

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)
 MAINE COMMUNITY HEALTH OPTIONS) FIRST SUPPLEMENTAL
 INDIVIDUAL RATE HEARING) RESPONSE TO THE
) FIRST INFORMATION REQUEST
) OF THE SUPERINTENDENT
)
 Docket No. INS-16-1002)

Maine Community Health Options (“Community Health Options”) responds to the request of the Superintendent by providing a supplemental written response to requests 3 and 9 of the First Information Request. This submission is consistent with our agreement to supplement the responses provided should the information change or more information become available at any time during the pendency of this proceeding.

Requests:

3. An updated draft policyholder notice of the rate increase and hearing is attached as Attachment A. This update responds to observations of Bureau of Insurance staff.

9. Community Health Options reviewed changes to our renewing plans for compliance with the minor modifications standard of Title 24-A M.R.S.A. Section 2850-B(3)(I). Using its 2017 Managed Care Rating Model, which is used to develop pricing relativities, Milliman, our consulting actuarial firm, input the actual 2016 cost-sharing for each of the individual plans and computed the paid to allowed percent for 2017. This serves as the Pricing Actuarial Value. Milliman compared this Pricing Actuarial Value to the Pricing Actuarial Value developed for the actual 2017 individual plans based on the cost-sharing for the respective plans to determine the year-over-year change in the benefits. The analysis was performed and the results of increases and decrease in benefits were netted. This response provides the results without netting of the changes.

		2017/2016	2017/2016	2017/2016
Plan Name	HIOS Plan ID	Increase	Decrease	Net
Community Safe Harbor	33653ME0010001	0.0%	6.1%	93.9%
Community Reliant HSA (previously named Community Option HSA)	33653ME0020001	0.0%	4.0%	96.0%

Community Focus (previously named Community Option)	33653ME0010002	0.6%	3.6%	97.0%
Community Choice	33653ME0010003	1.6%	4.3%	97.3%
Community Value	33653ME0010005	1.4%	5.8%	95.6%
Community Edge (previously named Community Advantage)	33653ME0010007	0.1%	9.1%	91.0%
2016 Community Preferred to 2017 Community Choice	Members crosswalked from 33653ME0010004 to 33653ME0010003	1.4%	5.9%*	95.5%

*2.4% of this change is required by law to maintain the Preferred product at the silver metal level pursuant to the federal Actuarial Value.

Any dental benefit impact is de minimis.

As previously indicated, Community Health Options proposes to discontinue the Community Preferred individual health insurance policy and enroll members in the Community Choice Product. Reductions in plan design are required to maintain the Preferred product within the silver metal level.

Community Health Options' approach to benefit modification analyzed the overall best interests of its policyholders. As the rating methodology for individual products is based on a single risk pool, adjustments to one plan cannot be executed without consideration of a corresponding effect on the remaining plans within the portfolio. The increase in the market-adjusted index rate that would result from enhancing the benefits in one plan would necessarily cause the premiums for all other plans in the company's portfolio to increase to the detriment of all policyholders.

In adjusting the benefit structure for its 2017 plans, Community Health Options adopted a corporate plan methodology with the intent of maintaining portfolio consistency while ensuring that there were significant meaningful differences between products. In executing this strategy, benefit increases and reductions were made uniformly across all plans to the fullest extent possible. Primary changes across products include an increase in maximum out-of-pocket, deductibles, and coinsurance for emergency room visits; a transition from a copay to coinsurance structure for a number of services including Physical, Occupational, and Speech Therapy; the creation of two tiers of generic drugs; and the elimination of coverage for Non-Essential Health Benefits. Consistency in portfolio strategy effectuates administrative simplification. Responsive to recent operational issues, uniformity across the Community Health Options' portfolio has significant implications for facilitating accurate implementation and reducing the potential for errors in service.

Therefore, even if a change exceeds the 5% threshold for a decrease in benefits for some plans, this positively impacts all of our policyholders by permitting us to limit rate increases; creating increased portfolio consistency and simplicity; and by reducing the likelihood of configuration and service issues relating to complexity created by multiple, inconsistent plan designs.

Community Edge

With respect to the Community Edge plan (previously named Community Advantage), the benefit changes amounted to a greater than 5% decrease in benefits. The 2016 ACA Actuarial Value of this plan was considerably high on the spectrum for a gold level product. Reducing the increase in the benefits of the Edge plan to meet the 5% threshold would result in a higher index rate thereby increasing the premium not only for this product, but for others in the portfolio to the disadvantage of Community Health Options' policyholders. The proposed benefit changes for the Edge plan are consistent with those adjustments made for all other products in the portfolio. The high benefit levels of the plan within the gold metal level prior to the proposed changes for 2017 was an outlier with outsized exposure to risk. It was necessary to align the product at the lower end of the gold metal spectrum to prevent ongoing adverse selection and the high utilization experienced in 2015.

Community Safe Harbor

The benefit changes to the 2017 catastrophic plan amounted to a decrease in benefits greater than 5%. However, ACA Actuarial Value calculations were greatly impacted by the federally mandated inclusion of three Primary Care Physician visits with no cost-sharing to the Member. Non-Essential Health Benefits (adult routine eye exam, elective abortion, and non-emergency services outside of the U.S.) were removed from coverage consistent with their elimination from all Community Health Options' products. A small increase in the deductible and out-of-pocket maximum was required to reduce the ACA Actuarial Value from 62.90% to 62.01% thereby maintaining an actuarial value close to the Bronze plan threshold while preventing it from being a richer plan than our Bronze offerings.

Community Value

Adjustments to the 2017 benefits for the Community Value plan resulted in a change of 5.8%. Community Health Options established the Value plan with the intent to offer it as a low-end Silver product. The benefit modifications for the upcoming plan year effectively maintained the same ACA Actuarial Value as the 2016 offering while allowing Community Health Options to retain this level of Silver plan. Our Community Choice plan is the portfolio's mid-level Silver option. Without the proposed changes to the Value plan, the Value plan will have a higher ACA Actuarial Value than the mid-level Choice plan, and therefore, there will be little meaningful difference between the two products.

The benefit modifications to the Value plan include an additional tier of formulary drugs, a transition from copay to coinsurance for Physical/Occupational/Speech Therapy services, and an increase in deductible and maximum out-of-pocket expenses. As stated previously, these changes are consistent with the overall strategic portfolio methodology.

June 13, 2016

Submitted by:

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