



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 – May 6, 2016

This is the third of the Maine Bureau of Insurance's ("BOI") monthly statements on Community Health Options ("CHO").

The BOI continues to work closely with CHO, the Centers for Medicare & Medicaid Services ("CMS"), and the New Hampshire Insurance Department. During April, the Superintendent and his counsel had a very productive meeting with the Director of CMS's Center for Consumer Information & Insurance Oversight, the principal federal regulator of CHO, to discuss CHO's current status and plans for the future. The BOI continues to monitor material CHO business transactions, which involves frequent update calls with CHO management. CHO's management continues to cooperate fully with the BOI.

CHO recently reported to the BOI on its March results and is expected to file its quarterly statement for the period ending March 31, 2016 later in May. That quarterly statement will be posted by the BOI and made available to the public. In reviewing CHO's reports on March results, methodological questions arose concerning the monthly and quarterly plan estimates of incurred claims (these are paid claims plus changes in reserves during the month) against which actual results are being compared. The BOI has discussed these questions with CHO and its actuarial consultants who are promptly investigating further. Once the BOI receives answers to those questions it will be able to comment on incurred claims in March and the first quarter as well as the resulting net income or loss. (CHO's paid claims were 3.8% greater than plan during March.)

In the meantime, the BOI can comment on the following key results:

- Total membership was 2% lower than projected through March. This resulted in \$4.3 million (12.2%) less net premium income in March than planned and \$1.2 million (1.1%) lower net premium income for the first quarter. Since CHO's individual health business generally has a January 1, 2016 effective date, CHO is not expected to see similarly sized variations in net premium income in future months.
- CHO's reported total expenses in March were \$186,893 (3.6%) lower than planned and total expenses for the first quarter were \$159,165 (1%) higher than the 2016 plan.
- CHO reported cash investments of \$83.9 million at the end of March which compares favorably to \$76.4 million at December 31, 2015.

The BOI will report further on CHO's March and first quarter incurred claims and net income or loss once it receives the information described above.