

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
May 26, 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
Jolan F. Ippolito, Chair	Bruce Nicholson
Ben Johnston	Katherine Pelletreau
Dana Kempton (<i>absent</i>)	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. New Board Member Introduction

Mr. Howard welcomed Ellen Schneider, who was recently appointed to the Board’s consumer representative seat. Ms. Schneider introduced herself and provided a brief description of her background and experience in both health policy and health finance. The Board welcomed Ms. Schneider.

2. Approval of Minutes

The Board reviewed the minutes of the Board meetings of April 14 and 27, 2020 (collectively, the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

3. Monthly Operations Report

Mr. Walker provided the monthly operations report for March 2020. He reviewed revenues and expenses for the period as reflected in the report. In response to a question from Katherine Pelletreau the Board discussed how assessments are tracking to prior year. Mr. Walker reported the first draw on 1332 Grant proceeds \$2.54 million on May 7, 2020. He anticipates the 1332 Grant funding will carry MGARA through early fall before application of MGARA’s non-federal funds is required. Mr. Walker reviewed the investment of the \$46 million in cash and investments shown in the report, which has been reinvested pursuant to the conservative principles set forth in MGARA’s investment policy. The Board requested a more detailed summary of investments, which Mr. Walker will provide.

Mr. Walker reminded the Board that claims are naturally lighter during the first half of the calendar year, due to the effect of deductibles and the lead time to identify mandatory

ceding conditions. Consistent with this, MGARA can be expected to see an uptick in claims as the year progresses.

Mr. Walker drew the Board's attention to the number of total lives in the program, which appears to be lagging overall projections for the year at 3,382 vs. 5,290. This is not currently a concern, but will be monitored over the next several months. The reason for this is not immediately apparent, although Medicaid expansion is likely a portion and it was also observed that mandatory cedes tend to lag discretionary cedes early in the year due to the shorter discretionary ceding deadline. This issue will be revisited in the coming months.

4. Report re MBOI Response

Mr. Howard reported that the Maine Bureau of Insurance (the "Bureau") was advised of, and offered no objections to, the Board's recent determination to adopt, subject to Bureau input, a risk-based capital ratio target range for determining target surplus of 500-800%.

5. Report and Discussion re Status of LD 2007 Small Group Market Merger

Mr. Howard reported that the preliminary results of the actuarial analysis of the LD 2007 proposed market merger project minimal rate relief in the small-group market as a result of the merger and a diminution of MGARA's ability to positively influence rates in the individual market. The Bureau has apprised the Governor's office and the federal Center for Medicare and Medicaid Services of these preliminary results. Final analysis is expected by the end of May or early June. In light of this, it is possible that a number of alternate approaches may be explored in the coming days in the interest of achieving the intended policy goals.

6. Board Meeting Schedule Confirmation

Mr. Howard confirmed the Board's regularly scheduled in-person quarterly meetings on the following dates: July 13, 2020 and October 26, 2020, with telephonic meetings on the fourth Monday of each month other than those in which a quarterly meeting is scheduled, and additional Board conference calls to be scheduled on an as-needed basis.

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

Duly Authorized Officer