

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

**Reporting Instructions:** Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: Maine

A. GRANTEE INFORMATION		
1. Reporting Period End Date <b>12/31/22</b>	2. Report Due Date <b>3/31/23</b>	3. Report Submitted On (Date) <b>3/28/23</b>
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1 SIWIW190005-01-00	6a. UEI Number <b>YMJKWKQM6XC6</b>	6b. EIN <b>016000001</b>
7. Recipient Organization Name <b>State of Maine - Maine Guaranteed Access Reinsurance Association</b>		
Address Line 1 <b>254 Commercial Street</b>		
Address Line 2 <b>5th Floor</b>		
Address Line 3 <b>Attn: C Howard</b>		
City <b>Portland</b>	State <b>ME</b>	ZIP Code <b>04101</b>
ZIP Extension	8. Grant Period Start Date <b>1/1/19</b>	9. Grant Period End Date 12/31/27 (Grant Period Extension 7/15/22)
10. Other Attachments (attach other documents as needed or as instructed by the awarding federal agency)		
Supplemental Material Q 12 - MGARA Q4 2021 Financial Report Supplemental Material Q 25 - Summary of Annual 2022 Post Award Public Forum		

## Reinsurance Waiver Annual Report

<b>B. REPORT CERTIFICATION</b>
<p><b>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.</b></p>
<p><b>11a. Typed or printed name and title of Authorized Certifying Official</b>  <b>Christopher E. Howard</b></p>
<p><b>11b. Signature of Authorized Certifying Official</b>  </p>
<p><b>11c. Telephone (area code, number, and extension)</b>  <b>207-791-1335</b></p>
<p><b>11d. Email address</b>  <b>choward@pierceatwood.com</b></p>
<p><b>11e. Date report submitted (month/day/year)</b>  <b>3/28/23</b></p>
<b>C. PROGRESS OF SECTION 1332 WAIVER – <u>General</u></b>
<p><b>12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.</b></p> <p>The MGARA program is in its fourth year of full operation under the Section 1332 Grant and its first year operating based on a retrospective model. The program is functioning according to plan with no material implementation or operational issues. For the 12 months ended 12/31/22, total revenue was \$64,362,681, consisting of \$20,993,811 in assessment revenue, \$43,754,627 in grant revenue and unrealized gain/loss on investments of - \$2,611,975 due to market conditions and \$2,115,339 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 \$78,862,391, which together with operational expenses a resulted in total expense of \$79,655,347. The MGARA monthly operations report dated September 30, 2022 is attached for reference. The loss generated through 2022 program operations of -\$15,292,666 is being funded through draw down of surplus. It is noteworthy that claims are running ahead of MGARA projections with claims totaling \$78,862,391 for the 12 months ended 12/31/22. MGARA commissioned a re-projection of claims costs by its actuary (Milliman) and in September 2022, and adjusted its claims cost estimate for 2022 to \$88,000,000 based on that study. As of year end, the level of claims slowed slightly compared to Q3 results; however, claims costs will continue to develop into Q1 2023. The 2022 year is MGARA's first year operating under the retrospective model and claims volatility was anticipated. The operating loss for 2022 will be funded through draw down of available surplus.</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 has been amended and restated to give effect to this merged market with such changes to be operational 1/1/23.</p>
<p><b>13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.</b></p> <p>None</p>

## Reinsurance Waiver Annual Report

<b>D. PROGRESS OF SECTION 1332 WAIVER – <u>State-Specific</u></b>		
<b>14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)</b>		
	Value	Comments (if applicable)
a. Actual individual market enrollment <b>on</b> the Exchange in the state	62,157	From 940 Reports  As of Date: 3/31/2022
Actual individual market enrollment <b>off</b> the Exchange in the state	8,259	From 940 Reports  As of Date: 3/31/2022
b. Actual average individual market premium rate <b>on</b> the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$515.38	URRT PY 2022 Data: (Calibrated Plan Adjusted Index rate)* (Projected Member Months) on a plan level. Summed and divided by MM for "On" Plans.
Actual average individual market premium rate <b>off</b> the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$446.13	URRT PY 2022 Data: (Calibrated Plan Adjusted Index rate)* (Projected Member Months) on a plan level. Summed and divided by MM for "Off" Plans.
c. Actual Second-Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year-old non-smoker) in each rating area	Area 1: \$308.65 Area 2: \$328.95 Area 3N: \$341.35 Area 3S: \$343.29 Area 4: \$409.56	Source: 2022 2nd lowest silver w/ MGARA
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year-old non-smoker) in each rating area	Area 1: \$348.33 Area 2: \$371.25 Area 3N: \$380.97 Area 3S: \$385.05 Area 4: \$457.10	Source: 2022 2nd lowest Silver W/out MGARA
d. <b>For states with State-based Exchanges</b> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	Area 1: \$100,150,418.10 Area 2: \$59,217,439.93 Area 3N: \$38,363,455.75 Area 3S: \$31,848,015.77 Area 4: \$52,223,733.93	Retrieved from OHIM Submission SBE EXP-StatePremium-Pass-through-Calculations 2023 spreadsheet
e. <b>For states with State-based Exchanges</b> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	Area 1: 20,897.67 Area 2: 10,621.67 Area 3N: 6,257.67 Area 3S: 5,366.5 Area 4: 7,089.33	Retrieved from OHIM Submission SBE EXP-StatePremium-Pass-through-Calculations 2023 spreadsheet

## Reinsurance Waiver Annual Report

**15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.**

None

**16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.**

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 has been amended and restated to give effect to this merged market with such changes operational 1/1/23.

The State-based funding for the program will remain constant at a market-wide \$4 PMPM assessment.

Reinsurance thresholds for 2023 were adjusted from \$76,000/\$250,000 to \$90,000/\$275,000.

**17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.**

None

**18. Report on spending:**

	Value	Comments (if applicable)
a. Amount of federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$43,754,627	The reported amount is as of 12/31/22  The full Grant amount - \$45,821,025 was expended as of 2/28/23.
b. Amount of federal pass-through funding spent on operation of the reinsurance program	\$0	
c. Amount of any unspent balance of federal pass-through funding for the reporting year	\$2,066,398	This amount was fully expended as of 2/28/23 in payment of claims
d. Amount of state funding contribution to fully fund the program for the reporting year	\$27,000,000 (est)	

## Reinsurance Waiver Annual Report

**19. If applicable, provide a claims breakout at an aggregate level for the top five conditions or cost drivers of the five conditions, including settings of care in the individual market.**

No longer applicable to MGARA's retrospective model. Claims are paid based on amount within our reinsurance thresholds, regardless of condition so this information is no longer collected.

**20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.**

The MGARA Plan of Operation requires claim management of reinsured and non-reinsured claims on an undifferentiated basis, reinforced by MGARA's annual audit function.

The implementation of the High Cost Items and Services program has been pushed out to 1/1/24 due to delays in the identification of the high cost items and services to be targeted by the program.

**21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high-cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high-cost risk adjustment program.**

	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	N/A	No reconciliations to report. MGARA reinsurance thresholds are set at levels designed to avoid duplicative reimbursement.
b. Risk adjustment amount paid by HHS for those claims	N/A	N/A
c. Reinsurance reconciliation (or true-up) amount applied	N/A	N/A

### E. POST-AWARD FORUM

**22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?**

- Yes  
 No

**23. State website address where Post-Award Forum was advertised**

The notice was published on two websites: [www.mgara.org](http://www.mgara.org) and [www.maine.gov/pfr/insurance](http://www.maine.gov/pfr/insurance)

## Reinsurance Waiver Annual Report

<p>24. Date Post-Award Forum took place</p> <p>June 7, 2022</p>
<p>25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments.</p> <p>See attached - Summary of Annual 2022 Post Award Public Forum</p>
<p>26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)</p> <p>None</p>
<p><b>F. STATE INTERNAL IMPLEMENTATION REVIEW – ATTESTATION</b></p>
<p>27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).</p> <p><input checked="" type="radio"/> Yes</p> <p><input type="radio"/> No</p>
<p>28. Describe the state's implementation review process.</p> <p>During 2022 the MGARA Board met with the program administrators and managers monthly for a 1-2 hour meeting to receive reports on, and review, all aspects of program implementation. Follow up reports and meetings are held as required.</p>

**MGARA**  
Balance Sheet  
as of 12/31/2022

	2022	2021
<b>Assets</b>		
Cash/Investments (Note 1)	\$100,157,373	\$99,592,171
Assessment Receivable	-	7,740,576
Accrued Investment Interest Receivable	482,985	634,283
Allowance for Bad Debts	-	-
Premium Receivable	16,419	2,608,680
Grant Receivable	-	-
Claims Receivable	-	-
IBNR Premiums	0	812,000
Prepaid Expenses	0	0
<b>Total Assets</b>	<b>\$100,656,777</b>	<b>\$111,387,710</b>
<b>Liabilities</b>		
Accounts Payable (Note 2)	\$89,001	\$195,266
Claims Payable	29,699,923	14,327,342
IBNR Liability	1,495,415	12,200,000
Deferred Assessment Liability	-	0
Line of Credit	-	0
<b>Total Liabilities</b>	<b>\$31,284,339</b>	<b>\$26,722,607</b>
<b>Fund Balance</b>	<b>\$69,372,437</b>	<b>\$84,665,103</b>

**Statement of Revenues and Expenditures**  
For the 12 Months Ending December 31, 2022

	Current Quarter	YTD 2022	YTD 2021	Full Year 2022 Projected*	2022 YTD % of Projected
<b>Revenues</b>					
Regular Assessment	\$6,843,664	\$20,993,811	\$28,196,350	\$27,000,000	78%
Additional Assessment	-	-	-	-	
Premiums	110,880	110,880	34,398,413	-	
Grant Revenue (Note 4)	24,121,910	43,754,627	39,315,869	45,800,000	96%
Change in Premium IBNR	-	-	(1,088,000)	-	
Gain on Investments	366,987	(2,611,975)	(3,163,711)	-	
Interest Income	596,634	2,115,339	2,726,241	-	
<b>Total Income</b>	<b>\$32,040,074</b>	<b>\$64,362,681</b>	<b>\$100,385,162</b>	<b>\$72,800,000</b>	<b>88%</b>
<b>Expenditures</b>					
Claims Incurred	\$29,982,537	\$78,862,391	\$73,465,828	\$88,000,000	90%
Change in IBNR	-	-	(2,800,000)	-	
Administration Fees	135,850	387,950	642,649	-	
Interest Expense	-	-	-	-	
Professional Fees (Note 3)	87,110	335,766	388,188	1,100,000	72%
Insurance Expense	-	61,558	53,483	-	
Bank Charges	1,804	7,681	7,203	-	
Other Expenses	-	-	-	-	
<b>Total Expenses</b>	<b>\$30,207,301</b>	<b>\$79,655,347</b>	<b>\$71,737,352</b>	<b>\$89,100,000</b>	<b>89%</b>
<b>Revenues in Excess of Expenditures/ (Expenditures in Excess of Revenues)</b>	<b>\$1,832,773</b>	<b>\$-15,292,666</b>	<b>\$28,647,810</b>	<b>\$-16,300,000</b>	
Fund Balance - Beginning		\$84,665,103	\$56,017,294	\$57,500,000	
<b>Fund Balance - Ending</b>		<b>\$69,372,437</b>	<b>\$84,665,103</b>	<b>\$41,200,000</b>	

## State of Maine

### Maine Guaranteed Access Reinsurance Association

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#### SUMMARY OF ANNUAL 2022 POST AWARD PUBLIC FORUM

Pursuant to 31 CFR §33.124 and 45 CFR §155.1324

As Specified in Innovation Waiver Specific Terms and Conditions Section 11

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**Introduction:** Pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c), the Maine Bureau of Insurance (“MBOI”) and the Maine Guaranteed Access Reinsurance Association (“MGARA”) jointly held a public forum on June 7, 2022 at 1:00 pm ET via Microsoft Teams web conference, in which the public was afforded an opportunity to provide comment on the progress of the State of Maine Section 1332 Innovation Waiver (the “Waiver”).

**Process:** The MBOI and MGARA both published the date, time and meeting information for the public forum in a prominent location on the MBOI’s public web site and MGARA’s public web site at least 30 days prior to the date of the public forum. MGARA’s request for a modification of normal post-award forum procedures during the public health emergency pursuant to 45 CFR § 155.1320(c)(2) was approved by the Department of Health and Human Services and the Department of the Treasury as meeting the requirements set forth in 45 CFR § 155.1320(c)(2).

The forum was jointly hosted by Acting Maine Superintendent of Insurance Timothy N. Schott and Christopher Howard, MGARA’s Authorized Organizational Representative. The forum was also attended by members of the MBOI staff, including Mary M. (“Martí”) Hooper, ASA, MAAA, Life and Health Actuary, Benjamin Yardley, Senior Staff Attorney, Robert Wake, General Counsel, Amanda Maley-Alley, Senior Insurance Analyst, Keith Fougere, Assistant Actuary and Brittnee Greenleaf, Executive Assistant. Also in attendance were Laren Walker and Diane Kopecky from River 9 Consulting, Inc., the MGARA administrator.

Acting Superintendent Schott provided introductory remarks describing the purpose of the forum was to receive public comments on the progress of Maine’s 1332 Waiver. He gave some background on the State’s 1332 waiver enabling the State to pursue innovative strategies to provide its residents with access to quality, affordable health insurance. He commented that the forum related to the current 1332 waiver, not to the waiver application under review by the Centers for Medicare and Medicaid Services. He briefly described the MGARA reinsurance program and its goal to bring increased certainty and stability to Maine’s individual health insurance market through a positive impact on premium levels.

Following his remarks, a roll call was taken to identify the attendees. The members of the public attending were:

- Amy Blais Community Health Options



- Kate Ende, Consumers for Affordable Health Care
- Colleen McCarthyReid, OPLA, Maine State Legislature

The floor was opened for comments from the public attendees.

There being no public comments, the Public Forum was concluded.

Those in attendance were reminded that as stated in the meeting notice written comments would be accepted through 4:30 PM June 14, 2022. No written comments were received by that date.