

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
August 17, 2018

A special 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 8:00 a.m. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance were Chris Howard and Emily Cooke of Pierce Atwood LLP, counsel to the Association; representatives of Milliman, Inc., the Association’s actuary (“Milliman”); and the following attendees from the Maine Bureau of Insurance (the “Bureau”): Eric Cioppa, Superintendent, Robert Wake, General Counsel, and Sandra Darby and Marti Hooper, Actuaries.

1. Bureau Remarks

The Superintendent addressed the Board. Referring to his letter of August 14 requesting the Board’s reconsideration of its August 10 resolution (the “August 10 Resolution”), he stated the bases for the Bureau’s view that the Board should reconsider the August 10 Resolution with a goals of reactivating MGARA effective 2019.

The Superintendent reiterated the view, stated at the Board’s August 10 meeting, that the projected effect of a MGARA restart on some low-cost Bronze plans is a product of the anomalous and aberrant Silver-loading caused by the federal government’s non-payment of cost-sharing reductions. He stated that reinsurance is one of the few levers available to affect rates in the volatile individual market, and noted the burdensome rate increases experienced by the off-exchange population in 2017 and 2018. He further opined that the currently proposed MGARA structure could be revisited and revised in the future. A technical discussion ensued of the incentives created by so-called Silver-loading and their effect on uptake of Bronze plans. The Bureau’s actuaries presented an analysis of the current market and the projected effects of a MGARA restart, highlighting that the overall effect would be to bring down rates across the market. The Superintendent emphasized that the projected benefits to individuals at 400+% of the federal poverty level are worthwhile, given the absence of other assistance to that segment of the market.

2. Discussion

Ed Kane requested that the Minutes reflect the date and time of the meeting was set after three board members who voted in favor of the August 10 resolution indicated they were unavailable at that time (one of those members subsequently rearranged his schedule to attend at the appointed time). The Chair indicated that a series of dates and times were proposed, and the chosen date and time was the one that the largest number of board members could attend and the meeting was duly noticed and called.

Further discussion ensued regarding the projected effects of a 1332-waiver-based MGARA restart on the Maine market, and the pros and cons of advancing a restart for 2019. Following such further discussion, on a motion duly made by a Board member who previously voted in favor of the August 10 Resolution and seconded, it was

RESOLVED: To reconsider the Board's resolution of August 10, 2018.

On a motion duly made and seconded, it was

RESOLVED: To restart MGARA's operations as of January 1, 2019 to implement the approved Section 1332 Waiver, while working with the Maine Bureau of Insurance to develop a revised model for MGARA with the goal of having such revised model take effect as of January 1, 2020.

A Board member inquired whether, in the event the federal government should decline to meet its obligations under the 1332 Waiver terms, carriers would be permitted to make mid-year rate filings. The Superintendent answered that they would, so long as the Bureau is not prohibited by CMS from allowing this. Brief further discussion ensued, including regarding political and other risks carriers may bear in association with the restart.

At 9:50 a.m., the Bureau representatives left the meeting.

3. Next Steps

The Board discussed next steps. It was agreed that:

- Milliman will continue its closer analysis of the possibility of splitting the risk pool (i.e., designing a program that specifically targets the off-exchange population), with a report anticipated by the Board's October quarterly meeting. To that end, Milliman will require certain data in order to complete its analysis, and will be submitting information requests to the carrier members in the coming days.
- MGARA will prepare and submit an amended Plan of Operation, reflecting updated attachment points, ICD-10 codes (mapped against the corresponding ICD-9 codes), and ceding changes as appropriate.

- Counsel will provide a summary of proposed changes to the Plan of Operation for the Board's reference.
- The next Board call will take place on Monday, September 10, at 3:00 p.m. Thereafter, Mondays at 3:00 p.m. will be held open for 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, consisting of a large, stylized 'D' followed by a cursive 'A'.

Duly Authorized Officer