

Bureau of Insurance Statement Regarding Maine Community Health Options

March 27, 2020

This statement discusses the key January financial results for Maine Community Health Options (“CHO”) compared to its 2020 Business Plan recently 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 \$0.3 million for the month of January, which compares to the Plan’s projected net loss of \$0.1 million. As of January 31, 2020, capital and surplus were \$84.1 million, a slight drop from \$84.2 million as of December 31, 2019.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of January totaled \$163.3 million, a \$2.2 million (1.3%) decrease from \$165.5 million at December 31, 2019. 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 30,010 during January (61.7% individual, 31.3% small group, and 7.0% large group). This reflects a 19.2% 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 January membership was higher (3.5%) 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 January 31, 2020) in the 0-30 day period (100%) was higher than the same figure reported for December 31, 2019 (97.9%). 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 February 29, 2020, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 98.3% and in the 0-60 day period 100%. The age of the average claim in CHO’s inventory on February 29 was reported to be 2.7 days.

During January CHO decreased its aggregate net health policy reserves by \$1.9 million from the December 31, 2019 level to a total of \$60.0 million (a \$3.3 million reserve for a 2019 medical loss ratio rebate payment, \$38.0 million in the risk adjustment payable reserve, a \$2.5 million 2020 policy reserve, and a \$16.2 million 2020 premium deficiency reserve). Management advises the BOI that these are deemed conservative steps.