



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

December 3, 2021

Maine Community Health Options (CHO) recently filed its quarterly financial statement for the period ending September 30, 2021. The Bureau of Insurance (BOI) offers these comments on CHO's reported results.

CHO reported net income of \$12.5 million for the first nine months of 2021 which was 33% better than the latest forecast. This favorable variance was materially caused by the Company becoming a net recipient of Risk Adjustment (rather than a payer) in 2021. Its net premium income during the first three quarters of the year was consistent with the forecast and its incurred hospital and medical obligations 1.8% lower. CHO's reported underwriting gain through September 30, 2021 was \$9.8 million which was 35.9% better than forecast. CHO's aggregate health policy reserves were \$19.9 million as of September 30, 2021 versus \$47.2 million at December 31, 2020. Please see CHO's Q3 financial statement, which is posted on the BOI's website, for greater detail.

Capital and surplus were a reported \$152.6 million at September 30, 2021, a \$12.5 million increase from \$140.1 million at December 31, 2020. As described above, this favorable result was primarily due to CHO becoming a net recipient of Risk Adjustment in 2021.

The Company reported total bonds, cash, cash equivalents, and short-term investments at the end of September of \$176.8 million, a \$13.6 million (7.1%) decrease from \$190.4 million at June 30, 2021. (Since CHO has lower membership in 2021 this is an expected result.) These assets exceed the Company's accrued liabilities for members 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.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Dollar Amount at September 30, 2021) in the 0-30 day period was 100%. The BOI is monitoring the aging of the claim inventory on a weekly basis and the Company has maintained a similar level of timely claim administration to date.

The BOI will continue to issue statements on CHO's reported results on a quarterly basis during 2021.