

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
February 27, 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 February 27, 2023 at the offices of Pierce Atwood LLP, 254 Commercial Street, Portland, ME. Attendance is reflected in the record of attendance set forth below:

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 of River 9 (administrator), Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association), Dave Williams and Sean Hilton of Milliman, Inc. (actuary to the Association), and Marti Hooper and Ben Yardley of the Maine Bureau of Insurance. 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 January 23, 2023 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 brief report on operations for the quarter ending 12/31/22. He noted that the report contained in the Board Book reflects unaudited financials, as the audit remains in process.

Mr. Walker reported (all figures are approximate): Cash investments stand at \$100MM, and claims payable at \$30MM. All 1332 Waiver funds for 2022 have now been drawn down; therefore all remaining 2022 claims payable will draw on MGARA’s cash balance. The amount of IBNR, which currently stands at \$1.5MM, is expected to change, and is projected to end in the \$12-15MM range. Assessments are expected to come in slightly above projections. Mr. Walker noted that the losses on investments reflected in MGARA’s financials are paper (unrecognized) losses. He added that MGARA’s 2022 administrative fees came in significantly below those for the prior year due to the change from a prospective to a retrospective program. Professional fees were high, as projected, largely due to actuarial work associated with the small-group merger.

Mr. Walker summarized that MGARA ended 2022 with a \$15MM loss, subject to fluctuations based on the final IBNR figure.

Mr. Lewis inquired whether MGARA had called any bond investments, thus resulting in a recognized loss; and further, whether calling bonds would be an event that would be brought to the Board's attention. Mr. Walker replied that MGARA had not called any bond investments, and is not currently anticipating doing so. He added that, currently, that type of activity would be reflected in the KeyBanc statements that are provided to the Board; should the Board desire advance notice, this could be arranged, but is not currently done.

Mr. Lewis inquired about maximizing MGARA's short-term investments. Mr. Walker replied that MGARA's current instructions to KeyBanc are that all investments that are up for reinvestment are to be placed in short-term investments. This seems as the safest approach given continuing uncertainty regarding runout, MGARA's first quarter cash needs, and the amount of the 1332 Waiver grant for 2023. Mr. Walker added that KeyBanc will join the April Board meeting for a presentation.

Following brief additional discussion, Mr. Walker talked through the remainder of the Quarterly Financial Report. He then briefly reported on operational matters. He stated that operationally MGARA's program is still running smoothly. River 9 has fielded some carrier questions regarding the addition of Small Group to the p[rogram, but nothing major.

Mr. Lewis inquired about the status of the 1332 Waiver grant figure for 2023, particularly in light of the State of Maine's delay in reporting APTC. Mr. Howard responded that APTC reporting is now back on track, but a corresponding timing update for the 1332 Waiver grant amount confirmation has not been provided.

Mr. Williams commented that, overall, MGARA's year-end performance aligns well with projections.

3. Update on High-Priced Items and Services Program

Mr. Howard reminded the Board of the status of preparation of a set of high-priced items and services ("HPIS") to inform a pilot HPIS program in 2024. Based on the last several discussions among MGARA, DHHS, and the Maine Health Data Organization (MDHO), Milliman has produced three illustrative code sets. Mr. Hilton explained that these code sets were classified by various filters, such as volume (the ratio of claim counts to distinct claimants), severity based on price (the ratio of paid claim amounts to Medicare allowed costs), and severity based on frequency (the ratio of paid claim amounts to distinct claimants). Mr. Hilton then walked the Board through the three sets, as detailed in the Board Book, and the Milliman team answered Board members' questions regarding the preparation of and inputs to the sets.

Mr. Williams emphasized the lack of clarity regarding the impact of any given set on MGARA's claim thresholds, given the interface among the "200% of Medicare" condition within the HPIS regime, but noted that selection of any of these sets is projected to achieve a maximum impact of 1.2% reduction in claims to that level.

Mr. Howard recommended, as a next step, that a pilot set be developed that represents an intersection of the three illustrative sets, with the goal of avoiding unduly concentrating the affected codes across procedure types, providers, etc.

Ms. Schneiter recommended that the selected codes should remain stable over multiple years, to facilitate assessment of the HPIS regime's effect on claims and pricing. She added that she recommended against designing the pilot set with the objective of avoiding various types of concentration.

In response to an inquiry from Ms. Schneiter, Mr. Howard confirmed that MGARA does not have a legal obligation to report the results of the HPIS pilot, though it will certainly be advisable and beneficial to do so. He added that member insurers are obligated to report the name of each HPIS for which their payment exceeded 200% of the allowed charge determined for the item or service under the original Medicare fee-for-service program, and the name of the provider that received this payment, and MGARA is obligated to annually compile and publish a list of all reported names.

Several participants reiterated the concern, expressed in prior discussions, that the HPIS regime will not result in a savings to MGARA or to covered persons, or a change in reimbursement rates. Others expressed concern about the commitment of MGARA time and resources to development and implementation of the HPIS regime. At the same time, it was acknowledged that until and unless the HPIS statutory provisions are changed, MGARA is responsible to implement the HPIS regime, starting with the proposed pilot approach. By way of next steps, Mr. Howard recommended that the Board endorse a pilot set of HPIS for implementation of a pilot, while also conferring with DHHS about the possibility of deferring implementation for an additional year in the event the HPIS conditions cannot be rapidly agreed upon.

Following brief additional discussion, on a motion duly made and seconded, it was

RESOLVED: To present the three illustrative data sets to the Maine Department of Health and Human Services and request input on the feasibility of (i) utilizing those Code Sets (or a filtered subset thereof) on a pilot basis in calendar year 2024, or, in the alternative, (ii) deferring implementation of the HPIS pilot program for one year.

In response to a question from Mr. Howard, Ms. Hooper of the Bureau confirmed that the timing of this year's rate-setting process will resemble last year. She added that she has no additional information regarding the effect of the APTC reporting delay on the timing of the 1332 Waiver grant amount.

4. Milliman Discussion re 2023 Work Plan

Mr. Williams provided an overview of Milliman's 2023 work plan for MGARA, which will resemble that of 2022. Mr. Walker confirmed that this conformed to River 9's expectations as well.

5. Open Board Positions

Ms. Ippolito reminded participants that there are currently two vacancies on the Board, both in carrier seats.

Ms. Ippolito reported that she spoke with Dan Demeritt, the candidate to fill the seat vacated by Katherine Pelletreau. Ms. Ippolito described him as a great candidate. Following a brief discussion, on a motion duly made and seconded, it was

RESOLVED: To appoint Dan Demeritt to the seat vacated by Katherine Pelletreau's resignation for a term expiring April 1, 2025, or until his successor is duly appointed and qualified.

Mr. Howard next reported that Aetna had recommended Scott Cremens to fill the vacancy created by Geoff Shannon's departure. Mr. Cremens' CV is included in the Board Book. Following a brief discussion, it was decided to defer the appointment until the Annual Meeting of Member Insurers, rather than to have the full Board fill the seat for the brief interim period of 45 days+/-.

6. Executive Session

At this time, the Milliman, River 9, 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.



Duly Authorized Officer