

Section 1332 of the Patient Protection and Affordable Care Act (PPACA)

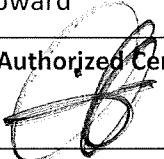
State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked "if applicable," please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE:

A. GRANTEE INFORMATION		
1. Reporting Period End Date Dec 31, 2021	2. Report Due Date 3/31/2022	3. Report Submitted On (Date)
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1 SIWIW190009-01-00	6a. DUNS Number 004493515	6b. EIN 45-4331075
7. Recipient Organization Name Maine Guaranteed Access Reinsurance Association		
Address Line 1 c/o Christopher E. Howard, Pierce Atwood, 254 Commercial St.		
Address Line 2		
Address Line 3		
City Portland	State ME	Zip Code 04101
Zip Extension	8. Grant Period Start Date Jan 1, 2019	9. Grant Period End Date Dec 31, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		
- MGARA monthly operations report December, 2021 - MGARA 2021 Reinsurance Waiver Annual Report - Response to Question # 17 - MGARA 2021 Reinsurance Waiver Annual Report - Response to Question # 19 - MGARA 2021 Reinsurance Waiver Annual Report - Response to Question # 25		

Reinsurance Waiver Annual Report

B. REPORT CERTIFICATION
11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.
11a. Typed or printed name and title of Authorized Certifying Official Christopher E. Howard
11b. Signature of Authorized Certifying Official 
11c. Telephone (area code, number, and extension) (207) 791-1335
11d. E-mail address choward@pierceatwood.com
11e. Date report submitted (month/day/year)
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>
12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program. GRANT-RELATED INFORMATION - Grant issued on 04/30/2019. - Relinquishment and Grant Transfer to the Maine Guaranteed Access Reinsurance Association (MGARA) completed 6/26/19. - The 2021 grant proceeds were fully drawn as of 12/31/2021. MGARA-RELATED INFORMATION MGARA re-initiated operations as of January 1, 2019 and concluded its third full year of operation under the Section 1332 Grant as of December 31, 2021. For the 12 months ended 12/31/21, total revenue was \$99,154,818, including \$26,966,006 in regular assessment revenue, premiums received of \$34,398,413 and \$39,315,869 in 1332 grant revenue. Gain on investments and interest income totaled (\$437,470); however, that value is reported in a marked-to-market basis and reflects unrealized losses that will never materialize as MGARA holds all investments to maturity. Claims incurred for the period totaled \$73,465,828, which together with operational expenses of \$1,071,523 resulted in total expense of \$71,737,352. Ceded lives totaled 3,893 for the year.

Reinsurance Waiver Annual Report

MGARA's Fund Balance as of 12/31/21 was \$83,434,759, exceeding projection by approximately \$27.4 million. The principal drivers of that difference were ARPA funding in the amount of \$8,562,238 and 15% lower than projected claims.

MGARA expects to apply the fund balance through the MGARA reinsurance program to fund future claims costs within the reinsurance thresholds determined in advance of each year. Because there is no overall "cap" on total reinsurance payments based on available funds, the MGARA Board is charged with maintaining adequate capital (determined in an actuarially sound basis) to cover projected reimbursement payments. MGARA will continue to maintain a surplus based on a targeted RBC ratio in order to provide adequate assurance of funding for reimbursement payments over time.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

MGARA did not encounter any significant implementation or operational challenges in 2021.

Reinsurance Waiver Annual Report

D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	55,422	From 940 Reports As of Date: 3/31/2021
Actual individual market enrollment off the Exchange in the state	7,593	From 940 Reports As of Date: 3/31/2021
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$318.34	URRT PY 2021 Data: (Calibrated Plan Adjusted Index rate)*(Projected Member Months) on a plan level. Summed and divided by MM for "On" Plans.
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$305.51	URRT PY 2021 Data: (Calibrated Plan Adjusted Index rate)*(Projected Member Months) on a plan level. Summed and divided by MM for "Off" Plans.
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Area 1: \$308.27 Area 2: \$328.55 Area 3N: \$340.88 Area 3S: \$367.66 Area 4: \$458.46	Source: 2021 2nd lowest silver w/ MGARA
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Area 1: \$343.53 Area 2: \$366.14 Area 3N: \$379.59 Area 3S: \$395.34 Area 4: \$497.65	Source: 2021 2nd lowest Silver W/ out MGARA
d. For states with State-based Exchanges , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	NA	
e. For states with State-based Exchanges , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and	NA	

Reinsurance Waiver Annual Report

	Value	Comments (if applicable)
divided by 12 to provide an annualized measure.		
15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark. None.		
16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program. For 2022 the MGARA reinsurance program has been converted from a prospective program to a retrospective program. Beginning 1/1/22, the MGARA program was converted to a retrospective program reimbursing carriers at an annually specified coinsurance rate for claims that meet or exceed an annually specified attachment point and are not in excess of a specified reinsurance limit. For 2022 carriers are reimbursed for 100% of claims costs in excess of \$76,000 up to a limit of \$250,000. Claims costs below \$76,000 and in excess of \$250,000 are the responsibility of the carriers. These reinsurance thresholds are determined annually by the MGARA Board, subject to approval by the Superintendent.		
17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur. See attached description of changes in state law.		
18. Report on spending:		
	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$39,315,869	The reporting is for the plan year 2021.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$0	

Reinsurance Waiver Annual Report

d. Amount of state funding contribution to fully fund the program for the reporting year	\$59,838,949	The reporting is for the plan year 2021.
19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market. See response attached hereto and incorporated herein by reference.		
20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance. The MGARA Plan of Operation requires claim management of reinsured and non-reinsured claims on an undifferentiated basis. Claims management is subject to audit and penalties for failure to comply. requirement. Changes to MGARA's enabling legislation enacted under P.L. 2019, ch. 653 are expected to be implemented effective 1/1/23. These changes require: - MGARA must annually identify certain "high-priced items and services" covered under the original Medicare fee-for-service program under Part A and Part B of Title XVIII of the Social Security Act that the board, in consultation with and based on analysis by the Department of Health and Human Services and Maine Health Data Organization that contribute to MGARA's costs and offer an opportunity for savings. - MGARA's reinsurance on these "high-priced items and services" is limited to 200% of the allowed charge determined for the item or service under the original Medicare fee-for-service program under Part A and Part B of Title XVIII of the Social Security Act for the applicable year. - Each insurer reimbursed through the program must report to MGARA for each plan year the name of each "high-priced item or service" for which its payment exceeded the amount allowed for eligible claims and the name of the provider that received this payment. MGARA must then annually compile and publish a list of all reported names. Limiting reinsurance reimbursement for these items and services and requiring this transparency may help to control healthcare costs and reduce prices for consumers as well as the federal government.		
21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.		
	Value	Comments (if applicable)

Reinsurance Waiver Annual Report

a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool		No reconciliations to report. MGARA reinsurance is net of any reimbursement through this program.
b. Risk adjustment amount paid by HHS for those claims		
c. Reinsurance reconciliation (or true-up) amount applied		
E. POST-AWARD FORUM		
22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance? ☒ Yes ☐ No		
23. State website address where Post-Award Forum was advertised https://www.maine.gov/pfr/insurance/		
24. Date Post-Award Forum took place June 7, 2021		
25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments. Attached is a Summary of the 2021 Post Award Public Forum held June 7, 2021 .		
26. Other Attachments (attach other documents as needed pertaining to Post-Award Form) 		
F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION		
27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b). ☒ Yes ☐ No		

Reinsurance Waiver Annual Report

28. Describe the state's implementation review process.

During 2021 the MGARA Board met with the program administrators and managers monthly via Zoom meeting for a 1-2 hour meeting to receive reports on, and review, all aspects of program implementation. Follow up reports and meetings are held as required.

MGARA
Balance Sheet
as of 12/31/2021

	2021	2020
Assets		
Cash/Investments (Note 1)	\$99,592,171	\$73,016,225
Assessment Receivable	6,510,232	7,436,904
Accrued Investment Interest Receivable	634,283	210,224
Allowance for Bad Debts	-	-
Premium Receivable	2,608,680	3,457,263
Grant Receivable	-	-
Claims Receivable	-	-
IBNR Premiums	812,000	1,900,000
Prepaid Expenses	0	0
Total Assets	\$110,157,366	\$86,020,616
Liabilities		
Accounts Payable (Note 2)	\$195,266	\$197,033
Claims Payable	14,327,342	14,806,289
IBNR Liability	12,200,000	15,000,000
Deferred Assessment Liability	-	0
Line of Credit	-	0
Total Liabilities	\$26,722,607	\$30,003,323
Fund Balance	\$83,434,759	\$56,017,294

Statement of Revenues and Expenditures
For the 12 Months Ending December 31, 2021

	Current Month	YTD 2021	YTD 2020	Full Year 2021 Projected*	2021 YTD % of Projected
Revenues					
Regular Assessment	\$6,531,584	\$26,966,006	\$28,864,378	\$25,000,000	108%
Additional Assessment	-	-	-	-	-
Premiums	2,628,686	34,398,413	39,248,475	31,300,000	110%
Grant Revenue (Note 4)	-	39,315,869	26,291,971	30,800,000	128%
Change in Premium IBNR	(1,088,000)	(1,088,000)	1,500,000	-	-
Gain on Investments	(257,478)	(3,163,711)	(543,679)	-	-
Interest Income	208,897	2,726,241	1,022,610	-	-
Total Income	\$8,023,689	\$99,154,818	\$96,383,755	\$87,100,000	114%
Total Income excluding Assessments and Grants		\$32,872,943	\$41,227,406	\$31,300,000	105%
Expenditures					
Claims Incurred	\$7,446,867	\$73,465,828	\$69,046,876	\$86,000,000	85%
Change in IBNR	(2,800,000)	(2,800,000)	100,000	-	-
Administration Fees	50,865	642,649	608,103	-	-
Interest Expense	-	-	-	-	-
Professional Fees (Note 3)	18,683	368,188	449,235	1,100,000	97%
Insurance Expense	-	53,483	42,767	-	-
Bank Charges	642	7,203	10,178	-	-
Other Expenses	-	-	-	-	-
Total Expenses	\$4,717,057	\$71,737,352	\$70,257,159	\$87,100,000	82%
Revenues excluding Assessments and Grants in Excess of Expenditures	\$-3,224,952	\$-38,864,409	\$-29,029,753	\$-56,300,000	69%
Revenues in Excess of Expenditures/ (Expenditures in Excess of Revenues)	\$3,306,632	\$27,417,466	\$26,126,596	\$0	
Fund Balance - Beginning		\$56,017,294	\$29,890,698		
Fund Balance - Ending		\$83,434,759	\$56,017,294	\$0	

MGARA 2021 Reinsurance Waiver Annual Report

Response to Question # 17

The following statutory and regulatory changes collectively authorize the merger of Maine's individual health insurance market with its small group market, and revision of the MGARA reinsurance program to extend reinsurance to the merged market.

- Public Law 2019, Chapter 653, "An Act To Enact the Made for Maine Health Coverage Act and Improve Health Choices in Maine" became effective March 18, 2020 and authorized the submission to the Departments of an amendment to Maine's current section 1332 waiver, which amendment has recently been submitted to the Departments.
- 24-A M.R.S. § 2781 authorizes the State of Maine to enter into "state-federal health coverage partnerships," which includes state innovation waivers under Section 1332 of the PPACA, that support the availability of affordable health coverage in Maine.
- 24-A M.R.S. § 2792 authorizes the Superintendent of Insurance to establish a pooled market for all individual and small group health plans offered in Maine beginning January 1, 2023, based on projections by the Superintendent that both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent this section. The implementation of this section is also contingent upon the Superintendent's adoption of rules to implement the pooled market, as well as Federal approval of a state innovation waiver amendment that extends reinsurance under Title 24-A M.R.S. § 3953 to the pooled market.
- Rule 02-031 CMR ch. 856, *Combination of the Individual and Small Business Health Insurance Risk Pools* became effective January 18, 2022 and authorizes the pooled market conditioned upon the approval of Maine's 1332 amendment application by the Departments. The Rule establishes the necessary conditions and procedures for implementation of the pooled market and the extension of MGARA reinsurance to small group health insurance.
- 24-A M.R.S. § 3958(A-1) requires MGARA to operate a retrospective reinsurance program for the pooled market, if such pooled market is implemented in accordance with the requirements set forth in Title 24-A M.R.S. § 2792.
- 24-A M.R.S. § 2792, changes the effective date of the pooled market from January 1, 2022 to January 1, 2023. Also in that section, the legislation amends the preconditions required for the pooled market by clarifying that establishment of the pooled market is to be based on projections by the Superintendent that both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent this section, and absent Chapter 54-A, which is the chapter of the Maine Insurance Code that establishes and governs MGARA.

**MGARA Supplementary Materials to
2021 Reinsurance Waiver Annual Report**

Response to Question # 19

Shown by ICD 10 Code

ICD 10	Condition	Aggregate Claim Amount
N179	Acute Kidney Failure	\$6,691,468
J449	Chronic obstructive pulmonary disease, unspecified	\$3,464,380
N186	End Stage Renal disease	\$3,072,824
I509	Heart failure, unspecified	\$2,645,783
C787	Secondary malignant neoplasm of liver and intrahepatic bile duct	\$2,550,999

Shown by MGARA Condition

Condition	Number of lives Ceded	Number of Lives with Clams	Total YTD Claims paid by Program
Cancer	879	151	\$15,208,554
Renal Failure	805	96	\$12,653,561
Congestive Heart Failure	573	63	\$6,344,714
Chronic Obstructive Pulmonary Disease (COPD)	1093	72	\$5,899,078
Rheumatoid Arthritis	646	54	\$2,309,292

Shown by HCC

	HCC	Description	Total Paid by Program
1	HCC 8	Mastic Cancers	\$11,779,471.43
2	HCC 135	Acute Renal Failure	\$7,052,467.01
3	HCC 85	Congestive Heart Failure	\$6,900,968.80
4	HCC 111	Chronic Obstructive Pulmonary Disease	\$6,189,936.01
5	HCC 12	Breast, Prostate, and Other Cancers and Tumors	\$3,370,313.11

Combines Mandatory and Discretionary lives. There is \$6.7 million that did not map to any HCC due to the ceding of Discretionary lives.

COVID-19 Data: We have reviewed all claims that have been submitted and we received 354 claims coded for COVID (U07.1). The 354 claims were made up by 58 different members. Total claims paid under U07.1 totaled \$2,035,476.44.

MGARA 2021 Reinsurance Waiver Annual Report

Response to Question # 25

SUMMARY OF ANNUAL 2021 POST AWARD PUBLIC FORUM

Pursuant to 31 CFR §33.124 and 45 CFR §155.1324

As Specified in Innovation Waiver Specific Terms and Conditions Section 11

Introduction: Pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c), the Maine Bureau of Insurance (“MBOI”) and the Maine Guaranteed Access Reinsurance Association (“MGARA”) jointly held a public forum on June 7, 2021 at 1:00 pm ET via ZOOM call, in which the public was afforded an opportunity to provide comment on the progress of the State of Maine Section 1332 Innovation Waiver (the “Waiver”).

Process: The MBOI and MGARA both published the date, time and location of the public forum in a prominent location on the MBOI’s public web site and MGARA’s public web site at least 30 days prior to the date of the public forum. MGARA’s request for a modification of normal post-award forum procedures during the public health emergency pursuant to 45 CFR § 155.1320(c)(2) was approved by the Department of Health and Human Services and the Department of the Treasury as meeting the requirements set forth in 45 CFR § 155.1320(c)(2).

The forum was jointly hosted by Maine Superintendent of Insurance Eric Cioppa and Christopher Howard, MGARA’s Authorized Organizational Representative. The forum was also attended by members of the MBOI staff, including Holly Doherty, Staff Attorney, and Mary M. (“Marti”) Hooper, ASA, MAAA, Life and Health Actuary, Benjamin Yardley, Senior Staff Attorney and Robert Wake, General Counsel. Also in attendance was Diane Kopecky from River 9 Consulting, Inc., the MGARA administrator.

Following introductory statements by Mr. Howard and Superintendent Cioppa, a role call was taken to identify the attendees. There were no members of the public in attendance. The meeting remained open for 15 minutes without public attendees.

There being no public comments, the Public Forum was concluded.

The meeting notice informed the public that written comments would be accepted by email to Holly.Doherty@maine.gov through 4:30 pm EST on June 14, 2021. No written comments were received by that date.