

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
November 18, 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:

Joel Allumbaugh	Marybeth Liang
Dr. David Howes (<i>absent</i>)	Jim Lyon (<i>absent</i>)
Jolan F. Ippolito, Chair	Bruce Nicholson (<i>absent</i>)
Ben Johnston	Katherine Pelletreau (<i>absent</i>)
Dana Kempton	Dan Rachfalski
Kevin Lewis	

Also in attendance were Laren Walker of River 9 (administrator), Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association), and Dave Williams of Milliman, Inc. (actuary to the Association).

1. Monthly Operations Report for September 2019

Mr. Walker provided the Monthly Operations Report for September 2019, in summary form. Cash is at just over \$27MM, and expected to grow as MGARA receives additional premiums and the final assessment for the year. Claims incurred are at \$6.4MM for the month. The upshot is that MGARA’s Section 1332 Grant funds are expected to be fully depleted in just over two months, at which point MGARA’s operational costs will be funded by cash on hand.

2. Report re Mandatory Ceding Review and Request for Action on Mandatory Ceding Guidance

Mr. Howard and Mr. Walker reported that the previously-contemplated mandatory ceding working session took place as planned several weeks ago, with the cooperation of the Member Insurers. The working session revealed clear inconsistencies in how mandatory conditions have been identified for ceding, and yielded two specific requests: for additional guidance from the Board regarding pre-1/1/19 claims history, and for clarification as to the required level of review of ICD-10 codes (namely, primary versus lower levels of coding).

Mr. Walker explained that River 9 and Milliman reviewed Milliman’s original modeling to understand the salient inputs to the development of the mandatory conditions list. Milliman’s modeling had included ICD-10 codes to the fifth level of coding, and contemplated the inclusion of any claims history, so long as a reasonable basis exists to rely on it. Carriers have now requested that the Board provide guidance as to these specific items. A discussion ensued. The Board reviewed information regarding Milliman’s methodology with respect to mandatory ceding methodology, as well as the publicly-reported algorithms used by the federal Centers for Medicare and Medicaid Services (“CMS”) to identify certain high risk health conditions. Participants discussed what level of Board input/guidance would be most useful to carriers; there was a general consensus that more prescriptive guidance is needed and desired.

Mr. Rachfalski commented, with respect to any mandatory lookback period, that different carriers will have differing degrees of claim history. Mr. Williams agreed, but added that these

distinctions will flatten out as the program matures over multiple years. A motion was made and seconded to provide binding guidance clarifying that carriers have an obligation to review claims history to January 1, 2017. Further discussion ensued. Mr. Rachfalski and Mr. Johnston expressed concern that implementing this guidance now will be operationally challenging for carriers, particularly this late in the year. Mr. Howard noted that the issue of unexpectedly low mandatory ceding volumes has been identified as a concern since at least early summer, so it is not a brand-new issue. Mr. Allumbaugh reiterated the view that the carriers' approach to identifying mandatory ceding conditions should mirror the approach used in Milliman's modeling. Participants further discussed the relevant language of the Plan of Operation and the retroactive effect of mandatory ceding, and the importance of a consistent approach across carriers.

At this point, the motion was duly amended, remade, and seconded, and, on a vote of 6-2, it was

RESOLVED: To issue guidance to all Member Insurers with respect to mandatory ceding, as follows: (1) the identification of mandatory ceding conditions should include a review of claims history, pharmaceutical or prescription activity, and associated diagnosis codes for the two-year period preceding the current plan year. For the 2019 year, this requires review extending back to January 1, 2017; and (2) review of ICD-10 Codes should extend to a minimum of the fifth level of diagnosis codes contained in the claim record.

It was the consensus of the Board that the illustrative algorithm presented by Milliman should be shared with the carriers operational teams as an illustrative example of the type of methodology that should be employed, although not a mandatorily required algorithm, there being a recognition that there will likely be some difference on approach among the carriers.

3. Reports re 2019 and 2020 Actuarial and Financial Projections

Mr. Howard provided a brief update on communications with, and expectations of, the Maine Bureau of Insurance and CMS regarding MGARA's development of 2019 year-end reports and 2020 projections, and reported that he and representatives of Milliman are scheduled to meet with Bureau representatives later in the week to discuss these matters.

4. Board Meeting Schedule Confirmation

It was agreed that the Board would reconvene on Monday, November 25 via teleconference at the usual time.

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



Duly Authorized Officer