

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
January 25, 2021

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	Marybeth Liang
Dr. David Howes	Jim Lyon
Jolan F. Ippolito, Chair	Bruce Nicholson
Ben Johnston	Katherine Pelletreau
Dana Kempton	Ellen Schneider
Kevin Lewis	Bill Whitmore

Also in attendance were Laren Walker of River 9 (administrator) and Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association). Marti Hooper, Actuary at the Maine Bureau of Insurance, joined for a portion of the meeting as reflected below.

1. Public Session

The Public Session of the Board was opened. There being no members of the public present, the Board concluded the Public Session without comment.

1. Approval of Minutes

The Board reviewed the minutes of the Board’s December 28, 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 November 30, 2020. He reminded the Board that the monthly report of course reflects unaudited data, pending the year-end audit.

As of November 30:

Assessments totaled \$21MM YTD. Mr. Walker reminded the Board of the previously-approved reimbursement of an assessment overpayment in the amount of approximately \$200,000. He added that, as in the past, MGARA’s assessment data will be cross-checked against the Bureau’s data to avoid gaps.

Premiums stood at \$35.8MM YTD, and are projected to end the year at \$39MM, exceeding projections.

Claims totaled \$60.5MM YTD. Claims for the month fell below projections by \$18.8MM, and claims for December are expected to fall below projections by approximately \$10MM. Mr.

Howard posed the “obvious question”: what accounts for lower-than-projected claims? Mr. Walker suggested that at least part of the difference is attributable to lower-than-expected enrollment with claims down approximately 12% and enrollment down the same percentage. There could also be some under-utilization of medical services due to the pandemic.

Ceded lives remain low, at 72% of the projected total. Ms. Pelletreau inquired about the rate of terminations as compared with 2019, though Mr. Walker explained that a year-to-year comparison is somewhat difficult.

At this time, Marti Hooper, Actuary at the Maine Bureau of Insurance, joined the meeting via videoconference.

3. Discussion of January 15, 2021 Meeting with Superintendent of Insurance

The Board turned to a discussion of its January 15, 2021 meeting with the Superintendent of Insurance and the Commissioner of the Department of Health and Human Services. Participants shared a variety of observations, including the following:

- It was noted that 10+ states are currently operating retrospective programs, but it appears that none of these is doing so in the context of a merged market, so Maine would be the first.
- There was broad agreement that a delay in implementation of a market merger would at least afford time to adjust to the many other impending changes in the market.
- It will be essential that the Section 1332 Waiver pass-through funding calculation be stable and reliable, given its centrality to MGARA’s financial planning.
- As previously observed, the Wakely Consulting Group report’s references to contingency plans are disquieting, as MGARA’s statutory financial structure does not include a “contingency” mechanism beyond the \$2 pmpm emergency assessment authority.
- The interface between the 1332 Waiver application process and the timing of Maine’s rate filing cycle will almost certainly compel carriers to engage in planning for two different 2022 scenarios: with and without the proposed changes to MGARA. This places a significant burden on carriers. However, it was widely recognized that this dual-track planning, including the associated actuarial analysis, is a necessary and responsible next step given the process and timing realities.

It was agreed that, as a next step, Milliman, Inc. would be requested to refine and submit to the Board a draft work plan for 2022 planning; and to proceed with calculating a set of attachment points for Plan Year 2022 that assume no changes to the existing MGARA program. In addition, counsel will begin considering potential amendments to the Plan of Operations to accommodate the possible business model changes.

4. RFP Process and Timing

Mr. Howard reminded the Board that it had previously voted to defer MGARA's Request for Proposal ("RFP") process for administrator services to mid-2021 for a start date of January 1, 2022. Accordingly, the Board has some lead time, but it would not be advisable to wait so long that the process becomes rushed. He reminded participants that the RFP cycle is three years (by statute) for the Administrator, which the Board has determined to measure from MGARA's 1/1/2019 operational restart; and five years (by policy) for legal and accounting services.

Ms. Pelletreau noted that a retrospective model would leverage CMS's EDGE server, and that more information is needed for carriers to plan and prepare for that.

It was agreed that no specific action would be taken at this time with respect to RFP next steps, but that this item would remain on the Board's radar screen to take up in the near future.

5. Confirmation of Board Meeting Schedule

It was agreed that the Board would begin meeting with greater frequency as developments continue to unfold.

The Board thanked Ms. Hooper for her participation.

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 'A' followed by a cursive flourish.

Duly Authorized Officer