

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**August 21, 2023**

A regular quarterly 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 August 21, 2023 at the offices of Pierce Atwood LLP, 254 Commercial Street, Portland, Maine and via videoconference. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance were Laren Walker and Diane Kopecky of River 9 (administrator), Chris Howard of Pierce Atwood LLP (counsel to the Association), Dave Williams, Jeremy Siborg and Tom Murawski of Milliman, Inc. (actuary to the Association), and Maine Bureau of Insurance (the “Bureau”) representatives Acting Superintendent Timothy Schott and Marti Hooper, Life & Health Actuary. A set of meeting materials was distributed to all Board members prior to the meeting. Notice of the meeting was posted on the MGARA website.

**1. Public Comment**

No members of the public provided comment or appeared at the public session.

**2. Approval of Minutes**

The Board reviewed the minutes of the Board meetings of June 26, 2023, July 10, 2023 and July 17, 2023 (collectively, the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

**3. Operations Update**

Mr. Walker reviewed the Quarterly Operational Report for the quarter April 1, 2023 – June 30, 2023. The balance sheet reflected principally liquid assets approximately \$83.4MM; and total liabilities of approximately \$40.3MM, leaving a Fund Balance of \$43.1MM.

MGARA drew down \$32MM in the previous week to fund Q2 claims and 2022 run-out. It is likely the balance of the Grant will be drawn to pay Q3 claims when submitted, leaving MGARA to draw on its non-Grant funds for the balance of the year and into 2024 when the 2024 Grant becomes available in approximately April of 2024.

Investments have been intentionally structured with short (less than 12 month maturities) due to the uncertain timing of our cash needs and the inverted yield curve, which has eliminated the typical spread between long and short term investments.

MGARA applied \$8MM of 2022 IBNR in the quarter leaving IBNR as of June 30, 2023 at \$7.47MM. Mr. Walker's view was that final IBNR will not reach that level and MGARA will be able to release much of that IBNR as the year progresses.

From a P&L perspective, revenues are on track at \$11MM YTD. The claims picture is emerging with the submission of Q2 claims. Mr. Walker noted that the claim count in the Small Group Market at 96 total claims is lagging behind the Individual Market at 406 claims. A potential reason for the disparity is the Small Group carriers not having the same level of familiarity with the program. Mr. Lewis suggested a contributing cause could be the fact that Small Group policies roll onto the program based on their renewal date, so there is a natural lag. A large percentage of Small Group policies renew in December. Milliman confirmed this has been taken into account in MGARA's modelling. Total Claims incurred totaled \$30MM YTD and expenses are in line with budget.

Mr. Walker concluded with a review of upcoming work streams including the CMS reporting required from the Association under its 1332 Grant STCs.

#### **4. Milliman – Informational Update**

Jeremy Siborg presented an informational report on the adjustments to the MGARA model based on Q2 Claims and the 2022 run-out.

The 2022 claims were more favorable than projected resulting in a \$61MM ending surplus vs. \$53MM projected. The \$35MM projected for 2023 year end surplus is holding up based on Q2 Claims.

Mr. Siborg shared a PowerPoint presentation depicting 2023 – 2027 Projections and Financial Modelling to help inform the Board's ongoing discussion regarding MGARA's future state. The slides presented several scenarios:

- Extending the 2024 thresholds to estimate the direction of the expected surplus – in which case MGARA needs to draw on surplus completely to maintain a 7%-8% market impact over the period. In order to maintain surplus levels the reinsurance thresholds will need to be adjusted and the value of MGARA diminished.
- Adding a one-time \$2 PMPM Net Loss assessment in 2025, which provides a one-time infusion of cash and improvement in surplus, but does not alter the overall downward trend, it simply extends the timeframe for decline to "0" surplus, but still hits that level by 2027.
- A de-merger scenario, which would remove Small Group from MGARA's program and significantly improve surplus and program value due to the elimination of Small Group claims .
- Converting to a prospective model, which would provide MGARA with greater flexibility to manage its revenue sources, program parameters and overall results, however the presence of Small Group still results in a downward trend on surplus and program value.

The Board commented that the graph presented was useful to visualize the dynamics of the program over the relevant period. This also shows the need for the urgency of making changes in the MGARA program. The timeframe involved in making significant changes dictates that action be taken on a near-term basis to change the program's trajectory. The Board was supportive of using some version of the slides in speaking with the small working group assembled for the purpose of considering any future changes in MGARA's program.

## **5. HPIS Update**

Mr. Howard provided a brief overview of the operationalization of the HPIS program to be effective 1/1/24. He reviewed the HPIS initiative status to date and summarized the next steps in operationalizing the HPIS Program. In Phase 1 of the HPIS implementation MGARA established the High Cost Items and Services required under the HPIS statutory requirements in consultation with DHHS. Selected HPIS Code Sets are:

- APC – 5115: Level Musculoskeletal Procedures
- APC – 5375: Level 5 Urology and Related Services
- APC – 5571: Level 1 Imaging with Contrast
- APC – 5623: Level 3 Radiation Therapy
- APC – 5671: Level 1 Pathology
- APC – 5771: Cardiac Rehabilitation
- APC – 8005: CT and CTA without Contrast Composite

He reviewed the current Plan of Operation provisions regarding HPIS, which in summary provide for an inception date of January 1, 2024, the promulgation of HPIS List, limiting MGARA reinsurance benefits on claims exceeding two hundred percent (200%) of the allowed charge determined for such item or service under the original Medicare fee-for-service program for the applicable year in which the claim arose and the required data reporting by carriers and MGARA.

He indicated that Phase 2 consists of providing Member Insurers with guidance as to their responsibilities under the HPIS Program for the 1/1/2024 start date. Member Insurer reporting responsibilities include:

- Identify each claim in which payment for an HPIS exceeded the 200% limit
- Identify the HPIS for which the payment was made
- Identify in each quarterly claims submission any amounts above 200% of Medicare for each claim
- Identify the name of the provider that received this payment
- Quarterly claims reports to MGARA are required to calculate the 200% limit for HPIS-related claims and make necessary adjustments as claims develop to true up to allowed reinsurance reimbursement level.

The report concluded with a brief review of enforcement through claims audit through use of re-pricing tools to spot check the reporting as it deems necessary.

Discussion ensued regarding the development of the details of this program, particularly the demands on carriers. The take-away from the discussion was the drafting of a revised Plan of Operation section addressing the operational details in greater depth.

## **6. Actuarial Services RFP**

Mr. Howard reviewed with the Board the Actuarial Services RFP. The review included walking through the various RFP sections/requirements. Following the review, on a motion duly made and seconded, it was

RESOLVED: To approve the Actuarial Services Request for Proposals as presented and authorize Mr. Howard to proceed with the competitive bidding process as set forth therein and report the results back to the Board.

## **7. Meeting Schedule**

The Board discussed the meeting schedule. At Mr. Howard's suggestion they considered whether the quarterly meetings should be held in person or by Zoom meeting. Following discussion, it was decided to limit in-person meetings to the April annual meeting and keep open the option of asking that any specific meeting be held in person in order cover specific topics that could benefit from the resulting personal interaction.

## **8. 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