

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
June 10, 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:

All in attendance:

Joel Allumbaugh	Marybeth Liang
Dr. David Howes	Jim Lyon
Jolan F. Ippolito, Chair	Bruce Nicholson
Dana Kempton	Katherine Pelletreau
Kevin Lewis	Dan Rachfalski

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

1. Approval of Minutes

The Board reviewed the minutes of the May 6, 2019 Board meeting (the “Minutes”). Mr. Howard provided one technical correction to the reference in the draft minutes to the carrier members’ approval of the Annual Member Meeting minutes. On motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented, with the correction noted by Mr. Howard.

2. Board Vacancy

Ms. Ippolito reported on her conversation with Ben Johnston, Regional Vice President of Underwriting for Anthem and a candidate to fill the vacancy created by Bill Whitmore’s departure, which seat has two years remaining on the term expiring April 1, 2021. Ms. Ippolito reported that Mr. Johnston worked closely with Bill, seemed familiar with MGARA’s operations, and asked good questions about the areas in which he had less familiarity. Based on this and Mr. Johnston’s resume and experience, Ms. Ippolito recommends the Board appoint him to fill the vacancy.

Following a brief discussion, on a motion duly made and seconded, it was

RESOLVED: To appoint Ben Johnston to the seat vacated by Bill Whitmore’s resignation for a term expiring April 1, 2021, or until his successor is duly appointed and qualified.

3. Monthly Operations Report

Mr. Walker presented the monthly operations report, noting that after months of limited activity, things have picked up, as anticipated. Among other highlights, as of April 30:

- Approximately \$6.8MM in premiums had been paid
- Approximately \$19MM in claims had been incurred
- Approximately \$500K in assessments had been paid, but Mr. Walker reported that, with a May 15 assessment deadline, approximately \$4.5MM in assessments have in fact been received YTD
- MGARA loss ratio was at 200%
- Through May 20, 1,920 lives had been mandatorily ceded, and 1,154 discretionarily ceded

The Board discussed the fact that YTD assessment receipts fall short of the \$6MM in assessments that were originally projected for 2019. Mr. Walker indicated that due to the timing of rolling renewals, assessment revenue is expected to largely, though not entirely, catch up to the original projections.

The Board next discussed the higher-than-expected level of claims at this point in the year. Mr. Walker noted that claims arising from discretionary cedes have come in earlier than expected; the additional time afforded in the revised Plan of Operation for discretionary cedes has, as expected, resulted in a high degree of accuracy of discretionary ceding, which in turn increases the volume of claims. Mr. Walker further noted that this is cause for some concern, given that claim volume tends to grow as the year goes on. It was acknowledged that MGARA's 2019 financial planning affords some cushion for such a development, but that this nonetheless bears careful attention.

The Board turned to the fact that the number of mandatory cedes (1,920) is well under Milliman, Inc.'s projection of 4,300. However, Mr. Walker noted that this number is expected to increase over the course of the year. Board members representing carriers concurred that now that the bulk of discretionary ceding has been accomplished within the required window, mandatory cedes are getting more attention.

Board members provided some feedback on the utility of data presented by ICD-10 code. Mr. Walker agreed to seek a means of presenting this data in a more streamlined fashion.

4. Report re 1332 Grant Transfer and Funding

Mr. Howard reported that the transfer of the 1332 Grant from the State of Maine to MGARA has not yet been completed, although MGARA has repeatedly been assured that it had successfully completed all action required of it and the delay is bureaucratic in nature.

In light of the delay in receiving federal funds, the Board now turned to the question whether to deviate from MGARA's present consideration of waiting to pay expenses

until the 1332 Waiver funds are received, in order to efficiently utilize federal funds for operations. It was observed that MGARA's current cash position (which reflects, among other things, the receipt of \$6.8MM in premiums as of April 30) would permit the payment of claims submitted in February and March, together with professional fees currently due through March as well. A discussion ensued.

Dan Rachfalski expressed concern about whether, given that carriers are not required to submit claims for those months until the end of April, paying February and March claims from current funds would unfairly privilege some carriers over others. Other participants pointed out that carriers who have submitted claims to date have also made corresponding premium payments; and that given that the 1332 Waiver funds are not designed to cover the full amount of expected claims, it will always be the case that some claims will be paid from other sources. The Board then further analyzed the amount and character of currently available funds. Following this, on a motion duly made and seconded, with Mr. Rachfalski voting against the motion, it was

RESOLVED: To pay (1) reinsurance claims received by MGARA from February 1 through March 15, 2019, and (2) invoiced professional fees incurred by MGARA through March 15, 2019.

Jim Lyons requested that financial updates be provided with greater frequency, to the extent possible.

4. Legislative and Regulatory Update

Mr. Howard noted that any MGARA-related legislative initiatives are now held over to the next legislative session, pending more comprehensive healthcare initiatives. He observed that there is a clear trend toward transparency-related initiatives, and Mr. Howard recommends that the Board devote some attention to this subject later in the summer. At a minimum, Mr. Howard recommends undertaking to improve MGARA's website, including site searchability, to facilitate some of MGARA's existing transparency-related practices.

5. Board Meeting Schedule Confirmation

Mr. Howard confirmed that the Board's regularly scheduled in-person quarterly meetings, as previously discussed, are reflected in each meeting agenda and are posted on MGARA's website. Participants agreed to keep open the regular Monday 3:00 p.m. slot for telephonic meetings on an as-needed basis, with the expectation that these may become less frequent as time passes. Mr. Howard will continue to provide updates on the 1332 Waiver process on a real time basis.

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

A stylized, handwritten signature in black ink, consisting of several overlapping loops and a final flourish.

Duly Authorized Officer