

Bureau of Insurance Statement Regarding Maine Community Health Options

January 23, 2020

This statement discusses the key November financial results for Maine Community Health Options (“CHO”) compared to its 2019 Business Plan provided to the Bureau of Insurance (BOI).

CHO reported net income of \$0.5 million for the month of November, which compares to the Plan’s projected income of \$2.1 million. Year-to-date net income was a reported \$17.9 million compared to the Plan’s expected \$3.1 million of net income during the period. As of November 30, 2019, capital and surplus were a reported \$76.6 million, a \$19.3 million increase (33.6%) 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 November totaled \$171.0 million, a \$9.6 million (5.9%) 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 37,135 during November (70.5% individual, 24.4% small group, and 5.1% large group). This reflects a 25.9% 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 in part to the entry of another insurer into the Maine Affordable Care Act Marketplace as of January 1, 2019 and other factors such as repeal of the individual mandate and associated tax penalty. CHO’s actual November membership was lower (3.2%) 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 November 30, 2019) in the 0-30 day period (99.7%) was the same figure reported for October 31, 2019. The reported percentage of inventory in the 0-60 day period (100%) was the same reported for October. 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 December 31, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 97.9% and in the 0-60 day period 100%. The age of the average claim in CHO’s inventory on December 31 was reported to be 3.1 days.

During November CHO increased its aggregate net health policy reserves by \$1.7 million from the October 31, 2019 level to a total of \$65.1 million (this principally reflects an increase of \$1.7 million in the 2019 risk adjustment payable reserve). Management advises the BOI that these are deemed conservative steps.