

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
August 6, 2018

A special 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 8:00 a.m. Attendance is reflected in the record of attendance set forth below:

Jennifer Juke (joined at 8:30 a.m.)	Edward J. Kane
Katherine Pelletreau	David Howes
William M. Whitmore	Jolan F. Ippolito, Chair
Joel Allumbaugh	Dana Kempton
Kevin Lewis	James Koelbl (absent)
Bruce Nicholson (absent)	Jim Lyon

Also in attendance were Chris Howard and Emily Cooke of Pierce Atwood LLP, counsel to the Association; representatives of Milliman, Inc., David Williams and Tom Murawski, the Association’s actuary (“Milliman”), and the following attendees from the Maine Bureau of Insurance (the “Bureau”): Robert Wake, General Counsel, and Marti Hooper, Actuary.

1. Analysis of Pre-1/1/2019 Renewals

Milliman presented its analysis of the question of the impact to MGARA’s projected revenues and surplus from eliminating assessment revenue from those policies renewing prior to January 1, 2019.

Milliman’s initial analysis projects a \$12MM impact for MGARA. However, it was noted that this analysis was based on non-Maine data, principally from Midwest markets. There was a general consensus that several idiosyncratic features of the Midwest markets likely skewed the number of non-January renewals reflected in the data.

A discussion ensued regarding options for addressing the effect of pre-1/1/2019 renewals, including the lingering uncertainty associated with using non-Maine data in the actuarial analysis thereof.

It was agreed that Milliman would conduct an updated analysis using carrier member renewal date data, in order to produce pre-1/1/2019 revenue impact projections more reflective of the Maine market.

2. Discussion of Actuarial Projections

Further discussion ensued regarding the overall reliability of the actuarial projections associated with a potential restart of MGARA’s operations. Board members observed that the current landscape presents far more variables and volatility than were present at

MGARA's initial inception. Milliman's representatives concurred that it is difficult to confidently project magnitudes given the high degree of variability, including around factors like carrier behavior in voluntary ceding, impact of high-cost drug regimens, clustering of claims in the second part of the year, and other areas. Participants inquired as to what mechanisms would be available for MGARA to protect itself in the event actual performance fell short of projections; Chris Howard stated that under MGARA's enabling statute as currently written, the Association is limited to levying an additional \$2 PMPM emergency assessment or shutting down operations.

3. Effect on Bronze Plan Policyholders

Kevin Lewis raised a concern regarding the effect of a 1332 Waiver/MGARA restart on on-exchange holders of Bronze plans. Noting the market has moved significantly toward Bronze plans, he noted the potential unintended consequence that the ability of Bronze policyholders to pay for Bronze plans may be negatively affected by the APTC reduction contemplated by the 1332 Waiver application. Ed Kane commented that this result is concerning from a public policy standpoint, as it potentially harms some of those that MGARA was originally designed to assist. Milliman representatives and the Bureau concurred that this was a potential result, but noted they were unsure of the magnitude of the effect.

The Board requested that, on an expedited basis, Milliman model the potential effect of a 1332 Waiver-based MGARA restart on Bronze policyholders.

It was agreed that the next meeting of the Board would be held on Friday, August 10, 2018 at 8:00 a.m.

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



Duly Authorized Officer