

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**May 23, 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 ( <i>absent</i> )	Jim Lyon
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair	Katherine Pelletreau
Eric Jermyn ( <i>absent</i> )	Ellen Schneider
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 of Milliman, Inc. (actuary to the Association).

**1. Approval of Minutes**

The Board reviewed the minutes of the April 12 and April 25, 2022 Board meetings (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

The Members reviewed the minutes of the April 12 Member meeting (the “Member Minutes”). On a motion duly made and seconded, the Members

RESOLVED: To approve the Member Minutes as presented.

**2. Monthly Operations Report**

Mr. Walker provided the monthly operations report for March 2022. He noted that the format of the operations report has been updated to reflect the shift to a retrospective program, and invited feedback on any additional changes to the presentation of the monthly data that would maximize the utility of the reports for the Board. He suggested that a quarterly report is better aligned with the new retrospective model and it was the consensus of the Board to move to a quarterly reporting sequence.

Mr. Walker commented that a current challenge is appropriately balancing MGARA’s cash flow with its operational needs as it transitions program models. This is a work in progress. Once the 1332 Waiver grant funds are accessible, MGARA will resume its standing practice of drawing against those funds first before accessing other cash. In the meantime, current claims incurred are being paid out of MGARA’s surplus.

Mr. Walker noted that the Association currently has a much higher assessment receivable than in 2021, which is a timing matter and a much lower premium receivable because MGARA no longer charges premiums under the new model. Liabilities, including IBNR, track projections. Claims incurred remain relatively light, consistent with expectations for the early part of the year.

Mr. Walker noted that the financials reflect a loss on investments; this is unrecognized, and not of great concern, given that the Association's investments are designed to be held to maturity and there is no plan to liquidate them prematurely. That said, MGARA's investments are being watched very closely, with new investments kept on a tighter leash given the volatility of the current environment.

A brief discussion ensued. Mr. Whitmore encouraged River 9 and Milliman to develop some projections around when in the calendar year a more significant volume of claims would be expected to come in. Mr. Williams agreed to take this back.

Mr. Walker summarized that, overall, activity is quiet; things seem to be going smoothly so far in the retrospective model, and there is not much to report.

### **3. Review and Final Approval of 2023 Reinsurance Thresholds**

Mr. Howard reminded the Board that at its prior meeting the Board reviewed Milliman's modelling and reinsurance thresholds analysis reflecting both a merged and un-merged market in 2023. Mr. Williams presented this data again for any remaining Board discussion and consideration. He added that the "no market merger" scenario remains subject to further revision based on additional information (such as possible changes to the federal pass-through payment calculations) if and when a "no market merger" final decision is made.

A brief discussion ensued. Mr. Whitmore inquired about the possibility of a large increase in enrollment in the individual market absent a market merger (a "de facto market merger," in effect"). Mr. Williams expressed the view that this would not have a significant impact on the numbers, but noted the point. Mr. Lewis inquired about differences between the figures in the monthly operations report versus Milliman's projections, and wondered whether those should be updated to align. Mr. Walker agreed, but added that only iterative adjustments are possible while various factors remain in flux. As things stop moving (e.g., market merger decision, further experience under the retrospective program, etc.), the numbers will be finalized and confirmed.

RESOLVED: To 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.

### **2. Discussion re High Cost Items and Services Statutory Regime**

The Board briefly discussed implementation of the "high cost items and services" (HCIS) statutory framework. Mr. Howard shared a summary of a recent call with the Commissioner of Maine's Department of Health and Human Services (DHHS), the Maine Health Data

Organization (MHDO) and the Bureau of Insurance regarding the HCIS regime, which resulted in a consensus that it makes sense for MGARA to defer implementation of the HCIS initiative until the 2024 policy year. DHHS shares the perspective that it's appropriate to take a deliberate approach to implementation in order to maximize the benefit and objectives of the HCIS regime. By way of next steps, MGARA, DHHS, MBOI and MHDO will schedule periodic work sessions to move the process forward.

No Executive Session was required.

Participants briefly confirmed the meeting schedule for the next several months, including agreeing to keep Mondays at 3pm available on an as-needed basis, and moving the July 18 meeting to the fourth Monday in August to accommodate Mr. Walker's travel schedule. It was further agreed that it makes sense to shift all regular meetings by a month in order to ensure the availability of timely quarterly operational data.

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' with a horizontal line through it, followed by a flourish.

---

Duly Authorized Officer