

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**November 28, 2022**

A special meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 3:00 p.m. via videoconference. Attendance is reflected in the record of attendance set forth below:

Terry Brann	Jim Lyon
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair ( <i>absent</i> )	Katherine Pelletreau
Eric Jermyn	Ellen Schneiter
Ben Johnston	Bill Whitmore
Kevin Lewis	

Also in attendance were Laren Walker and Diane Kopecky of River 9 (administrator), Chris Howard of Pierce Atwood LLP (counsel to the Association), Dave Williams, Sean Hilton, and Jeremy Siborg of Milliman, Inc. (actuary to the Association), and Ben Yardley and Marti Hooper of the Maine Bureau of Insurance (the “Bureau”). A set of Board materials was distributed to all Board members prior to the meeting (“Board Book”).

**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.

**2. Approval of Minutes**

The Board reviewed the minutes of the November 7, 2022 Board meeting (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

**3. Operations Update**

Mr. Walker provided a brief report on operations confirming no changes or challenges in operations since his Quarterly report at the November 7<sup>th</sup> meeting of the Board. He indicated that assessments and 1332 Grant revenue remain on-track. The principal focus for Q4 is scheduling and holding workshops for the member insurers for merged market operations in 2023.

**4. Final Review and Approval of Amended Plan of Operation**

Mr. Howard reviewed the revised MGARA Amended and Restated Plan of Operation to be effective 1/1/23 governing merged market operations, which was included in the Board Book. He confirmed that he had reviewed the revised Plan with Mr. Walker and Mr. Williams and they had no changes from either of their perspectives. He again noted that there are a relatively limited number of changes, as the market merger did not necessitate large-scale structural revisions. He noted that the revisions include an entirely new section addressing the high-cost items and services regime, which tracks the statutory requirements, noting that this section of the Plan will likely require refinement as the process of developing HCIS progresses with DHHS and MHDO. Ms. Schneiter suggested a spell check of the document because she identified some typographical errors. Mr. Walker commented that he wanted the insurer members to understand that the Plan calls for Small Group policies that are not on an annual renewal cycle to become eligible for reinsurance as of their 2023 renewal date, which means there will be claims incurred in 2023 prior to the renewal date for those policies that will not be eligible for MGARA reinsurance. Following this discussion, on a motion duly made and seconded, it was

RESOLVED: To approve the Amended and Restated Plan of Operation as presented and authorize Mr. Howard to submit the Amended and Restated Plan of Operation to the Maine Superintendent of Insurance for approval pursuant to 24-A MRS §3953(3).

#### **5. Update on High Cost Items and Services Program**

Mr. Howard provided a status report on the High Cost Items and Services Program (“HCIS Program”). The initial MHDO Report was received several hours before the meeting and the MGARA team had not yet reviewed the report. Mr. Howard indicated there is a meeting scheduled for 12/7/22 with the inter-agency work group organized for development of the list of HCIS, including the MBOI, DHHS, MHDO and MGARA (“Interagency Work Group”). Extensive discussion ensued regarding the HCIS Program. Highlights of the discussion follow:

- Concern continued to be expressed that the HCIS Program has the potential to reduce MGARA’s value to member insurers due to the limits placed on its reinsurance benefits and that any reduction in value would result in lower levels of 1332 Grant revenue. Mr. Williams pointed out that the effect of the HCIS Program would be addressed in the Milliman modelling generating recommended reinsurance thresholds and as a result the total reinsurance benefits paid by MGARA would not be reduced; however, the distribution of reinsurance benefits could be affected based on the distribution of NCIS across each member insurers book of business. This exercise will introduce significant complexity into the MGARA operation and modelling and that complexity could result in uncertainty, which would put downward pressure on the value of MGARA to member insurers.
- Mr. Howard indicated that the operation of the HCIS Program was a statutory mandate to MGARA and the insurers, but that the size and scale of the HCIS Program was controlled by the MGARA Board. In early discussions with the Interagency Work Group the group had endorsed MGARA’s recommendation to initiate the HCIS Program on a “pilot” scale with a limited number of HCIS identified. That approach provides an opportunity to limit any disruption resulting from the HCIS Program to the greatest extent possible and test the

effects of the program – whether positive or negative – in relation to the cost of the program.

- Mr. Williams indicated that the program would result in material increase in administrative costs due to both the operational aspects of the program and the additional actuarial analysis required as a result of the program.
- The commercial data set used by MHDO does not represent the entire market because ERISA self-insured programs are not reflected, with the exception of those that are voluntarily reporting to MHDO.
- The Board discussed the possibility of introducing legislation to clarify the program parameters. The consensus of the Board was that any legislative initiatives should follow the operation of the pilot program and be supported by data generated by the pilot program.
- The Board discussed whether the MHDO Report should be distributed to Board members. Mr. Howard indicated that at some point the Board needs a robust analysis in order to support its decision-making regarding the identification of HCIS and the overall structure for the program; however, there may be HIPAA concerns with distributing the MHDO Report in its current state. The Board directed Mr. Howard to discuss the HIPAA concern with MHDO to confirm that the report was structured in a fashion so as to avoid HIPAA issues. Mr. Howard reminded the Board that MGARA (as a reinsurance company) is exempt from HIPAA, but individual Board members and their respective organizations may not be.

At this time, the Milliman and Bureau representatives departed the meeting and the Board entered Executive Session.

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



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Duly Authorized Officer