

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
September 12, 2016

The Meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at the offices of Pierce Atwood, LLP, 254 Commercial Street, Portland, ME at 3:00 p.m. on September 12, 2016. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance was Chris Howard, counsel, Bill Thompson and David Williams, from Milliman, and Laren Walker, Administrator.

1. Approval of Minutes of 6/13/16 Meeting

The Board reviewed the minutes of the June 13, 2016 Member meeting and Board meeting. On motion duly made and seconded, it was

RESOLVED: To approve the Minutes of both the Member meeting and Board meeting, as presented.

2. Monthly Operations Report

Mr. Walker presented the Monthly Operations Report for May, June and July 2016. The reports reflect the Association’s static state with nominal revenue and expense and a Fund Balance remaining at approximately \$5.54 million. The Association’s Fund Balance remains invested in a fixed income portfolio of relatively short duration. Following limited discussion, on motion duly made and seconded, it was

RESOLVED: To approve the Monthly Operations Report, as presented.

4. Report and Discussion re Reactivation Analysis

The Board turned its attention to the principal issue for discussion, that being the work on the potential MGARA reactivation. The materials submitted to the Board prior to the meeting included an Executive Summary regarding a Request for Waiver Under Section 1332 of the ACA and a powerpoint presentation prepared by Milliman presenting

- Review of MGARA operating model
- Review of model mirroring federal transitional reinsurance, based on \$4 PMPM assessment

- Analysis of these models, based on morbidity data for Maine individual market

Mr. Howard made a presentation to the Board based upon the Executive Summary. His presentation summarized the potential availability of a Section 1332 waiver as a solution to the loss of federal subsidy (PTC) that would result from reactivation of MGARA and any positive impact on rates. He discussed with the Board the nature of the 1332 Waiver, the process for applying and the key issues that would need to be addressed in connection with that application.

Bill Thompson and Dave Williams made a presentation to the Board based on their slide deck and also presented an interactive model analyzing the alternative models for the reinsurance program based on the existing MGARA model and an alternative retrospective model. The presentation also reflected the impact of federal pass-through payments from the Section 1332 Waiver based on morbidity data for the Maine individual market.

These presentations resulted in extensive discussion, questions and answers regarding the subject matter presented and potential alternatives for reactivation. The subject matter covered in discussion extended from detailed financial analysis to an assessment of political realities, likely timing of events and the corresponding impact on carriers rate filings for 2018. Following this discussion, several fundamental questions emerged, which the Board felt should be answered before turning to the question of retrospective vs. prospective models and any detailed analysis of those models. These questions were:

1. Is working on a Section 1332 waiver as solution for a 1/1/18 MGARA restart the right direction?
2. What are the alternatives given the Legislative interest in re-start as a means of providing some rate relief?
3. Is there enough market impact from the \$4 PMPM to move the needle given the changes in the market since MGARA originated?
4. Given that the reduction in rate benefits members with household incomes above 350% of FPL, is the impact of re-start broad enough to justify the \$4 PMPM assessment?
5. Without some rate relief, is there a possibility of a downward spiral as participants above 350% FPL begin to opt out of insured status and accept the penalty instead?
6. Should we be concerned about the effect on the small group market resulting from successfully implementing the program?

The Board's direction was to develop responses to these questions, and then turn to the question of retrospective vs. prospective models largely addressed in Bill Thompson's presentation, and ultimately to the specific structure that makes sense given expected funding levels.

5. 2016 Meeting Schedule

The Board discussed the remainder of the 2016 meeting schedule and decided that regular weekly conference calls should be calendared for working sessions. All Board members agreed to a standing 3:00 p.m. Monday conference call for the remainder of 2016, with calls to be canceled if progress did not warrant the meeting.

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

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a cursive name.

Duly Authorized Officer