

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
April 25, 2022

A special 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:

Terry Brann	Jim Lyon - Absent
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair	Katherine Pelletreau
Eric Jermyn	Ellen Schneiter
Ben Johnston	Bill Whitmore
Kevin Lewis	

Also in attendance were Laren Walker of River 9 (administrator), Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association), and Dave Williams, Sean Hilton and Jeremy Siborg of Milliman, Inc. (actuary to the Association). Also in attendance Marti Hooper, Life and Health Actuary with the Maine Bureau of Insurance (the “Bureau”), and Ben Yardley, Senior Attorney with the Bureau.

1. Reinsurance Thresholds for 2023

Mr. Howard reminded the Board that at its prior meeting, the Board requested that Milliman update its 2022 and 2023 modelling and reinsurance thresholds analysis to reflect both a merged and un-merged market in 2023. Messrs. Williams and Hilton presented that updated analysis. A robust discussion ensued, in which participants considered a range of approaches to targeting and maintaining an appropriate surplus level and utilizing funds in excess of that target to benefit the market.

It was agreed that the Board should turn to the meeting’s other agenda item prior to finalizing the 2023 thresholds, given the potential implications for the thresholds.

2. Discussion re High Cost Items and Services Statutory Regime

Accordingly, the Board turned next to a continuation of its discussion of the “high cost items and services” (HCIS) statutory framework. Per the Board’s request at the previous meeting, Milliman presented its analysis of the implementation of the HCIS provisions and the potential for savings. This analysis (based on four sample medical conditions) predicted that limited savings in reinsurance payments (approximately 1.75% in this example) would be generated, due in part to the fact that MGARA would reset its reinsurance thresholds to accommodate the 200% limitation in order to maintain its target surplus. Both Mr. Williams and Mr. Walker noted that the process itself would generate increased actuarial and administrative costs associated with staffing, software and a more complex claims adjudication process. The presentation was intended as illustrative and not designed to result in any specific conclusions; however the presentation did serve to highlight the complexity of the HCIS implementation and ultimate

impact on MGARA, the market and provider costs. It was widely observed that the changes that would be required to implement an HCIS framework, including 200% reinsurance limits, would not be feasible in time for the 2023 rate-filing timeline, and it was further broadly agreed that once reinsurance thresholds are established for the year, they should not be modified mid-year.

Following additional discussion, the Board agreed that MGARA should connect with Department of Health and Human Services and the Maine Health Data Organization, the required consultative partners under the statute, to understand their respective positions and status in the process of implementing the HCIS provisions. Mr. Howard agreed to request a meeting as soon as possible and report back to the Board on the results.

At this time, the Board revisited the reinsurance thresholds for 2023, and, on a motion duly made and seconded, it was

RESOLVED: To preliminarily approve reinsurance thresholds for 2023 as follows: (1) if the small-group market merger takes place effective January 1, 2023, \$90K/\$275K and 100% coinsurance; and (2) if the small-group market merger is not approved effective January 1, 2023, \$37K/\$250K and 100% coinsurance, with these thresholds to be re-visited following discussions with DHHS and MHDO regarding HCIS and finalization and review of the Milliman Memorandum providing 2023 guidance to the carriers regarding the thresholds.

No Executive Session was required.

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



Duly Authorized Officer