



2014 Annual Report



**Covering over 70,000 Members
in Maine and New Hampshire**



Maine Community Health Options (MCHO) is a non-profit health insurance company offering a variety of health insurance plans to individuals and groups, both on and off the Marketplace. As a Consumer Operated and Oriented Plan (CO-OP), MCHO is Member-led with a focus on improving health status, the Member experience of care, and total costs. Headquartered in Lewiston, Maine, MCHO is fully licensed in both Maine and New Hampshire. Throughout this report you will see some of the reasons why Members choose Maine Community Health Options. With over 70,000 Members across Maine and New Hampshire, the reasons for being a Member keep growing.

Board of Directors	Community Advisory Committee (ME)	Community Advisory Committee (NH)
Dana Baldwin	Amy Deschaines	Evelyn Aissa
Wes Bonney	Thomas Downing	Jodie Hittle
Frederic Craigie	Sara Gagne-Holmes	Shawn Lafrance
Jim Davis	Kerstin Gilg	Linda Paquette
Maryagnes Gillman	Megan Hannan	Lori Real
Lani Graham	Joanne Joy	Abby Shockley
Sarah Hines	Kayla Ladenheim	Jonathan Stewart
Rocell Marcellino	Dale McCormick	Helen Taft
Peter Phair	Bill Primmerman	
Linda Riddell	Elizabeth Lee Rogers	
Trish Riley	Darcy Shargo	
Laura Ronan	David Shipman	
David Shipman	Gordon Smith	
David Shultz	Mitchell Stein	
W. Douglas Smith	Ann Woloson	
Ronnie Weston	Caroline Zimmerman	
Doug Wilson		
Gregory Wolf		
Mike Woodard		

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Why Being Member-directed is Important

Member-directed means that our Board must be composed of 51% of Member Directors who have been elected by other Members. In the words of US Senator Angus King, “The people who use the products, who buy the health insurance, are actually making decisions about how those products should be designed.”

Being Member-directed gives Maine Community Health Options a very different point of view when it comes to deciding what is important. We want to improve

best interest of Members, rather than asking what would profit our shareholders or incorporators. By doing this we are able to pursue long-term solutions rather than always looking for short-term fixes.

We are dedicated to providing affordable, high-quality health benefits that help protect our Members’ most important assets – their health and the health of those they care about. By offering more choices, we are able to provide more people with health insurance.

Being Member-directed gives MCHO a very different point of view when it comes to deciding what is important.

We believe that healthcare can be better and more affordable when doctors, patients, health insurers, and employers all work together.

the health and wellbeing of our Members and the communities we serve. Being Member-directed means Members have a voice in how we will accomplish those goals.

As a Member-directed health plan, we ask first, what is in the

We believe that healthcare can be better and more affordable when doctors, patients, health insurers, and employers all work together.

We foster these relationships because we believe these partnerships will bring change.

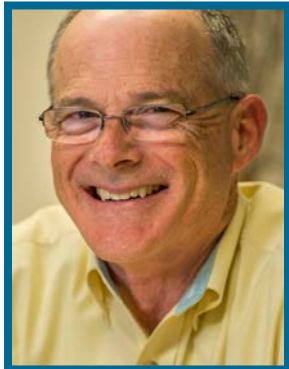
Reason for
Membership

#1

Affordability



Message from Board Chair, Jim Davis



Early in its development, Maine Community Health Options established core values that have been instrumental to our organization's growth. These values include:

- ▶ Responsiveness to our Members and to the local communities we serve;
- ▶ Partnership with Members, providers, and others to improve personal and economic health; and

▶ Improving Members' health as the measure of our collective success.

These values are integral to our mission and vision, and they are evident in our 2014 accomplishments represented in this annual report.

In addition to positive financial results, we report on some of the innovations in our benefit plan designs that are helping our Members maintain and improve their health. Our Member engagement and on-boarding activities

Responsive partnerships also mean that we need to be ready for change and growth. At the end of 2014, Members elected additional Board Directors to fulfill the Member majority required by our regulators. These new Directors were introduced in November at our first Annual Meeting. This diverse and talented group will help further our mission to provide affordable, high-quality benefits that promote health and wellbeing. Our dedicated team of employees is making it possible for our many partnerships to work together in transforming and improving individual and community health, while positively affecting our local economies.

In this, our first annual report, we celebrate the accomplishments of 2014 while looking ahead to make continued progress in our responsiveness, developing partnerships, and achieving improved health status for the Members and communities we serve.

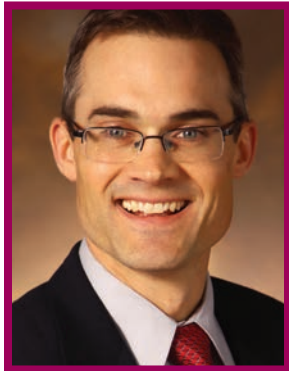
Our dedicated team of employees is making it possible for our many partnerships to work together in transforming and improving individual and community health...

are designed to make it possible for Members to get the most value from their health plans. For many of our Members, the value of health insurance in terms of added financial, mental, and emotional security, means that they can focus on growing their businesses – and that helps all of us.





Letter from CEO, Kevin Lewis



Thanks to our Members, we have positive news to share in our inaugural annual report. Members and providers alike put faith in a non-profit CO-OP that was completely new to the market. Even as we continue to build and perfect our operations, together we have cleared hurdle after hurdle and have grown stronger for it. The results have been rewarding. In 2014 together we:

- ▶ Grew our enrollment by more than two and a half times our expectations going into 2014.
- ▶ Contracted with all hospitals and essential community providers in our service area.
- ▶ Grew our Member Services department by more than six times to better serve Members and providers.
- ▶ Introduced novel benefit plan designs, including our Chronic Illness Support Program that helps to eliminate financial barriers to evidence-based, quality care.
- ▶ Expanded our Care Management team of nurses and social workers by three-fold to support our Members and provider network, particularly addressing gaps in care.
- ▶ Launched our statewide expansion throughout New Hampshire, adding to the richness of the overall MCHO network.
- ▶ Held Member elections which resulted in nine new Member Directors joining the Board for 2015.

Through it all, we operated without losses, allowing us to plow funds back into system enhancements for 2015, lower premium rates for most plans, and provide community benefit grants to several organizations working

...together we grew our enrollment by more than two and a half times our expectations going into 2014.

to lessen the burden of disease. The result is a resilient health plan with our Members at the center. We are eager to continue working together to pioneer innovation and improvements for Members and network providers. We will continue to embrace change and seek improvement in how we can better serve you. Thank you for the opportunity.

Your voice is our voice. Our success is your success.

Reason for Membership

#3

Member-directed



Growth in Membership Helps Us All

Of all our accomplishments in 2014, perhaps none was more substantial than our overall growth in membership. With an original target of 15,486 Members by the end of 2014, Maine Community Health Options entered the year with a surge of interest

Maine Community Health Options had 83% of all Maine Marketplace enrollment in 2014. Our membership is represented in all counties of the state and most Members (approximately 89%) benefit from an advanced premium tax credit.

“ I recently became a Member and for the first time in eight years am celebrating that I have the security of health insurance. Thank you for making that financially possible! I have spent many summers on the coast of Maine assisting with seabird restoration projects on numerous islands. Atlantic Puffins, three species of terns, razorbills, guillemots, and eiders, are some of the species that I am able to work with. Thank you, MCHO!”

—Christina D., Brewer, Maine

**MCHO proudly attained
83%
of total Maine
Marketplace
enrollment**

The rapid growth of our membership tested our service capacity in the early months of 2014 open enrollment. To meet high demand, we expanded our call center capacity. Applying our lessons learned, we have since tripled the capacity of our internal member services operations and added a call center in Fort Kent, Maine. We also have made it easier for Members to get their most common questions and concerns answered more quickly by improving our online tools.

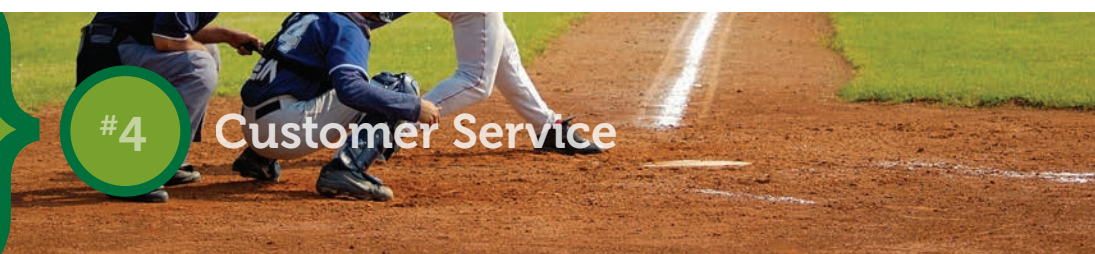
and enrollment that continued through the spring. Additional membership among businesses as well as individuals and families with changes in life circumstances, brought us to over 40,000 Members by the end of the year.

Maine is among the states that have led the country in enrollment through the Marketplace as measured as a percentage of eligible enrollees.

**Reason for
Membership**

#4

Customer Service





Online Portal

Maine Community Health Options is committed to providing Members with high-value service and benefit plans. Based on Member feedback, we identified our online tools as a service area for improvement. In the fall of 2014 we introduced our Member portal, which provides direct access to plan information and critical documents. This includes identification cards, claims, deductible, and out-of-pocket expense status and invoices.

Later in 2015 we plan to further enhance our Member portal with additional features that include increased access to wellness and health information, enhanced tools for finding and accessing providers, and improved financial reporting. In addition to improving service to our Members, we are also committed to giving our network providers tools they need in order to provide better care. In 2015, we plan to release our provider portal, which will give our providers more information to help make it easier for Members to get the care they need when they need it.

Member portal

Date	Provider	Total Cost	Status
03/06/2015	Provider's Name	\$70.86	Processed
04/17/2015	Provider's Name	\$354.10	Processed
More...			

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Reason for Membership

#5

Chronic Illness Support Program



Care Management & Quality Improvement

Maine Community Health Options' care management approach is founded on our mission to partner with Members, businesses, and health professionals to provide affordable, high-quality benefits that promote health and wellbeing. Our multi-disciplinary Care

and/or hospital utilization, complex presentations, multiple chronic conditions, and serious mental illness and/or substance abuse disorders. We also directly contract with all of Maine's ten community care teams.

Our ability to be nimble was

maintaining high-quality health plan operations and procedures. Maine Community Health Options received its interim NCQA health plan accreditation in December 2013. Periodically, NCQA will review our healthcare operations and procedures to ensure maintenance of quality.

We enjoy high engagement rates, in part, by consistently asking Members what is most important to them.

Management team places strong emphasis on building rapport with our Members, their caregivers, and local care managers.

Our top priority is responding to Members who have immediate care needs. We enjoy high engagement rates, in part, by consistently asking Members what is most important to them. We not only take the time to explain their benefit options, we also connect Members with appropriate community services.

Maine Community Health Options' care managers support Members with high Emergency Department

recently shown when we removed a prior approval requirement that resulted in expedited transitions to the right level of care that best meets Members' needs and preferences, regardless of the time of day or day of week.

Maine Community Health Options is seeking certification from the National Committee for Quality Assurance (NCQA), a private 501(c)(3) not-for-profit organization dedicated to improving healthcare quality. NCQA provides health plans with standards and a framework for establishing and

“ I am delighted to be able to have medical insurance at an affordable price. I am on a fixed income and with the subsidies, I am able to make my insurance payment and have confidence that I have the tools provided to me with my policy to help me maintain a healthy life. Now, I am able to enjoy the summer and my life without worry of not having an adequate medical plan in place.”

—Jermar I., Machias, Maine

Reason for Membership

#6

Broad Provider Network



Message to Providers from CMO, Dr. John Yindra



Maine Community Health Options experienced a very busy year in 2014 as our membership grew at a greater pace than expected. As the year progressed, new staff members were added to provide services to the expanded membership. Having achieved a critical mass of membership, the time was right to bring the entire utilization management process in house and, by year's end, we were poised to make this transition.

Thank you to all our participating providers who have given us much support and advice as we refine our processes. Our goal for 2015 is to continue the partnership with an eye towards streamlining our systems. This will help us decrease the administrative burden as much as possible for our Members and providers.

In 2014, we contracted with provider organizations in Maine to support the Patient Centered Medical Home transformation with over \$500,000 in payments to primary care practices that have obtained this recognition. We also provided support to all of the community care teams in Maine as part of our pilot project to spread care management services across Maine. We continue to partner with our participating providers to advance payment reform going forward.

Our goal for 2015 is to continue the partnership with an eye towards streamlining our systems.





Member Services, Outreach & Education

In 2014, our first full year of operation, Member Services grew to match the growth in our membership. We began the year with a call center staff of ten associates and closed the year with more than 60 associates,

efforts were fully engaged in Maine and New Hampshire in 2014, continuing our strategy of balancing grassroots outreach and education activities with traditional paid and earned media. In addition, we increased our presence on

our reach and provide Members with the opportunity to make

MCHO proudly responded to nearly 250,000 calls!

We began the year with a call center staff of 10 associates and closed the year with more than 60...

including those in Fort Kent, Maine. These associates responded to nearly 250,000 calls, which included inquiries from Members, potential Members, providers, and brokers. In addition, our associates responded to Member correspondence and emails.

Maine Community Health Options' outreach and education

social media, including Facebook, LinkedIn, Twitter, and YouTube.

The Outreach and Education team hosted webinars to orient Maine and New Hampshire navigators, certified application counselors, and other assistors. The team also provided education and materials to crucial partner organizations, allowing us to continue to broaden

informed decisions about their health coverage.

These crucial partner organizations included:

- ▶ Federally qualified health centers
- ▶ Certified application counselors
- ▶ Community action programs
- ▶ Hospitals
- ▶ Libraries
- ▶ Area agencies on aging
- ▶ Public health organizations



Thank you to our Members, our Community Advisory Committee, and our partner organizations for a great year.



2014 Financial Summary

At Maine Community Health Options, our financial goal is to earn just enough profit to maintain regulatory required capital, repay our foundational loans, and provide for smart, sustainable growth. Our incorporating documents require us to give back any excess profit above this goal through providing higher levels of benefits, lowering future premiums and/or rebating directly to Members. It is our philosophy to price our products sufficiently to achieve our goal, such that we do not burden the CO-OP with additional debt or retain excessive earnings at the expense of our Members.

In 2014, the sum of our premiums and miscellaneous revenues exceeded total claims, administrative expenses, taxes, and fees by \$7.3 million. We are pleased to report that our auditor, KPMG, has affirmed these results with an unmodified opinion. This is a good start at repaying over \$12 million that Maine Community Health Options borrowed to develop and just over \$31 million to finance surplus capital required by the State of Maine.

In 2014, we achieved the required balance of earning enough to fulfill our commitment to both Members and lenders. In light of this, we have been able to sustain stability in rates in 2015 and aim to do the same in 2016. These actions reflect our continued focus on achieving the proper balance between financial stewardship and Member value.

There are a few Affordable Care Act related government payments, which will not be calculated until later in 2015. These have to do with cross-leveling risk among Maine's insurance carriers and a federally provided reinsurance for all private carriers in the Marketplace. We have estimated these payments, which are shown on the next page. While we do not expect a material change to the estimates, it is possible that these variables could adjust 2014 earnings higher or lower accordingly.

Reason for
Membership

#9

Broker Recommended

Balance Sheet

December 31, 2014

Assets	2014
Investment in debt securities	\$ 23,294,528
Cash and cash equivalents	27,391,350
Premiums receivable, net of allowance for doubtful accounts of \$537,700	1,973,345
Pharmaceutical rebate receivables	1,472,253
Reinsurance recoveries receivable	31,149,508
Accrued interest receivable	69,745
Prepaid expenses	1,180,436
Other assets	15,492
Property and equipment, net	3,143,125
Total assets	\$89,689,782
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Liabilities	
Unpaid claims and loss reserves	\$35,139,796
Unearned premiums	5,811,208
Accounts payable and accrued expenses	5,136,305
Long-term debt	43,869,994
Capital lease obligations	759,856
Total liabilities	90,717,159
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Members' Deficit	
Accumulated other comprehensive income	(28,091)
Total Members' deficit	(1,027,377)
Total liabilities and Members' deficit	\$89,689,782

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