

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**April 11, 2023**

The annual meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 254 Commercial Street, Portland, Maine and via videoconference at 3:00 p.m. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance were Laren Walker of River 9 (administrator), Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association), and Dave Williams, Sean Hilton, and Tom Murawski of Milliman, Inc. (actuary to the Association). Also in attendance was Marti Hooper, Life and Health Actuary with the Maine Bureau of Insurance (the “Bureau”). Jodi Daugherty and Jason Lindstrom of Eide Bailly LLP, MGARA’s auditor, joined the meeting as reflected below.

**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. 2022 Audited Financial Statements**

Jodi Daugherty and Jason Lindstrom of Eide Bailly joined the meeting and presented the Association’s 2022 draft audited financial statements (the “Draft Audited Financials”). They noted that the Draft Audited Financials remain open pending completion of Eide Bailly’s claims testing process. Ms. Daugherty explained that this has been delayed by one carrier’s delay in providing the requisite claims information, but that this information is expected soon, and completion of the claims testing process is not expected to generate material changes to the Draft Audited Financials.

Ms. Daugherty and Mr. Lindstrom walked through the Draft Audited Financials. They noted that, as in past years, the audit identifies that the Association does not have an internal control system designed to provide for the preparation of the financial statements and related disclosures being audited, and as such, MGARA relies on Eide Bailly to prepare its financial statements and related disclosures.

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

RESOLVED: To accept the Draft Audited Financials as presented, subject to and pending completion of the claims testing process.

At this time, the representatives of Eide Bailly left the meeting.

In response to an inquiry from Ms. Schneider, Mr. Walker confirmed that MGARA annually files a Form 990 (Return of Organization Exempt from Income Tax) with the IRS; MGARA generally obtains a filing extension each year to accommodate timing of the audit.

### **3. Election of Officers**

Ms. Ippolito presented the slate of officers for election. On a motion duly made and seconded, it was

RESOLVED: To elect the following slate of officers:

Jolan Ippolito – Chair and President  
Bill Whitmore – Treasurer  
Chris Howard – Secretary

### **4. Approval of Minutes**

The Board reviewed the minutes of the February 27, 2023 Board meeting (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

### **5. Conflict of Interest Disclosure Statement**

Mr. Howard reminded Board members to review, execute and return the Conflict of Interest Annual Disclosure Statement, and to contact Mr. Howard with any questions.

### **6. MGARA Corporate Policies**

Mr. Howard reminded the Board that MGARA has in place Board-approved policies regarding Conflicts of Interest, Reimbursement, Investment, Confidentiality, Whistleblower, Account Control (proposed policy), and Procurement, all of which are included in the meeting materials for reference. No changes were requested or required.

### **7. Operations Report**

Mr. Walker provided a brief operations report, noting that first quarter data is still under review and what is currently available mostly represents runout from 2022. Accordingly, at this early stage, MGARA’s first quarter financial results do not shed much light for purposes of assessing performance under the merged market scenario.

Mr. Walker added that the favorable premiums on short-term investments in the current rate environment have proven beneficial to MGARA, given its short-term cash flow needs.

## **8. Milliman Report and Discussion regarding 2024 Planning**

Mr. Williams presented a first look at Milliman's 2024 modelling and reinsurance thresholds. He emphasized at the outset that the presentation is preliminary and thus not to be shared outside the Board nor relied upon for rate-setting or other purposes, pending finalization.

He explained the various key dynamics, assumptions, sourced of uncertainty, and variables, including the interface among claims, grant revenue, and surplus targets. A lengthy discussion ensued, in which participants discussed the appropriate balance between maximizing rate impact and maintaining stability, particularly in light of the "whiplash effect" (i.e., large pendulum swings from one year to the next, which reduces the value of MGARA to the market) and macroeconomic volatility. Mr. Hilton pointed out that because small-group market activity does not contribute to 1332 Grant Waiver revenue, it is to be expected that 1332 Grant Waiver revenue will diminish over time, thus becoming a diminishing factor in MGARA's revenue. Participants discussed other market variables affecting MGARA's financial trajectory, including enrollment changes, post-pandemic claims trends, regulatory changes, and others.

Following discussion, the Board provided direction to Milliman regarding 2024 targets, which were intended as rough targets to guide Milliman in their modelling. The Board requesting that Milliman complete its modelling and report back to the Board at a special meeting to be held April 24<sup>th</sup> and likely May 8<sup>th</sup> regarding the results, at which point the Board expects to be in a position to approve 2024 reinsurance thresholds.

Mr. Williams noted that additional claims data for the first quarter is expected in late April, which should help Milliman draw some initial conclusions regarding 2023 performance. He encouraged Board members to share any further thoughts and reactions on Milliman's initial presentation.

## **10. Discussion and Approval - Final High-Priced Items and Services Code Set**

Mr. Howard reminded the Board of recent efforts with respect to the key components of the "high-priced items and services" provisions of the Maine Insurance Code, which require MGARA to, among other things, (1) in consultation with the Department of Health and Human Services (DHHS) and the Maine Health Data Organization (MHDO), develop a list of "high-priced items or services" (HPIS) that "contribute to Association costs and offer an opportunity for savings," (2) limit reinsurance coverage to 200% of the Medicare allowable charges for the listed HCIS, and (3) compile from carriers and publish a list of each HCIS for which a carrier's payment exceeded 200% of the Medicare fee schedule, together with the name of the providers receiving such payments.

Following Milliman’s work and the Board’s input over the last several months, MGARA presented a proposed code set to the DHHS and MHDO working group members. This code set (the “Proposed HPIS Code Set”) consisted of a representative selection from the prior four sets that Milliman developed and the Board reviewed, chosen with the goal of avoiding unduly concentrating the affected codes across procedure types, providers, etc. MGARA has not yet received word back from DHHS or MHDO on the proposed code set.

A brief discussion ensued, in which, among other things, participants discussed the need for providers to be alerted to the new HPIS regime and resulting reimbursement and disclosure impacts. Thereafter, on a motion duly made and seconded, it was

RESOLVED: To adopt the Proposed HPIS Code Set as presented, and to direct counsel to communicate adoption of the Proposed HPIS Code Set to DHHS and to report back to the Board if DHHS offers any follow-up comments or concerns.

**11. Discussion – CoverMe.gov SEP**

Mr. Howard shared with the Board the feedback that MGARA recently provided to the Maine Health Insurance Marketplace (CoverMe.gov) regarding the potential effect on MGARA of the proposed Special Enrollment Period (“SEP”) that CoverMe.gov is offering for Marketplace-eligible consumers who are losing MaineCare due to the end of the Families First Coronavirus Response Act continuous coverage requirement. Discussion ensued.

**12. 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.



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Duly Authorized Officer