

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
July 13, 2020

A regular meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held via videoconference at 3:00 p.m. Attendance is reflected in the record of attendance set forth below:

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

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

1. Monthly Operations Report for May 2020

Mr. Walker, sharing his screen, presented the monthly operations report for May 2020.

He reviewed the status of MGARA’s cash and investments, which continue to be held in short-term vehicles at this time.

Assessments: Assessments through May total \$7.3MM, which extrapolates to \$22MM on a full-year basis, which is slightly behind projections.

Premium: Premium for the month totaled \$3.2MM. Mr. Walker indicated that, while it is difficult to precisely gauge how closely premiums are tracking projections for the year, they appear generally on track.

Grant revenue: MGARA drew \$2.5MM of 1332 Waiver grant funds in May. Another \$4.5MM was drawn in June and just under \$5MM in July, leaving a balance of \$14.4MM. Mr. Walker added that the full 1332 Waiver funds for the year are projected to be fully drawn by September, which is consistent with projections.

Claims: Claims for the month totaled just under \$6MM, substantially higher than in March and April. Full-year claims are projected (on a back-end-weighted basis) to total \$81MM.

Total lives: Total lives in the program are at 68% for the year, well short of full-year projections. Mr. Howard noted that Milliman, Inc. (“Milliman”) is examining the reasons for the shortfall.

Unique lives: Mr. Walker reported that MGARA’s reinsurance program has encompassed almost 7,000 unique lives since January 2019, paying \$111MM in claims from Maine’s individual market during that time.

Ceding: Mr. Walker reported that, while both continue to fall short of projections, the overall trend is that mandatory cedes are experiencing a more pronounced discrepancy than discretionary cedes. Mr. Howard suggested that Maine’s Medicaid expansion is likely the largest driver of this trend.

2. Approval of Minutes

The Board reviewed the minutes of the Board's June 22, 2020 meeting, as circulated earlier in the day to incorporate several technical revisions provided by Mr. Lewis and Ms. Liang (the "Minutes"). On a motion duly made, it was

RESOLVED: To approve the Minutes as presented.

3. Small-Group Market Merger Update

Mr. Howard reported on the status of the Small Group Market Merger Initiative. He reported that, although representatives of the Maine Bureau of Insurance (the "Bureau") and the Maine Department of Health and Human Services recently met to discuss the outcomes and conclusions of the actuarial studies prepared by Milliman and Gorman Actuarial in connection with the initiative, no definitive outcome has yet been reported. He added that the Bureau intends to further vet the actuarial studies, partly in an effort to understand whether the Covid-19 pandemic would alter the results. A brief discussion ensued, in which Board members expressed a general consensus that it would be appropriate for MGARA, as and when requested, to express an informed view on the actuarial studies and the resulting conclusions. Mr. Howard agreed to keep the Board informed.

4. CMS Update

Mr. Howard reported that on June 25, MGARA and the Bureau held, via Zoom, the required public forum on the progress of Maine's Section 1332 State Innovation Waiver. The forum was attended by representatives of the carrier members and the Maine Chamber of Commerce. The only public comment submitted at the forum was a request for more time to submit written comments, which was readily granted. No written comments were submitted.

Mr. Howard added that MGARA's regular quarterly conference call with the federal Center for Medicare and Medicaid Services ("CMS") is scheduled to take place the following day, with the final CMS conference call of the 2019-2020 grant cycle to take place in early August. He commented that MGARA's relationship with CMS continues to be very positive.

5. Other Business

Mr. Howard reported that MGARA's annual D&O insurance renewal has been completed.

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



Duly Authorized Officer