



Bureau of Insurance Statement Regarding Maine Community Health Options

August 19, 2021

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

CHO reported net income of \$0.06 million for the first six months of 2021. Its premium income during the first half of the year was lower than forecast and its incurred losses were higher. (The Company's 2021 membership is lower than during 2020.) CHO carried a substantial premium deficiency reserve into 2021 and has reduced that reserve to fully offset underwriting losses. Consequently, CHO's reported underwriting gain/loss through June 30, 2021 was \$0. CHO's aggregate health policy reserves were \$38.5 million as of June 30, 2021 versus \$47.2 million at December 31, 2020. Please see CHO's Q2 financial statement, which is posted on the BOI's website, for greater detail.

Capital and surplus were a reported \$139.9 million at June 30, 2021, a \$0.2 million decrease from \$140.1 million at December 31, 2020. The decrease resulted from a \$0.25 million change in non-admitted assets through six months offset by the \$0.06 million of net income. (CHO's reported surplus at December 31, 2019 was \$84.2 million.)

The Company reported total bonds, cash, cash equivalents, and short-term investments at the end of June of \$190.4 million, a \$13.0 million (6.4%) decrease from \$203.4 million at March 31, 2021. 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 June 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.