



**Maine Guaranteed Access Reinsurance Association
Merrill's Wharf
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Background: MGARA Resumption of Operations

MGARA is resuming operations as of January 1, 2019 to provide reinsurance for medical insurance plans and programs with initiation or renewal dates on or after January 1, 2019. The State of Maine has received approval from the United States Department of Health & Human Services of its Application for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act attached hereto as Exhibit A ("Section 1332 Waiver Application"). Pursuant to that approval, MGARA's Board of Directors has approved the re-initiation of MGARA operations as of January 1, 2019, and the submission of an Amended and Restated Plan of Operation for approval by the Maine Superintendent of Insurance based on the framework described in the Section 1332 Application. MGARA expects to file its Amended and Restated Plan of Operation with the Maine Superintendent of Insurance in October 2018. Once approved, that Plan will be posted to this website.

As further detailed in the FAQs below, MGARA is required to assess insurers and third-party administrators ("TPAs") to fund a portion of the cost of its reinsurance. The current assessment is \$4 per member per month commencing January 1, 2019 for any medical insurance plan or program initiated or renewed on or after that date.

An insurer or TPA may *not* be assessed on policies or contracts insuring federal or state employees, except for policies or contracts insuring Legislators and their dependents. For policies or contracts insuring Legislators and their dependents, Legislators shall pay the amount of the assessment to the insurer.

Key Definitions

- **"Insurer"** means an entity that either (i) is authorized to write medical insurance in Maine, or (ii) provides medical insurance in Maine. For the purposes of this chapter, "insurer" includes an insurance company, a nonprofit hospital and medical service organization, a fraternal benefit society, a health maintenance organization, a self-insured employer subject to state regulation as described in section 2848-A of the Maine Insurance Code, a TPA, a multiple-employer welfare arrangement, a reinsurer that reinsures health insurance in Maine, a captive insurance company established pursuant to chapter 83 of the Maine Insurance Code that insures the health coverage

risks of its members, the Dirigo Health Program, or any other state-sponsored health benefit program whether fully insured or self-funded. If a plan covers Maine residents, then it is “providing medical insurance in this State.” AHPs and short-term plans are considered insurers providing medical insurance.

- **“TPA”** means any entity that is paying or processing medical insurance claims for a ME resident. If a TPA is doing this for even one Maine resident, then it is subject to assessment on that one Maine resident.
- **“Medical Insurance”** means a hospital and medical expense-incurred policy, nonprofit hospital and medical service plan, health maintenance organization subscriber contract or other health care plan or arrangement that pays for or furnishes medical or health care services whether by insurance or otherwise, whether sold as an individual or group policy. “Medical insurance” does not include accidental injury, specified disease, hospital indemnity, dental, vision, disability income, Medicare supplement, long-term care or other limited benefit health insurance or credit insurance; coverage issued as a supplement to liability insurance; insurance arising out of workers’ compensation or similar law; automobile medical payment insurance; or insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance. “Health maintenance organization” means an organization authorized under chapter 56 of the Maine Insurance Code to operate a health maintenance organization in Maine.

General Questions

What is MGARA? Is it a new program?

MGARA’s establishment was approved by the Maine State Legislature in 2011, and it operated as a private, nonprofit reinsurance program for the higher-risk segment of the individual health insurance market in Maine in 2012-2013.

From 2014-2017 MGARA’s operations were suspended during the operation of a similar federal reinsurance program, to avoid redundant assessments on Maine’s insurance market. Following the phaseout of that federal program, the State of Maine received approval from the United States Department of Health & Human Services for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act, permitting the resumption of MGARA’s reinsurance program.

What is the Quarterly Assessment?

MGARA’s reinsurance operations are funded from several sources, one of which is a Quarterly Assessment on certain insurance companies and third-party administrators (TPAs). The Quarterly Assessment is resuming with the resumption of MGARA’s operations.

Who must pay the Quarterly Assessment?

This Quarterly Assessment is due from (a) each “insurer” (see definition above) that writes or otherwise

provides medical insurance to any Maine resident and (b) each TPA that administers any medical claims for any Maine resident.

More detail regarding the applicability of the Quarterly Assessment to various specific circumstances is provided below.

When is the Quarterly Assessment due?

The first 2019 Quarterly Assessment will be due on May 15, 2019.

How is the Quarterly Assessment calculated?

The amount of the Quarterly Assessment is based on the number of enrolled persons covered by a provider's insurance or health program, other than persons covered under policies or contracts insuring federal or state employees. MGARA has set its 2019 Quarterly Assessment at \$4 per month for each covered person enrolled under each such program.

How do I pay my Quarterly Assessment?

The Quarterly Assessment Report Form [**CAN WE LINK TO THIS?**] should be used to calculate and remit your initial Quarterly Assessment, which covers the first calendar quarter of 2019. The Quarterly Assessment Report Form and accompanying assessment payment are due no later than 45 days following the end of the calendar quarter. Thereafter, each Quarterly Assessment Report Form and related Quarterly Assessment payment will be due on a quarterly basis, within 45 days after the close of each calendar quarter.

I am an insurer or TPA licensed in Maine, but have no Maine-resident enrollees. What should I do?

You should remit your Quarterly Assessment Report Form with "0" filled out in the "Total Lives" field. Should your enrollment include Maine residents in the future, you must contact MGARA to commence making Quarterly Assessments at that time.

Application of the Quarterly Assessment to Specific Situations

Does the Quarterly Assessment apply to policies or programs initiated or renewed prior to January 1, 2019?

The Quarterly Assessment applies to policies and programs initiated or renewed on or after January 1, 2019. No Quarterly Assessment will apply to policies or programs initiated or renewed prior to January 1, 2019, until their first renewal following such date.

I am an insurer/TPA providing insurance/administration to Maine residents, but also to residents of other states. Must I include those non-Maine residents when calculating the amount of my Quarterly Assessment?

No.

I am a Maine-licensed TPA providing administration to a self-insured employer based outside of Maine, with some employees who are Maine residents. Must I include those Maine residents when calculating the amount of my Quarterly Assessment, even though the employer is based outside of Maine?

Yes. A Maine-licensed TPA must calculate its Quarterly Assessment based on the Maine residents enrolled in the plan(s) it administers, regardless of where the self-insuring employer is based.

What is the “renewal date” for self-insured programs (benefit year, TPA contract year or ERISA year)?

The Benefit Year, which equates to the Policy Year.

If members are in a self-insured program that uses both a reinsurer and a TPA, how are the members counted for purposes of the Quarterly Assessment?

Each member is only counted once, not twice, for assessment purposes. It is the responsibility of the reinsurer and the TPA to coordinate on assessment payments; if the responsibility is not otherwise allocated between them, the reinsurer will be deemed to have primary responsibility for payment of the Quarterly Assessment.

Is Medicaid “medical insurance” for purposes of the calculation of the Quarterly Assessment?

No.

Is Medicare “medical insurance” for purposes of the calculation of the Quarterly Assessment?

No.

Is Medicare Advantage “medical insurance” for purposes of the calculation of the Quarterly Assessment?

No.

I understand that “limited benefit insurance” is not subject to the Quarterly Assessment. What falls within that category?

There is no comprehensive definition of limited benefit insurance, so insurers and TPAs are encouraged to contact MGARA to discuss specific examples.

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