

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**May 8, 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. via videoconference. Attendance is reflected in the record of attendance set forth below:

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

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), Dave Williams, Sean Hilton, Tom Murawski, and Jeremy Siborg of Milliman, Inc. (actuary to the Association), and Acting Superintendent Timothy Schott and Marti Hooper, Life & Health Actuary of the Maine Bureau of Insurance (the “Bureau”). A set of meeting materials was distributed to all Board members prior to the meeting.

**2024 Reinsurance Thresholds**

Mr. Howard reminded participants of the single agenda item for this meeting: finalizing MGARA’s 2024 reinsurance thresholds.

Mr. Williams presented Milliman’s updated and proposed final analysis of 2024 reinsurance thresholds, which incorporates the Board’s feedback from the prior (April 24) meeting. The updated analysis also reflects some additional information regarding 2023 Q1 performance, though that remains incomplete. Mr. Williams added that the analysis considers several historical and current influences, including the small-group merger, which became effective January 1, 2023, and whose impact is not yet known, presenting a source of material uncertainty when setting thresholds for 2024. Milliman also considered additional sources of near-term uncertainty, including market instability due to an inflationary economic environment and a Special Enrollment Period for Maine’s Medicaid enrollees following the termination of the Public Health Emergency. Mr. Williams identified other sources of uncertainty that Milliman considered in its analysis, including revenue, enrollment levels, and claims costs, all of which can fluctuate materially as a result of a spike in unemployment and/or an economic downturn.

Mr. Williams highlighted that, on the positive side, even highly adverse scenarios are projected to leave MGARA with some surplus at the end of 2024. On the negative side, he cautioned that having drawn down substantially on surplus in the transition to the retrospective program in 2022 and the merged market in 2023, MGARA’s thresholds need to be adjusted to right size the program benefit to the anticipated assessment revenues, 1332 Grant proceeds and maintaining prudent surplus levels as determined through the relevant RBC analysis. With MGARA’s revenue base limited to the foregoing, its scope of coverage is expanding, and the Small Group market not

eligible to contribute to Section 1332 grant revenues, the reinsurance benefits MGARA can deliver will inevitably be reduced. These circumstances constrain our reinsurance thresholds with the result being less rate relief. The Board discussed at length this pattern being the beginning of a trend that will see MGARA's benefits to the market reduced over the next few years. Participants again observed the inverse relationship between maximizing MGARA's market impact versus preserving MGARA's financial sustainability, and that striking an acceptable balance will become increasingly difficult going forward.

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

RESOLVED: To set MGARA's 2024 reinsurance thresholds at \$135,000 to \$275,000 with a coinsurance rate of 75%.

It was agreed that Milliman would prepare and recirculate the final version of its 2024 Reinsurance Thresholds Memorandum for distribution to the MBOI and the member insurers.

Several participants urged that the Board begin thinking about solutions to MGARA's reduced impact, which although anticipated, is evidencing itself markedly and rapidly for 2024 and immediately ensuing years. Mr. Howard added that the Board has previously floated the possibility of assembling a working group to tackle this issue, and recommended that the Board schedule a discussion of this topic at its June meeting.

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



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Duly Authorized Officer