

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
March 23, 2020

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	Jim Lyon (<i>absent</i>)
Jolan F. Ippolito, Chair	Bruce Nicholson
Ben Johnston	Katherine Pelletreau
Dana Kempton	Dan Rachfalski
Kevin Lewis	

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

1. Approval of Minutes

The Board reviewed the minutes of the February 24, 2020 Board meeting (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

2. Financial Review

Mr. Walker first presented an updated year-end financial report for 2019. He noted that the December 2019 financials were shared on a highly preliminary basis at the Board’s February meeting, and several items have subsequently been corrected. Most significantly, River 9 and Milliman have further examined the year-end assessment figures that, at the February meeting, struck many participants as improbably high, and have determined that these were overstated in part due to duplicative counting that has been eliminated in the updated report. That said, the year-end assessment total still exceeds projections, for reasons that have not been determined. Mr. Walker suggested that the combined MGARA and MBOI efforts around collection, the increased awareness surrounding assessments resulting from the high profile assessments received in the political and employer/TPA communities in connection with the MGARA re-start, and the suspicion that some payors may have overpaid (though possible reasons for this are not known, as assessments are conducted on a self-reporting basis) are all possible reasons for the increased level. It was the recommendation of River 9 and Milliman and the consensus of the Board that for modeling purposes the assessment levels should remain at \$22.6 million until MGARA has two years of experience with the assessment process.

The Board discussed the IBNR level shown in the financials and questioned both River 9 and Milliman regarding the IBNR. It was the consensus of the Board that the IBNR level was appropriate; and would be subject to formal approval when the audited financials are presented for acceptance and approval at the Annual Meeting.

Mr. Walker turned next to the Monthly Operations Report as of January 31, 2020. He reported that premium revenue (\$2.6MM) and claims incurred (\$4.45MM) are consistent with MGARA's 2019 experience overall, though a large majority of those claims represent IBNR from 2019. MGARA's cash position is solid for the next several months of operations, with 1332 grant funding expected in April or May. He added that the annual audit is expected to wrap up soon, and MGARA's auditors are expected to present the audited financials at the April Board meeting. Mr. Howard added that the auditors identified the need for MGARA to adopt a procurement policy pursuant to federal procurement requirements, so that will be developed and presented to the Board for review and approval.

3. Report and Discussion re 2020 and 2021 Projected Results

Mr. Howard emphasized that the intent of this session is to provide only a brief preliminary look at Milliman's 2020 and 2021 projections, as the Board will allocate time at the upcoming Annual Meeting for a more detailed discussion.

Mr. Williams first presented preliminary 2020 projected financial results, updated to reflect MGARA's 2019 experience and adjusted 2020 attachment points. A brief discussion ensued. Participants inquired whether the Covid-19 pandemic was incorporated into the projections; Mr. Williams replied that it was not, as it is too early to project the pandemic's impact, although Milliman is actively working on modeling and hopes to have preliminary data available by the April Board meeting.

The Board turned next to Milliman's preliminary 2021 projections. Mr. Williams outlined the assumptions underlying the projections, including individual market enrollment of 60,000, no change in attachment points from 2020's 65/95 level, and stable mandatory and discretionary ceding levels. A brief discussion ensued. Board members requested that Milliman prepare, for presentation at the April Board meeting, a set of outcome ranges (i.e., from conservative to best-case) and an analysis of the impact of different attachment points. Carrier members confirmed that the proposed timeframe for receiving this updated input will work, though Covid-19 represents a major new variable for all carriers.

4. Report and Discussion re LD 2007

Mr. Howard reported that the Legislature has enacted LD 2007, An Act to Enact the Made for Maine Health Coverage Act and Improve Health Choices in Maine. He added that the next step will be for Milliman to conclude its actuarial analysis, and that the Board can expect activity around implementation of the act to ramp up in the second quarter. Mr. Williams added that the actuarial analysis is ongoing – though, again, Covid-19 represents a major and abrupt shift that has yet to be incorporated into the analysis.

5. Board Meeting Schedule Confirmation

Mr. Howard noted that the Board’s next quarterly meeting will take place on Tuesday, April 14, and will take place via videoconference if Covid-19 considerations make an in-person format infeasible.

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 'D'.

Duly Authorized Officer