

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors

November 23, 2020

A regular meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held via videoconference on November 23, 2020 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	Ellen Schreiber
Kevin Lewis	Bill Whitmore

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

1. Approval of Minutes

The Board reviewed the minutes of the Board’s October 26, 2020 meeting (the “Minutes”). On a motion duly made, it was

RESOLVED: To approve the Minutes as presented.

2. Monthly Operations Report

Mr. Walker presented the monthly operations report as of September 30, 2020. As of that date, MGARA’s cash and investments were at \$76MM, claims for the month totaled \$15MM, and year-to-date assessments stood at \$14.7MM. Premiums are tracking projections. Mr. Walker noted that, based on current claims volume, full-year claims may come in below projections – though this is difficult to predict, given the large volume of 2020 claims that will come in late in the year and early in 2021. He reminded the Board that the meeting materials include details of MGARA’s investments; MGARA continues to work proactively with KeyBank so that MGARA’s investment strategy ensures resource availability as and when needed.

Ms. Pelletreau inquired about why assessment volume is materially greater than in 2019. Mr. Walker explained that this partly reflects late assessment payments for 2019, by payors who lagged following MGARA’s restart. He added that he does not believe the discrepancy reflects a significant increase in lives subject to assessment.

Turning to the supplemental information in the Operations Report, Mr. Walker noted that the number of ceded lives had been anticipated to decline due to Medicaid expansion, but that the actual decline may end up being somewhat more significant than expected. Mr. Whitmore recommended that, going forward, it would be timely and prudent for MGARA take a close look at the list of mandatory ceding conditions and consider whether any changes are appropriate.

3. Discussion re Status of Small Group Merger Initiative

Mr. Howard reported on the final report of Wakely Consulting Group, LLC (“Wakely”) regarding its analysis of the Milliman and Gorman analyses, and shared an overview of anticipated themes and

conclusions of Wakely's analysis. He further expressed the expectation that a meeting would be scheduled between the MGARA Board and representatives of the Bureau of Insurance, and possibly the Department of Health and Human Services and the Governor's office, once the Wakely report is released. A robust discussion ensued, in which the Board discussed its high level of concern regarding the emerging Wakely analysis, particularly with respect to their perspective that the "conservatism" built into the Milliman analysis of the proposed small group merger was not appropriate, which is not only contrary to the Milliman perspective, but also inconsistent with MGARA's actual experience regarding the "value" attributed to a new reinsurance program. The discussion focused on the fact that Milliman's conservatism is a reflection of the market's view of the situation as a whole based on MGARA's experience and interactions with various stakeholders. Their modeling was based on MGARA board discussions and expressed opinions of key stakeholders regarding how the market perceived the merger and the current market in general. These perceptions are best reviewed as measured responses to the public hearing where both Gorman and our models were explained and discussed.

The Board concluded its discussion recognizing the importance of clear communication of MGARA's perspective, analysis and concerns as the Bureau conducts its assessment. To that end, the Board discussed whether and how MGARA and the Board can best support the process of identifying and evaluating alternative approaches to addressing the issues afflicting Maine's small-group market. Mr. Howard indicated he would continue to pursue a meeting with the Superintendent and DHHS Commissioner in order to provide the Board with an opportunity to emphasize its concerns directly.

4. Confirmation of Board Meeting Schedule

The upcoming regular Board meeting schedule was confirmed, and it was agreed that, per the Board's usual practice, additional meetings would be scheduled on an as-needed basis.

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



Duly Authorized Officer