%) increase from June 30, 2018. July's favorable net income was materially due to the CMS-announced \$10.1 million net receivable related to Risk Adjustment for the 2017 benefit year which was booked in July.

The Company reported bonds, cash, cash equivalents, and short-term investments in July totaling \$142.3 million, a \$79.5 million increase from the \$62.8 million CHO reported at December 31, 2017 and an increase of 4.5% over the amount reported for June. These assets exceed the Company's accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has the assets to meet its current obligations to members and their health care providers.

CHO had total membership of 52,361 at the end of July (80.8% individual, 16.4% small group, and 2.8% large group). This reflects a 1.0% decrease in total membership from June 30, 2018 but is 2.5% greater than Plan.

The reported percentage of Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at July 31, 2018) in the 0-30 day period (60.8%) was lower than the figure reported for June 30, 2018 (84.1%). The 0-60 day period inventory (93.0%) was lower than reported for June (98.9%). The BOI is monitoring the aging of the claim inventory on a weekly basis. CHO reports that as of August 31, 2018, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 76.8% and in the 0-60 day period 86.8%. The decrease in the percentage of the net claim submissions during June in the 0-30 day period appears in part due to CHO's recently implemented bill review process obligating providers to submit bill itemization for large claims. During July and August, the payables attributable to that program were reduced and continued reductions are expected in September. The age of the average claim in CHO's inventory as of August 31, 2018 was reported to be 8 days and the average daily dollar amount in the net submitted claim inventory as of the end of August was the lowest for any month in 2018.

CHO's reported net income for July continues to reflect a conservative approach to claim reserving which is appropriate in light of the Company's results in the later portions of prior years. This includes the recording of a policy reserve which estimates negative claim experience expected in the latter half of the year as members satisfy deductibles and other cost-sharing thresholds.