


Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers – Reinsurance Waiver Quarterly Report

Reporting Instructions: Use the following template to capture data for quarterly 1332 waiver grant reporting, as specified in 45 CFR 155.1324(a), and referenced in your grant specific terms and conditions (STC). Quarterly reports are due 60 days following the end of each calendar quarter.

STATE:

A. GRANTEE INFORMATION			
1. Reporting Period End Date 09/30/2022		2. Report Due Date 11/30/2022	
3. 1st Quarterly Report <input type="radio"/>	2nd Quarterly Report <input type="radio"/>	3rd Quarterly Report <input checked="" type="radio"/>	4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight (CCIIO)
5. Federal Grant Number Assigned by Federal Agency 1 SIWIW190005-01-00		6a. DUNS Number 160208815	6b. EIN 016000001
7. Recipient Organization Name State of Maine - Maine Guaranteed Access Reinsurance Association			
Address Line 1 254 Commercial Street			
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 12/31/27 (Grant Period Extension Commences 1/1/23 under Amendment Approval Letter dated 7/15/22)			
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency) MGARA Q3 2021 Financial Report			

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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 Secretary, General Counsel Authorized Organizational Representative	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) Nov 23, 2022	
C. PROGRESS OF SECTION 1332 WAIVER - General	
<p>12. Provide an update on progress made in implementing and/or operating the approved 1332 waiver. MGARA successfully converted its reinsurance program to a retrospective model as of 1/1/22. As converted, the MGARA program is in its fourth year of full operation and is functioning according to plan. For the 9 months ended 9/30/22, total income was \$32,322,607 consisting of \$14,150,147 in assessment revenue, \$19,632,717 in grant revenue and unrealized gain/loss on investments of - \$2,030,270 due to market conditions and \$1,964,034 in interest income. Investments are marked to market and do not represent realized losses. All investments are held to maturity and are not expected to generate any realized losses. Claims incurred for the period totaled \$48,879,854, which together with operational expenses and change in IBNR resulted in total expense of \$49,448,046. R. The MGARA monthly operations report dated September 30, 2022 is attached for reference.</p> <p>The MGARA program received approval from the Departments by letter dated 7/15/22 that will allow the extension of the MGARA reinsurance program to a merged individual and small group market for plan years 2023 - 2027, as well as quarterly adjustments for small group plans that do not renew on a calendar year basis. The MGARA Plan of Operation is in the process of being amended and restated to give effect to this merged market with such changes to be operational 1/1/23.</p>	

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13. Describe any implementation and/or operational challenges, including plans for and results of associated corrective actions. After the first quarter, only report on changes and/or updates, as appropriate. There were no notable implementation and/or operational challenges experienced in Q3. It is noteworthy that claims are running ahead of MGARA projections with claims totalling \$48,879,854 for the first nine months (representing 82% of full 2022 projected claims costs). MGARA commissioned a re-projection of claims costs by its actuary (Milliman) and in September adjusted its claims cost estimate for 2022 to \$88,000,000. At that increased level, MGARA projects draw down of surplus and a resulting reduction in projected 2022 year end surplus from \$95.3 million to \$67.1 million and a projected reduction in RBC from 940% to 543%.

As reported above, MGARA is in the process of amending and restating its Plan of Operation to give effect to the merged market, with such changes to be operational 1/1/23. Workshops are being scheduled with member insurers to introduce the relevant operational changes.

MGARA
Balance Sheet
as of 9/30/2022

	2022	2021
Assets		
Cash/Investments (Note 1)	\$92,457,381	\$97,075,623
Assessment Receivable	-	-
Accrued Investment Interest Receivable	500,672	615,712
Allowance for Bad Debts	-	-
Premium Receivable	16,073	3,371,877
Grant Receivable	-	-
Claims Receivable	-	-
IBNR Premiums	-94,686	1,900,000
Prepaid Expenses	0	0
Total Assets	\$92,879,440	\$102,963,212
Liabilities		
Accounts Payable (Note 2)	\$74,815	\$132,879
Claims Payable	24,051,141	15,003,036
IBNR Liability	1,213,820	15,000,000
Deferred Assessment Liability	-	0
Line of Credit	-	0
Total Liabilities	\$25,339,776	\$30,135,915
Fund Balance	\$67,539,664	\$72,827,297

Statement of Revenues and Expenditures
For the 9 Months Ending September 30, 2022

	Current Quarter	YTD 2022	YTD 2021	Full Year 2022 Projected*	2022 YTD % of Projected
Revenues					
Regular Assessment	\$6,799,773	\$14,150,147	\$14,155,766	\$27,000,000	52%
Additional Assessment	-	-	-	-	
Premiums	-	-	26,387,818	-	
Grant Revenue (Note 4)	19,632,717	19,632,717	27,929,948	45,800,000	43%
Change in Premium IBNR	-	-	-	-	
Gain on Investments	(477,777)	(2,978,963)	(2,030,270)	-	
Interest Income	507,218	1,518,706	1,984,034	-	
Total Income	\$26,461,930	\$32,322,607	\$68,407,297	\$72,800,000	44%
Total Income excluding Assessments and Grants		\$-1,460,257	\$26,321,583	\$0	#DIV/0!
Expenditures					
Claims Incurred	\$23,947,755	\$48,879,854	\$50,779,870	\$59,800,000	82%
Change in IBNR	-	-	-	-	
Administration Fees	70,900	252,100	484,912	-	
Interest Expense	-	-	-	-	
Professional Fees (Note 3)	65,157	248,656	273,843	1,100,000	52%
Insurance Expense	-	61,558	53,483	-	
Bank Charges	2,618	5,877	5,185	-	
Other Expenses	-	-	-	-	
Total Expenses	\$24,086,430	\$49,448,046	\$51,597,293	\$60,900,000	81%
Revenues excluding Assessments and Grants in Excess of Expenditures	\$-24,056,989	\$-50,908,302	\$-25,275,710	\$-15,100,000	337%
Revenues in Excess of Expenditures/ (Expenditures in Excess of Revenues)	\$2,375,500	\$-17,125,439	\$16,810,004	\$11,900,000	
Fund Balance - Beginning		\$84,665,103	\$56,017,294	\$57,500,000	
Fund Balance - Ending		\$67,539,664	\$72,827,298	\$69,400,000	