

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
December 10, 2018

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:

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

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

1. Approval of Minutes

The minutes of the Board meetings of the following dates were reviewed: November 5, November 19, and November 26, 2018 (collectively, the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes.

2. Status Report re Plan of Operation Implementation

Chris Howard provided a report on several aspects of the Plan of Operation implementation process.

He reported that the Amended and Restated Plan of Operation, as approved by the Board at its November 26 meeting, has been submitted to the Bureau of Insurance (the “Bureau”). No comments have been received from the Bureau thus far.

Mr. Howard next reported on MGARA’s communications with the federal Center for Medicaid and Medicare Services (CMS) and its Center for Consumer Information and Insurance Oversight (CCIIO) on the mechanics of pass-through payment disbursement and draws. He reported that the drawdown process for pass-through payments is dictated by their characterization as grants under the federal rubric, and, accordingly, federal grant disbursement procedures apply. This results in somewhat different drawdown mechanics than originally envisioned in MGARA’s 1332 Waiver application and discussions with the Bureau. Among other things, pass-through funds will be deposited in the federal Payment Management System, a centralized intermediary between awarding agencies and grant recipients, which imposes a requirement that they be spent (or redeposited) within 72 hours of being drawn down from that system.

Mr. Howard reported that, after consulting with another state reinsurance program that receives pass-through funding through the Payment Management System and with Mr. Walker, it was concluded that this approach could be made to align with MGARA’s operations. Mr. Howard noted that several other potential approaches that had been explored with CMS/CCIIO, though without definitive conclusions.

A discussion ensued, in which the following questions were raised, with responses provided by Mr. Howard based on communications with CMS/CCIIO:

<u>Question</u>	<u>Response</u>
What accounts for the difference between the amount set forth in the 1332 Waiver application (~\$34MM) and the amount of the grant (~\$65MM)?	Unknown. MGARA and the Bureau have requested detail as to the basis of the grant amount, but this has not yet been provided.
Are there any restrictions on how the pass-through funds can be used?	Yes; use of those funds must be consistent with MGARA’s 1332 Waiver application.
When MGARA incurs a series of documented expenses, will those expenses be subject to an approval requirement before pass-through funds are disbursed in respect of those expenses?	The drawdown/disbursement process was described by CMS/CCIIO as a more or less automated online process, without an additional pre-draw approval layer.
Can unused funds be rolled over from one year to the next?	This question was asked, but CMS/CCIIO did not have a clear answer. Further clarity is needed.
At what point will CMS/CCIIO’s true-up process be clearer? The automated online process sounds straightforward, but questions remain regarding the true-up process.	MGARA has been advised that a training will be scheduled, which should illuminate this. Timing of this training is TBD.
What is the focus of the federal true-up exercise? Is it to reconcile MGARA’s estimated performance to actual?	It appears that the emphasis is less on an accounting exercise than on verifying the program’s savings to the federal government, though more detail is needed.

Laren Walker next provided a report on the carrier implementation workshops and River9’s ongoing operational work to prepare for restart under the Amended and Restated Plan of Operation.

Mr. Walker reported high participation from carriers in the various operational working sessions. Another working session is scheduled for December 13th, to discuss banking arrangements and integration. Mr. Walker noted that the current operational focus is on claims, versus assessments, which will be tackled in greater detail in the first months of 2019. Mr. Walker reported that River9 is also working closely with KeyBank to enable a fully ACH-based operation.

3. D&O Insurance

Mr. Howard reminded the Board that MGARA currently carries directors and officers (D&O) insurance in a coverage amount of \$2MM. That said, increased levels of coverage are advisable now that MGARA is resuming operations and will receive and deploy federal funding. Accordingly, MGARA has received quotes from its insurance broker for increased D&O coverage. According to the quotes received, for an additional annual premium of \$5,290, MGARA can (subject to underwriting) obtain coverage totaling \$5MM. Following brief discussion, it was

RESOLVED: To approve the binding of additional D&O coverage up to a total of \$5MM in coverage, and to direct counsel to work with MGARA's broker to undertake a closer analysis of the breadth of coverage afforded under MGARA's D&O policy.

4. Board Meeting Schedule Confirmation

It was agreed that Board members would maintain the normal Monday afternoon time slot for calls and meetings, with a meeting scheduled for December 17, and none on December 24 or 31 due to holidays. Mr. Howard reminded the Board that the next regular quarterly meeting will take place on January 14. A Board member inquired whether a monthly meeting schedule would resume; it was generally agreed that as operations resume and normalize, a monthly frequency (with monthly financial updates) would be appropriate.

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

A handwritten signature in black ink, appearing to be the initials 'JH' or similar, written in a cursive style.

Duly Authorized Officer