

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**September 25, 2023**

A regular monthly 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
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair	Ellen Schneider
Eric Jermyn ( <i>joined when noted below</i> )	

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), Tom Murawski and Jeremy Siborg of Milliman, Inc. (actuary to the Association), and Marti Hooper, Life & Health Actuary, and Sandra Darby, Property & Casualty Actuary, each of the Maine Bureau of Insurance (the “Bureau”). A set of meeting materials was distributed to all Board members prior to the meeting.

**1. Approval of Minutes**

The Board reviewed the minutes of the Board meeting of August 21, 2023 (the “Minutes”), on which Mr. Lewis had previously provided several comments. On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

**2. Open Board Position**

Mr. Howard reported that Harvard Pilgrim has identified David Regan as the candidate to fill the seat vacated by Bill Whitmore’s departure. Mr. Howard has spoken with Mr. Regan, whose CV is included in the meeting materials. Board members expressed enthusiasm about advancing Mr. Regan’s candidacy. Mr. Howard noted that, under MGARA’s bylaws, it is the Board’s responsibility to fill mid-term vacancies in Member seats, and the Board typically does so following a recommendation from the relevant Member and an introductory conversation with the Chair. In keeping with that approach, on a motion duly made and seconded, it was

RESOLVED: To direct Ms. Ippolito to proceed with an introductory discussion with Board candidate David Regan and report back to the full Board.

**3. Operations Update**

Mr. Walker provided an Operational Report. MGARA expects to receive third quarter claims next month; these are typically significant, given the point in the year. MGARA’s 2023 Pass-through

Funding Report was timely submitted to the federal Centers for Medicare and Medicaid Services (CMS) last week. MGARA continues to closely monitor its investments, which remain on a tight leash due to both evolving cash needs heading into 2024 and the current strength of short-term investment rates.

#### **4. Milliman – Mid-Year Report in Support of 2024 Pass-Through Payment Determination**

Mr. Howard reminded participants that each year, Milliman prepares an estimate of expected pass-through federal funding pursuant to Maine’s Section 1332 Waiver for the coming year, which CMS uses in determining pass-through funding for that year. Milliman previously prepared an initial analysis in May 2023, which it has now updated to account for additional 2023 experience.

Mr. Siborg presented the updated report. He explained that the principal update to Milliman’s analysis is an increase in expected claims costs for both 2023 and 2024, based on updated public information. He added that since IBNR estimates were higher than the materialized runout by about \$7.5 million, MGARA’s surplus at the end of 2022 was higher than had been projected in Milliman’s May analysis, which partially offsets the increase in 2023 expected claims. The net result is that for 2024, Milliman projects an increase in grant revenue, an increase in claims, and a decrease in projected ending surplus.

Mr. Lewis inquired whether any of the updates alter the current projection that MGARA risks insolvency in 2027 absent a change in program design or other significant modification. Mr. Siborg stated that they do not. Mr. Howard commented that the trajectory reflected in the Milliman materials most recently provided to the Board only indicates a 2027 insolvency if MGARA does not adjust its reinsurance thresholds, and that it should be anticipated that the Board would make the necessary adjustments. The greater concern is understanding the value of MGARA to the carriers once those adjustments are made and additional modelling needed to be done on that subject.

#### **5. Actuarial Services RFP Update**

Mr. Howard reminded the Board that the Actuarial Services RFP has gone out, with expressions of intent to bid due September 15 and bids themselves due October 1. Based on expressions of intent that have been received, MGARA expects to receive four bids, and Mr. Howard recommended that the Board aim to make a decision at its October 23 meeting. He recommended that, in keeping with past practice, counsel conduct an initial review of the bid submissions and create a proposed scoring sheet to help frame the Board’s review and determination on the 23<sup>rd</sup>. There was a general consensus to utilize this approach. Ms. Schneiter recommended that the scoring sheet should note if a bidder is non-responsive to a given RFP requirement.

#### **6. Report re Future State Discussions Held 8/28/23**

Mr. Howard reported on the meeting of a working group held on August 28, which included Mr. Howard, Commissioner Lambrew, Beth Beausang, Senior Policy Advisory to the Governor, and representatives of the Bureau. The stated purpose of the meeting was to kick off the process of

considering the future of MGARA, and the discussion remained fairly high-level. Among the themes that arose included the following, Mr. Howard reported:

- Simpler financial solutions were favored over more complex structural ones. To that end, working group participants displayed limited appetite for, e.g., unwinding the market merger, reverting to a prospective model, or other more significant shifts. Instead, participants focused on financial fixes, such as applying an inflation factor to MGARA's assessment authority (with or without the \$2 additional assessment applied) or utilizing the \$2PMPM assessment authority routinely whenever certain financial conditions arise – e.g., each time MGARA experiences an annual net loss.
- Working group participants expressed a desire to ensure that the value carriers receive from MGARA's program is commensurate with the resulting benefits the carriers impart to the market.
- Commissioner Lambrew inquired whether MGARA's financial projections take into account the impact of the unwinding of the Medicaid continuous enrollment requirement and Maine's related efforts.

Mr. Howard reported that Milliman has been asked to analyze these questions. He added that the Board's input is sought as to themes and recommended areas of emphasis as the working group moves forward. At this time, Mr. Jermyn joined the meeting.

A discussion ensued, which touched on the following themes and observations, among others:

- The timeline for any legislative solution demands accelerated action now.
- Continuing diminution of MGARA's value will result in a diminution of federal 1332 Waiver proceeds, which is an added reason for urgency.
- Despite the working group's initial emphasis on non-structural solutions, more incremental approaches may not be adequate and therefore more significant structural solutions should not be ignored or dismissed. Similarly, attention should be given to the differences in features and population between the small-group and large-group markets.

It was agreed that counsel would prepare a calendar/timeline of next steps and action items. Milliman will analyze the specific questions emerging from the working group meeting. Mr. Howard will attend the next working group meeting on MGARA's behalf, and report back to the Board.

It was agreed that participants would hold open the usual time slot on the last Monday of both October and November to reconvene on next steps.

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

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

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Secretary