



Community Health Options Issues \$3.3 million in Member Premium Rebates

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Lewiston, Maine - Community Health Options announced today that it will be issuing more than \$3.3 million in Member premium rebates to individuals and families who were policyholders in 2014. This rebate is a result of solid financial performance by Community Health Options, the increased support of the federal transitional reinsurance program and the medical loss ratio (MLR) requirement, which is part of the Affordable Care Act (ACA).

Rebate amounts vary according to total premium paid by Members in the individual market in 2014. On the whole, the rebates for the 2014 plan year amount to 2.1% of total premiums paid for the year (less taxes and fees) and the average rebate across all Members is approximately \$87.00. Rebates will be paid by September 30, 2015.

“We are pleased to provide this return of premium back to Members,” said Kevin Lewis, CEO of Community Health Options. “The rebate is a measure of our success that allows us to pass through this substantial portion of the federal reinsurance program payments to directly benefit Community Health Options Members. We initially set our rates to allow Members to benefit from the reinsurance program support in the form of lower premiums. The increased aid of the reinsurance program has allowed us to provide the additional rebate.”

The federal reinsurance program is one of the mechanisms of the ACA designed to hold down premium pricing in the face of unknown risk due to the widespread entry into coverage of the previously uninsured. In simplest terms, the reinsurance program helps reduce exposure for qualified health plans against large and difficult-to-predict Member claims. While the initial terms of the temporary reinsurance program were set in time for 2014 rate setting, the program has been modified twice since then, each time making it more generous. The most recent change was introduced in June 2015 and increased the amount of coverage for qualified health plans from 80% to 100% for claims exposure between \$45,000 and \$250,000. This boost in reinsurance funds to all qualified health plan issuers altered the medical loss ratios (MLR) by effectively removing the amount allocated to medical claims costs from the equation. This resulted in the unexpected but positive outcome of returning funds back to Members.

The ACA created premium stabilization programs intended to protect consumers during the initial years of the health care reform law’s implementation. The MLR is intended to ensure that

80% of premiums collected are used for medical claims and initiatives that improve the quality of care and no more than 20% of premiums collected are spent on administrative costs. The MLR is influenced by three inter-related premium stabilization programs commonly referred to as the “3 R’s” or Reinsurance, Risk Corridors, and Risk Adjustment. For more information on the 3Rs, visit: [https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/index.html#Premium Stabilization Programs](https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/index.html#Premium%20Stabilization%20Programs).

About Community Health Options – Community Health Options (Health Options) is a non-profit, Member-led health plan providing comprehensive, Member-focused health insurance benefits for individuals, families, and businesses. Health Options is a Consumer Operated and Oriented Plan (CO-OP) licensed in Maine and New Hampshire that is dedicated to providing affordable, high-quality health benefits through productive partnerships with Members, businesses, and a broad network of providers. For more information about Health Options, visit the website: www.HealthOptions.org