



2017 Annual Report

Introduction

Two decades ago, the Institute of Medicine documented that health insurance coverage matters in terms of both the quality and duration of life.

Here at Community Health Options, we believe that how we provide coverage matters a great deal too. From the beginning, we have maintained a focus on improving the health status and wellness of our membership. This has been evident in our plan designs, our approach to providing excellent member service, and our work with community partners.

Community Health Options' mission is to partner locally with Members, businesses, and

health professionals to provide affordable, high-quality benefits that promote health and wellbeing. Now in our fifth year of operations, serving a majority of the individual market, we have a track record of health promotion as well as benefit designs that support our members in attaining better health status and improved sense of wellbeing.

Amidst the national debate over the direction of health policy, Community Health Options has maintained our belief in the importance of the essential health benefits, screenings and other preventive services as well as the vital role of timely access to care and the primary care medical home. Our benefit

plan designs span the range of coverage levels, and yet, throughout all our plans is our service model with attention and focus on the needs of our Members.

The 2017 Annual Report highlights the many efforts Community Health Options undertook in our pursuit of improving the Membership experience including the information and resources for our Membership.


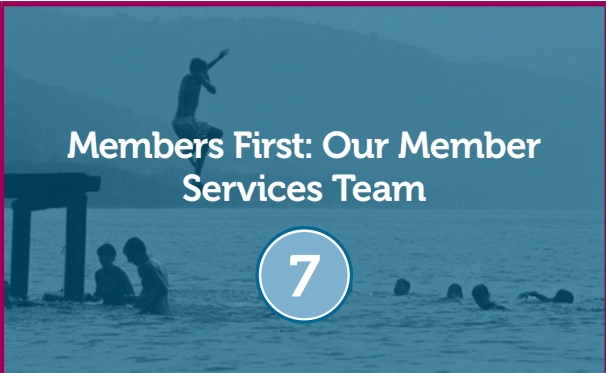







While there is still much more to do, and change will continue in the years ahead, we are confident that we are on the right path to continue to be your trusted partner in health and wellbeing.



From the beginning, we have maintained a focus on improving the health status and wellness of our membership.

Table of Contents

◀ Introduction 2

 <p>From Doug Smith, our Board Chair</p> <p>4</p>	 <p>Members First: Our Member Services Team</p> <p>7</p>	 <p>Working with Providers: Our Provider Relations Team</p> <p>11</p>
 <p>Our Leadership Team</p> <p>5</p>	 <p>Helping Members Stay Well: Our Care Management Team</p> <p>8</p>	 <p>Dr. Edward Yoon: Thoughts from our CMO</p> <p>12</p>
 <p>From Kevin Lewis To the Community</p> <p>6</p>	 <p>Reaching out to Maine's Businesses: Our Local Business Development Team</p> <p>10</p>	 <p>2017 Financial Summary</p> <p>13</p>

From Doug Smith, our Board Chair

First and foremost, on behalf of the Board of Directors, management and our business partners, I thank you for your continued support of Community Health Options.



Against a backdrop of political and market uncertainty in 2017, Community Health

Options did what it does best – set ambitious goals and executed effectively to achieve them.

In October, when President Trump, through Executive Order, eliminated a critical funding component that provided subsidies to Mainers most in need of financial assistance to purchase health insurance, Community Health Options worked to calm anxieties and soldier through the shortfall.

When Maine's largest for-

profit insurer abruptly exited the Maine Marketplace in September 2017 leaving 28,700 members without coverage for 2018, Community Health Options reasserted its commitment to the market and assisted those in need of coverage. In total, over fifty five thousand Members chose Community Health Options for 2018.

Throughout the multiple attempts to derail efforts to provide essential health benefits to large numbers of people in Maine, Community Health Options forged ahead. In 2017 the organization identified, purchased, and implemented a major replacement for its claims processing platform and rebuilt interfaces to dozens of supporting systems.

This was a challenge that impacted all departments and team members. The new system went live in December 2017. It has improved the speed and effectiveness of Community Health Options' claims processing and improved our service level for Members. It also sets the stage for further innovation in service and product offerings that are sought after by consumers and employers alike.

The amount of change and uncertainty seen in 2017 comes at a price. It can be measured by the amount of hard work, resolve, teamwork, and leadership needed to accomplish the ambitious goals we set out for the year. We are proud to say that our team rose to the occasion and
(CONTINUED NEXT PAGE)

4

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expressed their engagement and satisfaction with the work experience by rating Community Health Options among the “Best Places to Work in Maine” in 2017, our third year with this distinction. My thanks to our team members who are largely responsible for our continued success.

We also owe a debt of gratitude to our leadership who worked tirelessly and our 14 Board Directors who volunteer their time. We work closely and thoughtfully together pursuing our mission, vision, and living the values that nurture a positive and productive work environment.

We look forward to making additional improvements in the services and products offered to Members, providers and business partners and improving the health of the communities we serve.



–Doug Smith, Community Health Options Board Chair

Our Leadership Team



Kevin Lewis, President & CEO



Robert Hillman, Senior Vice President & COO



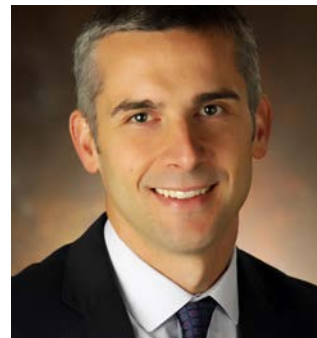
Joyce McPhetres, Senior Vice President & CHRO



Ed Vozzo, Senior Vice President & CFO



Edward Yoon MD, MBA, Senior Vice President & CMO



Will Kilbreth, Senior Vice President & CIO

5

“ We also owe a debt of gratitude to our leadership who worked tirelessly and our 14 Board Directors who volunteer their time.”



From Kevin Lewis To the Community

Providing essential health benefits, supporting providers with health improvement efforts, and bringing forward insurance coverage of greater value to consumers and employers is our commitment to you.

Making progress in each of these areas as we did in 2017 requires dealing with a changing landscape while staying focused on the delivery of high quality coverage and service for our Members.

In this report we illustrate 2017 results through examples of achievement amid great change in 2017.

- ▶ We partner with hospital clinical teams to reduce readmissions
- ▶ We engage with providers in community-based follow-up
- ▶ We support Members in accessing lowest cost pricing in pharmacy
- ▶ We conduct outreach to ensure access and close gaps in care
- ▶ We work in concert with providers to stem the tide of inappropriate access to opiates

- ▶ We continue to support coverage designed to overcome the financial barriers to good management of the most common chronic diseases confronting Maine people.

But if there is only one message that is maintained, let it be our sincere appreciation of the over 50,000 members, 30,000 providers and nearly 200 employees and volunteers who help make continued positive change a reality in the face of daunting challenges.



–Kevin Lewis,
President & CEO

6

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Members First: Our Member Services Team

Our Member Services Associates are the voice of Community Health Options.

Embodying the value of providing exceptional service, our team is dedicated to answering questions, providing direction, and resolving issues for our Members, providers, brokers, navigators, and everyone else who contacts our service center every day.

Each year, we challenge our team to hit new goals. We have a great team in our Lewiston and Fort Kent service centers, but we also need the right tools to serve the needs of our Members and partners.

Last year, we took steps to enhance our service to callers. We implemented a three-question quality survey on our Service toll-free number to gauge and respond to callers' feedback. We also implemented a

quality assurance program to ensure the information being provided to callers is complete and accurate. As part of our core values, we are dedicated to providing individuals with the best customer service possible and both our call center enhancements have led to improved caller experience.

During the year, the Member Services Associates team expanded its system to document, track and manage calls, creating efficiencies and supporting our migration away from our third-party administrator. In late 2016, we made the decision to bring our enrollment system in-house to our Lewiston headquarters. In the following 12 months, we reduced our Health Insurance Case System (HICS) cases

on a per member basis by 25%. Our new enrollment system allows us to resolve enrollment and eligibility issues faster.

Lastly, throughout the year, we focused our efforts on increasing our engagement with Members through Member Roundtables and Member Orientation sessions that were held throughout the state and online. These sessions helped Members understand what was new or had changed for the 2017 plan year, and helped Members' understand how health insurance works so they could make better informed choices and have better control of their care plans.

7

Betty was undergoing chemotherapy for breast cancer and had frequent hospitalizations and ER visits. Her retired husband lost his QMB coverage, and his Medicare Part B premiums were being taken out of his Social Security, which left them financially stressed and struggling to make ends meet. A Health Options care manager referred Betty and her husband to the local Area Agency for Aging (AAA) for financial and community resources. The AAA helped Betty and her husband to reapply for QMB coverage, disability, and other services needed to help the family feel less stressed, so Betty could focus on her treatment and recovery.

Helping Members Stay Well: Our Care Management Team

Healthcare can be complicated. That's why we partner with our Members through their healthcare journey to remove barriers, support transitions of care, and provide the tools and education to all Members to self-manage their health and wellness.

Since the beginning, our approach to care management has been focused on a member-centric approach to help Members achieve their health and wellness goals and better manage their health conditions.

In 2017, we expanded our transition of care program to all acute care hospitals in Maine. Our goal is to identify Members at risk of readmission early and ensure they have services in place to support successful transitions from acute care and improve health outcomes.

Our care managers are continuing to work with

external organizations, such as the Area Agencies on Aging, to provide necessary supports in the community.

Additionally, we added a high-risk maternity program to support Members at risk of pregnancy-related complications and to support Members in timely post-partum follow-up care. We also implemented a telehealth diabetes monitoring platform at no cost to our Members to help them achieve better control.



Care Managers, Natalie Morse and Sarah Trafford

8

“ Navigating the health care system can be confusing. Health Options’ high touch approach to care management makes it easier by providing services to Members who need an extra level of support to manage their health and healthcare.

Care Managers are available to answer general or complex medical questions, help Members navigate sometimes confusing processes, such as obtaining medical equipment for the home or ordering specialty medications, and can help if Members experience a critical event or diagnosis that requires extensive use of health services or resources.

Community Health Options received two awards in 2017.

The Best Places to Work (BPTW) award is designed to identify the best places of employment in Maine that benefit the state's economy, its workforce and businesses.

The 2017 Best Places to Work in Maine list is made up of 80 companies. Community Health Options was named among the Best Places to Work in Maine in the medium company category (50-249 U.S. employees).

Community Health Options is leading the way in support of Maine's valuable and dedicated older workers through its Workplace Flexibility and Transition program. So much so that the Older Worker Committee of the State Workforce Board chose Community Health Options as a recipient of the 2017 **Silver Collar Employer Award** which honors workplaces whose policies and practices support their older employees.

Even with the reduced cost of prescription medications available through Health Options' Chronic Illness Support Program (CISP), John and his wife Nancy were worried about the cost of his prescription medications and other medical supplies he needs to manage his chronic condition. Worried about how they could afford John's medication, Nancy called the Medical Management Division. Michelle, one of our care managers, helped Nancy and John research programs and worked with John's provider to bring John's \$900 a month medication down to \$270 every three months.

9

“Michelle gave my husband and me peace of mind; I don't have to worry about how I will keep him alive and make ends meet.”

—Nancy and John,
Members

Reaching out to Maine's Businesses: Our Local Business Development Team

Community Health Options is providing Maine businesses with new solutions for quality affordable health insurance.

As a result, our presence has increased competition and made a meaningful difference in the small and large group markets from Fort Kent to Kittery.

Our Business Development team facilitated a series of broker orientation sessions in 2017 to introduce our local broker service teams,

educate on our electronic tools, and provide support through all levels of writing new and renewing group business.

Throughout the year, we hosted 12 Employer Group Educational webinars on topics ranging from leadership skills to how to save on prescription medications.

Our unique webinar series is designed to be a resource to the employer community and provide a wide range of expertise from independent voices and authorities.

Looking ahead into 2018, the Business Development team is implementing strategies to increase the number of groups Community Health Options covers, strengthen retention of groups, and build relationships with our broker distribution channel.



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Working with Providers: Our Provider Relations Team

Community Health Options has over 30,000 providers in our provider network.

Community Health Options has over 30,000 providers in our provider network. This number includes both medical and behavioral health providers in Maine, New Hampshire, Vermont and Massachusetts. Our network includes over 320 Hospitals, Ambulatory Surgical Centers, Home Health & Hospice, and Skilled Nursing Facilities.

In 2017, Contracting, Credentialing, Data Integrity and Provider Relations worked together over many months to review and restructure process work flow in preparation for the new claims platform. We selected the claims adjudication system of HealthEdge, a leading provider of next generation software solutions. The new

claims system offers greater management and analytical capabilities and ultimately enhances functionality to improve the customer experience. In addition, the new platform enables efficiencies and lower operating costs.

Additionally, the Provider Network Operations team underwent a restructuring in 2017. We focused our efforts on the highest priorities based on feedback we received from providers:

- ▶ We restructured the team to increase the accuracy and response time to provider inquiries.
- ▶ The team also focused on building positive relations with our network through regular communication both virtually and on-site.

- ▶ Our new provider portal offers the provider network an efficient source for important information, which makes it easier for providers to access information they are seeking without having to make a phone call.

As our operation grows, we will continue to invest in the tools that support our provider network which, in turn, address the needs of our Members. We are committed to our mission of partnering with Members, businesses, and health professionals to provide affordable, high-quality benefits that promotes the health and wellness of our Members.

Our new claims system offers greater capabilities, increased flexibility in benefit design, and enhanced functionalities to improve the customer experience.

Thoughts from our CMO: Dr. Edward Yoon

As part of its core mission, Community Health Options and the Medical Management Team strive to improve population health, improve Member experience, and decrease cost.

Last year was a dramatic year in healthcare with many changes. Despite the uncertainty, Community Health Options continues to be committed to our mission of enhancing the health and wellness of our Members, and the communities we serve.

Like the rest of the country, Maine is experiencing a narcotic substance abuse crisis. In 2017, 418 people in Maine died of drug overdoses. As we begin to understand the societal costs of the opioid crisis, Community Health Options recognizes that we have a role in dealing with this crisis. We, like every health insurance company in the country, are challenged with the rising costs of medications, including

lifesaving drug antidotes and cancer medications. Staying true to our core values and mission, we are working with our pharmacy providers and healthcare providers to monitor excess use of certain restricted medications and make lifesaving medications available to Members who need them.

Looking ahead, we will continue to strengthen our utilization management and care management through our ongoing and evolving partnerships with network providers. We know transitions are often difficult, so we are trying to make rapid improvements based on our Member experience.

Our intentions have been and always will be

focused on the health of our Members. As we move forward into 2018 and then 2019, I am confident we will continue to improve our Member experience by understanding and partnering with all our constituents.



–Edward Yoon, MD,
Chief Medical Officer

12



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Financial Summary ▶ December 31, 2017

As a non-profit, Community Health Options strives to earn just enough profit to maintain regulatory-required capital, repay our foundational loans, and provide for smart, sustainable growth. Our CO-OP heritage requires us to give back any excess profit above this goal. It is our philosophy to price our products sufficiently to achieve the goal without additional debt or retaining excessive earnings at the expense of our Members.

In recent years, collected premiums were less than the sum of our Members' claims and our administrative expenses, resulting in operational losses. Looking forward, we have worked to manage our cost structure and raise rates to replace withheld federal payments which accounted for nearly all of the 2017 shortfall.

Balance Sheet

Assets

Bonds	36,493,233
Cash & Short Term Investments	26,257,532
Subtotal	62,750,765
Investment Income Due and Accrued	130,316
Uncollected premium	742,722
Amounts recoverable from reinsurers	3,908,020
Electronic data processing equipment and software	430,028
Healthcare and other amounts receivable	3,994,539
Aggregate write-ins for other invested assets	981,333
Total Assets	72,937,723

Liabilities

Claims Unpaid	29,072,039
Accrued medical incentive pool and bonus amounts	154,615
Unpaid claims adjustment expenses	672,190
Premiums received in advance	4,336,658
General expenses due or accrued	3,993,773
Cede reinsurance premiums payable	0
Amounts withheld or retained for the accounts of others	660
Amounts due to parent, subsidiaries and affiliates	906,528
Aggregate write-in for other liabilities	66,466
Total Liabilities	39,202,929
Surplus notes	132,316,124
Unassigned funds (surplus)	(101,171,174)
Total capital and Surplus	33,734,794
Total Liabilities, capital, and surplus	72,937,723

13

“ We believe we have achieved a reasonable balance for 2018 to achieve our goals.”



Based in Maine, Community Health Options is a non-profit health insurance company offering a variety of plans to individuals and groups, both on and off the Marketplace. As a Member-led organization, we focus on improving health status, enhancing the Member experience of care, and lowering total costs.

Senior Leadership

Kevin Lewis, CEO

Robert Hillman, COO

Joyce McPhetres, Chief HR Officer

Ed Vozzo, CFO

Dr. John Yindra, CMO

William Kilbreth, CIO

Nancy Johnson, AVP Compliance and Regulatory Affairs

Maggie Kelley, AVP Medical Services

Chris Kennedy, Director, Provider Network Operations.

Jane Cariello, AVP Service Operations

Charissa Kerr, Controller

Sharon Ware, Director, Business Development

Michael Gendreau, Director, Outreach, Education and Communications

Barbara Lovejoy, Director, Human Resources

2017 Board of Directors

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David Shultz

Douglas Wilson

Felicity Myers

Fred Craigie, PhD

Jim Davis

Mike Woodard

Rocell Marcellino

Ronnie Weston

Sarah Hines

Tonua Fedusenko

Trish Riley

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