

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
July 23, 2018

A regular, 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	Jim Lyon

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

1. Introductions

The Board welcomed new Board member Jim Lyon to his first “in person” meeting.

2. Public Session

The quarterly public comment session was opened and closed, without any members of the public appearing.

3. Approval of Minutes

The Minutes of the April 10, 2018 Board meeting were reviewed. Corrections were made to add Jim Lyon to the attendance list and to correct the spelling of “dearth.” No other comments were received. On motion duly made and seconded, it was

RESOLVED, to approve the Minutes with the correction, as noted.

4. Monthly Operations Report

Laren Walker presented the Monthly Operations Report for June 2018. The only financial activity is expenditure on actuarial, legal and administrative fees associated with the ongoing Section 1332 analysis and related efforts. The Board noted a \$4.8 million cash and investment balance.

5. Discussion Regarding 1332 Waiver and Proposed Restart of Operations

Mr. Howard made a report to the Board regarding the current status of the Maine Bureau of Insurance Section 1332 Waiver Application. He also reported on discussions with MBOI and CMS regarding assurances with respect to the federal government actually making pass through payments. He indicated there was a conference call with MBOI and CMS specifically addressing this topic. CMS expressed a high level of confidence regarding funding of pass through payments. They cited over \$250 million in pass through payments made to date to the states of Hawaii (for 2017 and 2018), Alaska, Minnesota and Oregon (for 2018). CMS is treating pass through payments as “grants” required by statute when a Section 1332 waiver is granted. CMS’ position is that Section 1332 specifically states that pass through payments “shall be paid” and, therefore, constitute a state entitlement. When questioned regarding appropriations for the grant/state entitlement, CMS indicated that it is relying on the APTC avoided cost, and APTC ties directly to a standing appropriation for tax credits. The group also discussed addressing the federal high risk pool in the State’s application and MGARA’s Plan of Operation.

Extensive discussion ensued regarding the reliability of pass through payments. The Board also discussed the inequities inherent in initiating assessments prior to January 1, 2019 due to the inability of carriers to include pass through of assessments in rates prior to that date. The Board also discussed the potential for restarting MGARA, with some modified or reduced program, as well as the possibility of revamping MGARA through splitting the risk pool and targeting the MGARA program at the non-subsidized segment of the individual market.

The Board requested additional analysis from Milliman regarding (1) the impact of initiating assessments as of January 1, 2019, (2) the possibility of splitting the risk pool, without running afoul of Section 1332 guardrails, and (3) adjusting their analysis to reflect most recent rate filings.

6. Meeting Schedule

The meeting concluded with a discussion of upcoming Board work sessions. The standing Monday conference call was confirmed, together with the next regular quarterly meeting scheduled for October 15, 2018.

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



Duly Authorized Officer