



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

February 11, 2020

Maine Community Health Options (CHO) is expected to file its 2019 Annual Statement by March 1, 2020. In the meantime it has provided the Bureau of Insurance (BOI) with its preliminary operating results through December 31, 2019. Since CHO is still consulting with its independent actuaries on a number of material reserve liabilities and the BOI has not yet received their analysis, this statement on December results should be viewed as preliminary. A supplemental statement will be posted after the final December 31, 2019 results are known.

CHO reported net income of \$5.2 million for the month of December, which compares to the Plan's projected income of \$5.0 million. Year-to-date net income was a reported \$23.1 million compared to the Plan's expected \$8.1 million of net income during the period. As of December 31, 2019, capital and surplus were a reported \$82.1 million, a \$24.8 million increase (43.3%) 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 December totaled \$165.5 million, a \$4.1 million (2.5%) 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 37,130 during December (69.4% individual, 25.6% small group, and 5.0% 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 December membership was lower (2.6%) 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 December 31, 2019) in the 0-30 day period (97.9%) was slightly lower than the same figure reported for November 30, 2019 (99.7%). The reported percentage of inventory in the 0-60 day period (100%) was the same reported for November. 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 January 31, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 100.0%. The age of the average claim in CHO's inventory on January 31 was reported to be 2.3 days.

During December CHO increased its aggregate net health policy reserves by \$6.1 million from the November 30, 2019 level to a total of \$71.1 million (a \$4.4 million reserve for a 2019 medical loss ratio rebate payment, an increase of \$1.7 million in the 2019 risk adjustment

payable reserve, a \$14.4 million increase in the 2019 policy reserve, and elimination of the \$14.4 million 2019 premium deficiency reserve). Management advises the BOI that these are deemed conservative steps.