

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
December 17, 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	Jolan F. Ippolito, Chair
Joel Allumbaugh	Dana Kempton
Kevin Lewis (absent)	Bruce Nicholson

Also in attendance were Chris Howard and Emily Cooke of Pierce Atwood LLP, counsel to the Association, Laren Walker, Administrator, and David Williams and Tom Murawski of Milliman, Inc. (“Milliman”), actuary to the Association.

1. Revised Amended and Restated Plan of Operation

Chris Howard presented for the Board’s consideration a revised version of the Amended and Restated Plan of Operation (the “Plan”), reflecting a discrete set of proposed revisions designed to reflect the federal Payment Management System draw-down process, as requested by the Bureau of Insurance (the “Bureau”).

Mr. Howard further reported several informational updates based on communications with federal Center for Medicaid and Medicare Services (CMS) and its Center for Consumer Information and Insurance Oversight (CCIIO), to follow up on items discussed at the previous MGARA Board meeting.

First, with respect to CMS’ \$65MM estimate of MGARA’s 2019 pass-through payments, this week CMS posted the “U.S. Department of the Treasury’s Method for Calculation of Section 1332 Waiver Premium Tax Credit Pass-through Amounts,” which was circulated to the Board in today’s meeting materials. Milliman has reviewed this document and concluded that it does not include sufficient detail to illuminate the basis for CMS’ calculation of MGARA’s pass-through amounts. Milliman did note that CMS based its estimate on 2016 enrollment, whereas Milliman used 2018 enrollment data, which may account for what the Board sees as an overstatement of 2019 pass-through payments. MGARA will continue to try to get more detail on this calculation.

Second, Mr. Howard reported that MGARA is required to submit to CMS/CCIIO its Reinsurance Payment Estimate for 2019 before year-end. This is an estimate of the drawdown of funds from the Payment Management System for 2019, which is not binding, but instead is informational for CMS/CCIIO. A call a scheduled with CMS/CCIIO to go over this in greater detail.

A detailed discussion ensued regarding potential risks associated with an overstated pass-through funding amount – specifically, whether and to what extent MGARA could be required to restore/reimburse amounts that CMS/CCIIO ultimately determines were overstated in the original pass-through payment calculation, and potential risks and exposure if that occurs. Board members raised questions about liability in the event MGARA were to be deemed responsible to restore pass-through funding that had already been expended; floated the idea of slowing down the draw-down rate to minimize the risk of overdrawing; and discussed reserving against the potential as a means of protecting MGARA from this risk.

Board members strongly reiterated the need to obtain clarity from CMS/CCIIO as to the calculation of the pass-through funding amount. Mr. Howard confirmed that this effort is continuing, and noted that the Bureau agrees that this is critical.

Mr. Howard requested confirmation that there are no objections to the proposed mechanical revisions to the Plan, and, on this basis, on a motion duly made and seconded, it was

RESOLVED: To approve the Amended and Restated Plan of Operation as presented.

2. Board Meeting Schedule Confirmation

It was agreed that Board members would hold January 7 for the next meeting in case needed. Mr. Howard agreed to reach out to Board members should anything arise in the meantime.

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 'A' or similar character, located below the text of the meeting adjournment.

Duly Authorized Officer