

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**January 23, 2023**

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. on January 23, 2023 via videoconference. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance were Laren Walker and Diane Kopecky 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). A set of Board materials was distributed to all Board members prior to the meeting (“Board Book”).

**1. Approval of Minutes**

The Board reviewed the minutes of the November 28, 2022 Board meeting (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

**2. Operations Update**

Mr. Walker provided a very brief report on operations confirming no changes or challenges in operations since his Quarterly report at the November 28<sup>th</sup> meeting of the Board. There will not be an updated Operations Report until the February meeting because claims reporting is now quarterly and claims reports are just starting to arrive this week for Q4 2022. He indicated that the audit is in process. He reported that a Small Group workshop was conducted in December and there had as yet been no feedback or questions emanating out of the workshop, but the first Small Group claims submissions are not due until April 2023, so it is likely more questions may flow in at that time.

**3. Report re 2023 1332 Grant Estimate**

Mr. Howard provided a report on delay in the 1332 Grant estimate from CMS for 2023. The new Maine exchange was not able to provide APTC and APTC member-month data for CMS on a timely basis, resulting in CMS advising that MGARA would be behind other states in receiving its 1332 Grant estimate. The information has been provided at this time, but there is no estimate as to the length of delay. Mr. Howard added that this was less of a MGARA cash flow/funding concern than a financial planning hurdle, as it delays the ability to model MGARA’s 2023 performance using accurate 1332 Grant data.

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

Mr. Williams presented Milliman’s preliminary preparation of a pilot set of high-priced items and services (“HPIS”) to inform a pilot HPIS program in 2024. He explained the methodology used to develop the list, including the data sources used (CHSDPlus and MarketScan) and Milliman’s application of the filters developed in cooperation with DHHS and MHDO for identifying an initial set of HPIS. This analysis produced 66 conditions, which MGARA now will endeavor to reduce to 5-10 pilot conditions.

Mr. Williams commented that a handful of the 66 items and services have a very small incidence, whereas certain others have an extremely high incidence. In response to an inquiry from Ms. Schneider about the quality of the repricer tool, discussion ensued regarding the potential for Medicare reimbursement tables being distorted in certain circumstances.

Mr. Williams noted that if *all* 66 items and services were subject to the new HPIS regime, it would result in a projected 3.7% impact on MGARA’s claims paid. Participants briefly discussed this. Some expressed the expectation that the HPIS regime will not produce an impact on the amounts paid by carriers to hospitals/providers, only on the availability of MGARA reimbursement to carriers with respect to the identified HPIS conditions. The funds not paid with respect to HPIS should nevertheless be paid out to carriers through adjustment to reinsurance thresholds; however, Mr. Williams noted that the HPIS program necessarily adds an additional layer of uncertainty for carriers, which will likely be reflected lower corresponding value attributed to MGARA for rating-making purposes and therefore a slightly more conservative risk-based capital target for MGARA.

The Board next turned to a discussion of additional criteria to further narrow the list of identified conditions to a pilot set. Milliman will proceed with this using narrowing criteria suggested by the Board, namely: concentrate on codes that bundle up in a manner that produces higher volumes of claims; avoid codes that tend to produce lower volumes of Medicare claims; include groupings that provide for a more efficient management/operation of the HPIS program; concentrate on codes that apply to a higher level of providers; increase the number of distinct procedures performed in the state to help narrow the field.

The Board also discussed the need for clarity regarding how the HPIS program will be operationalized, given that – in the absence of native repricing capacity – MGARA will need to leverage carriers’ reporting obligation under §3958(1)(B), which requires member insurers to identify claims that include payments over the 200% of Medicare limit imposed on HPIS items or services. Counsel will circulate a proposal for Board input.

#### **5. Actuarial RFP**

Mr. Howard reminded the Board that the most recent RFPs for administrative and legal services are complete, but the RFP for actuarial services is scheduled for 2023. He proposed an overall schedule as follows: publicizing the RFP in late summer; responses due in late September; final decision made in late fall. This timeframe would harmonize with MGARA’s overall work cycle. It was generally agreed that this makes sense.

**6. Open Board Positions**

Ms. Ippolito reminded participants that there are currently two vacancies on the Board, both in carrier seats, and the Board has the responsibility to fill mid-term carrier seat vacancies. Two candidates have been identified, both with excellent credentials. As in the past, Ms. Ippolito will (subject to pending further input from Board members on either candidate) conduct an informal interview with each candidate and report back to the Board. Mr. Howard added that he will send his annual reminder to the Superintendent of Insurance regarding required reappointments.

**7. Executive Session**

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

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 initial 'D' followed by a cursive name.

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Duly Authorized Officer