

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
March 25, 2019

A special meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held via teleconference at 3:00 p.m. Attendance is reflected in the record of attendance set forth below:

Joel Allumbaugh	Marybeth Liang
David Howes	Jim Lyon (absent)
Jolan F. Ippolito, Chair	Bruce Nicholson
Dana Kempton (absent)	Katherine Pelletreau
Kevin Lewis	William M. Whitmore

Also in attendance were Chris Howard and Emily Cooke of Pierce Atwood LLP, counsel to the Association, and Laren Walker, Administrator.

1. New Board Member Welcome

The Board welcomed new Board member Marybeth Liang.

2. Report re Candidate for Board Vacancy

It was reported that Dan Rachfalski, Vice President and Chief Actuary at Harvard Pilgrim Health Care, is a potential candidate to fill the Board seat vacated when Ed Kane resigned. The candidate filling this seat will serve out the remainder of Ed’s term, until April 2020. It was agreed that the Board Chair would interview Mr. Rachfalski and report back to the Board.

There was a brief discussion regarding the Member Insurer Board members up for re-appointment at the April Annual Meeting.

Mr. Howard reminded the Board that David Howes and Bruce Nicholson are due for reappointment by the Maine Bureau of Insurance (the “Bureau”).

3. Approval of Minutes

The minutes of the Board meeting of February 25, 2019 (the “Minutes”) were reviewed. On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes.

4. Update re: Operations

Mr. Walker provided an operational update.

Assessment Update

Mr. Walker reported that the first assessment is due on May 15. In the meantime, River 9 continues working with KeyBank to establish a “lockbox” where all assessments are to be sent, as some carriers still require the use of checks. Three pieces of information will go out to carriers: a Quarterly Assessment Form; an assessment letter explaining the re-initiation of MGARA assessments and providing instructions for completing and returning the Quarterly Assessment Form; and a form of Annual Assessment Certification to be completed and returned by recipient organizations that believe they are not subject to MGARA assessments.

Mr. Walker reminded the Board of the methodology by which the recipient list was compiled: the Bureau’s list of all licensed insurers and TPAs in Maine was augmented with the assessment list used by the Maine Vaccine Board. Mr. Walker further indicated that while this list produced approximately 500 recipients for the initial assessment mailing, it won’t be known how many of those are not subject to MGARA assessments until recipients submit the Annual Assessment Certification.

Participants inquired as to what sort of verification is planned with respect to recipients’ self-reporting of assessment applicability and amounts, and urged that MGARA conduct some back-end verification, for example, via a check against the Bureau’s data. There was a general consensus that this would be appropriate and prudent and should be done.

It was clarified that the Administrator will follow up with any recipient of the assessment materials that fails to submit any response (whether the assessment itself or an Annual Assessment Certification indicating the basis for purported non-assessability). Moreover, in the event that there are disputes about a recipient’s claim of non-assessability, the Board will be apprised.

Mr. Walker reminded Board members that fundamentally, MGARA’s is a self-reporting regime; MGARA does not invoice entities subject to assessment, but rather relies on them to self-report and self-calculate (though it does watch for anomalies from one quarter/year to the next). Mr. Howard added that historically, responses to this approach has been robust, and so the self-assessment regime is seen as relatively successful and reliable.

Ceding & Claims Update

Mr. Walker reported that MGARA has received 175 mandatory cedes from two participating carriers, and 70 voluntary cedes. He indicated that this was in line with expectations, particularly in the period in which carriers are still working through the requirements and procedures for mandatory cedes. He added that any delays in mandatory ceding as a result of the initial learning curve is not expected to have a major financial impact on MGARA, as those ceding premiums are retroactive to January 1. One carrier member indicated that although Mr. Walker has reported that MGARA has

not yet received any claims, that carrier had in fact submitted some claims. Mr. Walker agreed to check on this.

5. 2018 Audited Financial Statements

Mr. Walker presented the 2018 audited financial statements prepared by Eide Bailly. He confirmed that the audited statements received a non-qualified opinion. He reviewed with the Board the Balance Sheet, which remains at approximately \$4.6 million in net assets as of December 31, 2018, which was consistent with pre-restart projections that the approximately \$5 million suspension balance would be reduced by approximately \$500,000 in restart-related professional fees. He briefly reviewed the Statements of Revenue and Expenses and Cash Flows; however, given the dearth of activity and the Board's familiarity with the subject matter from quarterly financial reports, the review was brief. Following his presentation, on motion duly made and seconded, it was

RESOLVED: To accept the 2018 audited financial statements as presented.

6. Report re CMS 1332 Grant Transfer and Funding

Mr. Howard reported that MGARA is in regular contact with MGARA's designated program officer for the federal Center for Medicare and Medicaid Services ("CMS"). CMS personnel generally, and the program officer specifically, have been very helpful. A number of developments are expected in April, including the formal award of the federal grant comprising the Section 1332 pass-through payments and the funding of the account within the federal Payment Management System ("PMS"). The grant is currently expected to be awarded around April 21, with the funding of the PMS account to follow approximately two weeks later.

Mr. Walker and Mr. Howard reminded the Board that, because of the sequencing and procedures for drawdowns from the PMS account, MGARA's planned approach is to batch MGARA's initial expenses, holding them until the federal funds become available, and then pay them en masse at that time – except where doing so would expose MGARA to penalties for delayed payment. This approach assumes timely receipt of federal funds; should federal funding be delayed, this approach would be revisited.

7. 2020 Planning

Mr. Howard reminded the Board that MGARA's Plan of Operation requires that MGARA provide its rates to carriers by July 31 of each year, but earlier is always better given the importance of those inputs to carriers' rate-setting process. He further noted two anticipated 2019 planning milestones as MGARA looks ahead to operations, and compliance with federal 1332 Waiver-related requirements, in 2020. Specifically, MGARA will need to (1) establish parameters applicable to the operation of MGARA's program in 2020 (mandatory ceding conditions, the attachment points, and the assessment levels), and (2) report to CMS, by September 15, 2019, specific projections for 2020 (total premiums paid in the non-group market and total premiums for Maine's

second-lowest-cost Silver plan without MGARA's reinsurance program) to inform CMS' calculation of the 2020 pass-through funding amount for Maine. Milliman, Inc., MGARA's actuarial firm, is currently working on an analysis of the reportable data points, and expects to provide a preliminary report at the Board's April 9 meeting.

Mr. Howard invited Board members to provide any other subjects they would like to see addressed on the agenda for the Board's April 9 meeting.

8. Board Meeting Schedule Confirmation

It was agreed that Board members would maintain the normal Monday afternoon time slot for calls and meetings, to be scheduled on an as-needed basis. Mr. Howard confirmed the following in-person quarterly meetings, each with a public comment session: April 9, 2019; July 22, 2019; October 21, 2019; and January 27, 2020.

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, located below the text of the meeting adjournment.

Duly Authorized Officer