

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
October 15, 2018

A regularly scheduled quarterly meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 254 Commercial Street, Portland, Maine 04101 at 3:00 p.m. Attendance is reflected in the record of attendance set forth below:

Jennifer Juke	Edward J. Kane
Katherine Pelletreau	David Howes (absent)
William M. Whitmore	Jolan F. Ippolito, Chair
Joel Allumbaugh	Dana Kempton
Kevin Lewis	James Koelbl (absent)
Bruce Nicholson (absent)	Jim Lyon

Also in attendance were Chris Howard and Emily Cooke of Pierce Atwood LLP, counsel to the Association, Laren Walker, Administrator, and, for the portion of the meeting discussing Milliman, Inc.’s analysis, David Williams and Sean Hilton of Milliman, Inc.

1. Public Session

The Public Session of the Board was opened. There being no members of the public present, the Board concluded the Public Session without comment.

2. Approval of Minutes

The minutes of the Board meetings of the following dates were reviewed: September 10 and September 24, 2018 (collectively, the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes.

3. Monthly Operations Report

Laren Walker presented the Monthly Operations Report for August 2018. Mr. Walker commented that the Association’s principal financial activity continues to be expenditure on actuarial, legal and administrative fees associated with the Section 1332 and restart efforts, which professional fees were in line with projected restart costs.

4. Status of Assessment Process

Mr. Walker provided a status update on the assessment process associated with the resumption of MGARA’s operations. Thus far, Mr. Walker’s office has sent the Assessment Letter to between 600-700 recipients, based on a contact list developed using data from the Bureau of Insurance and the Maine Vaccine Board’s assessment list. Mr.

Walker's office has fielded many direct telephone inquiries regarding the assessment, and an estimated thirty attendees participated in the Assessment Workshop teleconference held on October 3. A list of FAQs has been developed based on these various communications, and will be posted on MGARA's website.

The Board discussed the proposed assessment due date of 15 days following the end of each calendar quarter. Some Board members commented that this seemed too short. Others noted that the Maine Vaccine Board's assessment due date is 45 days following the calendar quarter, and observed that, ideally, these would match for administrative simplicity. Following analysis of the implications of the later deadline for MGARA's cashflow, there was a general consensus to adopt the 45-day deadline.

Board members asked, and Mr. Walker addressed, a series of operational questions regarding the new assessment process.

Mr. Walker reported that MGARA is examining options to accept assessment reports and payments electronically, for carrier convenience. One technical hurdle is the fact that an electronic submission cannot include an officer's signature; the recommendation of KeyBank, which will handle electronic assessment payments, is to eliminate the existing requirement for a certification signed by an officer. Following brief discussion, there was a general consensus to eliminate this requirement and replace it with an electronic addenda record, in order to facilitate electronic assessments.

5. Discussion of Amended and Restated Plan of Operation

Chris Howard reported that the planned operational workshop for the carriers would take place the following day, Tuesday, October 16. It was confirmed that all three carriers participating in Maine's individual market are scheduled to attend, though the workshop is open to any carrier that wishes to participate.

Mr. Howard reported that the Bureau of Insurance has been interacting with the federal Center for Medicaid and Medicare Services (CMS) and its Center for Consumer Information and Insurance Oversight (CCIIO) to develop a multi-year calendar of all reports required to be submitted pursuant to the 1332 Waiver requirements. Most of these are the principal obligation of the Bureau, but MGARA's participation will also be needed. While it was confirmed that these various reporting requirements are not generally imposed at the individual carrier level, carrier members urged Pierce Atwood and Mr. Walker to watch for, and promptly alert carriers of, any such requirements that might affect carriers directly, to permit them to timely respond.

It was confirmed that Board members had no further comments on the draft Plan of Operation at this time. Mr. Howard reported that an updated draft would be circulated to the Board late in the week of October 22 (incorporating comments from the operational workshop), with the goal of submitting to the Bureau of Insurance the following week.

6. Account Control Policy

Mr. Walker presented a proposed Account Control Policy for MGARA's resumed operations. Mr. Howard explained that the objective of revision and Board review of the policy is to strengthen MGARA's internal controls, given that the Association will now be receiving and holding federal pass-through funds pursuant to the Section 1332 Waiver. Moreover, it is good practice, as MGARA prepares to resume operations, for the Board to review all Board-approved policies of the Association to confirm that they remain current and appropriate.

Mr. Walker indicated that the proposed Account Control Policy will be updated to, among other things, reflect an electronic assessment process; and add several additional layers of control, including a signature requirement for all transactions over \$10,000 and emailed notice of all transactions to a non-signer, and a prohibition on external transfers out of MGARA's investment account. A brief discussion followed.

7. Administrative Services Agreement

The Board turned to a discussion of the proposed Administrative Services Agreement with Mr. Walker's company, River9 Consulting, Inc. ("River9"). Mr. Walker noted that River9 has been operating under an outdated Administrative Services Agreement for some time, and that MGARA's resumption of operations necessitates execution of a new agreement. He indicated that the proposed new agreement retains the form of the existing Administrative Services Agreement, with terminology updates, new references to the 1332 Waiver framework, and an updated audit framework. In addition, the new agreement proposes a two percent (2.5%) annual increase on River9's fees, and a new flat per member per month fee.

Mr. Walker then left the meeting to permit the Board to discuss. Following a discussion of the terms of the proposed Administrative Services Agreement, the relationship with River9, and alternatives, there was a general consensus to approve the proposed Administrative Services Agreement, with a correction to the new per member per month fee to correctly incorporate a two percent/year increase since the rates were established in 2012. Accordingly, on a motion duly made and seconded, it was

RESOLVED: To approve the proposed Administrative Services Agreement, subject to correcting the applicable per member per month fee to accurately incorporate a two percent/year increase since 2012.

8. Milliman Report and Discussion re Splitting Risk Pool

The Board turned to a review and discussion of an analysis by Milliman, Inc. ("Milliman"), undertaken at the request of the Board, of the feasibility of a reinsurance program that splits Maine's risk pool in order to more directly target MGARA's benefits within the population.

Dave Williams presented Milliman’s analysis, which concludes on a preliminary basis that it would be possible to limit federal Advance Premium Tax Credit (APTC) eligibility to a specified segment of the currently-eligible population, thereby permitting MGARA to offer reinsurance to a targeted segment of the insurance market, without violating the Section 1332 guardrails.

Mr. Williams highlighted a number of as-yet-unknown variables, including elasticity among income brackets, the pathway for Medicaid expansion in Maine, and, critically, Maine-specific risk score data. To the latter item, Mr. Williams emphasized that a complete analysis requires Maine-specific risk score differentials. Given the proprietary nature of this data, the Board explored potential alternatives and substitutes for risk score data, including using mock data, pulling data from the Bureau of Insurance, and using but masking actual data in Milliman’s spreadsheet. It was concluded that using actual data, if it could be reliably masked, would be the most reliable approach. As a next step, Milliman agreed to revise its spreadsheet to mask risk scores data, and to provide a mockup version to carriers to test the reliability of the masking. In the meantime, Pierce Atwood and Milliman will work together to develop a risk scores query that can be used to solicit actual risk score data if and when the data can be reliably masked.

9. Board Meeting Schedule Confirmation

The Board discussed the schedule of upcoming Board meetings for the balance of 2018. It was agreed that Board members will keep available the Monday afternoon 3pm time slot through at least Thanksgiving week, with Mr. Howard to schedule conference calls or in-person meetings on an as-needed basis.

There being no further business to come before the Board, the meeting was adjourned.

A handwritten signature in black ink, appearing to be a stylized 'D' or similar character, positioned above a horizontal line.

Duly Authorized Officer