MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
October 23, 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 *(absent)*	Ben Johnston
Scott Cremens	Kevin Lewis
Dan Demeritt	Jim Lyon
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair	David Regan *(joined where noted below)*
Eric Jermyn	Ellen Schneiter

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), 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. Appointment of David Regan to the Board

Ms. Ippolito reminded the Board that Harvard Pilgrim has identified David Regan as the candidate to fill the seat vacated by Bill Whitmore's departure. She reported that, as directed by the Board per its customary practice, she held an introductory conversation with Mr. Regan, and provided a favorable report and endorsement. On a motion duly made and seconded, it was

RESOLVED: To appoint David Regan to the Board of Directors to the seat vacated by Bill Whitmore's resignation, for a term expiring April 1, 2026 or until his successor is duly appointed and qualified.

2. Approval of Minutes

The Board reviewed the minutes of the Board meeting of September 25, 2023 (the "Minutes"). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

At this time, Mr. Regan joined the meeting and introductions were made.

3. Operations Update

Mr. Walker provided a brief Operational Report, which he explained is limited because third-quarter claims are due today. River 9 is processing those. He added that this will be the first opportunity for carriers to submit open claims; they have through the summer to report these to MGARA.

4. Operationalizing the HPIS Program

Mr. Howard directed the Board's attention to the draft proposal, contained in the meeting materials, for operationalizing the High-Priced Item or Service (HPIS) program. As described in that document, seven code sets have been selected in consultation with the Maine Department of Health and Human Services; as the next phase of implementation, MGARA must provide carriers with guidance as to their responsibilities under the HPIS program, commencing on January 1, 2024.

Mr. Howard added that the bulk of implementation of the HPIS program falls to the carriers, and much of the implementation details are technology-driven. Accordingly, he said, the carriers will ultimately need to weigh in on MGARA's HPIS program design, and whether there are better ways to implement the program.

Mr. Howard noted that the proposal does not add any new MGARA enforcement mechanism regarding the HPIS program, but instead piggybacks on MGARA's existing enforcement structures. He pointed out the statutory requirement that MGARA publish a list of providers that received payments in excess of the HPIS limit (200% of the allowed charge under the original Medicare fee-for-service program).

A discussion ensued. Mr. Walker reiterated Mr. Howard's encouragement to the carrier members to have their operational and technical personnel review the proposal and provide feedback. He added that one of the objectives of the proposal is to avoid creating a whole new reporting system, but rather enable reliance on current claims reporting (with the addition of some new fields to the existing reporting structure); he invited feedback as to whether this has been achieved.

Mr. Lewis commented that the burden placed on carriers by the HPIS program should not be understated, and noted that ideally the required reporting will be on a net (versus line-by-line) basis.

It was agreed that the carrier members would share the HPIS proposal with their operational and technical teams and provide any feedback to MGARA.

5. Milliman Further Analysis re MGARA "Future State"

By way of background, Mr. Howard reminded the Board that one of the outcomes of the initial meeting of a "MGARA future state" working group consisting of Mr. Howard, Commissioner Lambrew, Beth Beausang, Senior Policy Advisory to the Governor, and representatives of the Bureau, was to request Milliman's analysis of several questions and concepts emerging from that meeting and from the Board's subsequent discussion, including:

- Impact of adding another $2PMPM to MGARA's assessment
- Applying trend to the revenue collection fee each year
- Targeting break-even with a reduced value to MGARA

Mr. Siborg walked through Milliman's analysis. He first provided a brief overview of MGARA's historical performance from 2021 (operating a prospective reinsurance program in an unmerged market) through projected 2024 performance (operating a retrospective reinsurance program in a merged market), which reflects a steady decline in year-end surplus. He noted that the market merger created a large increase in MGARA's claims with no change in its revenue. Mr. Howard noted that the working group members representing the Bureau have commented that the market merger generated some savings in the individual market, due to the larger risk pool and resulting increased stability.

Mr. Siborg then presented projected outcomes of several of the structural changes that have been discussed, including adding to MGARA's assessment in 2025, adding to MGARA's assessment in 2025-2027, and adding to MGARA's assessment plus 3% growth; all as compared with a status quo (no change) scenario. Mr. Howard offered the observation that MGARA can look at its financial objectives in two different ways: to maintain an established *level of surplus*; or to maintain an established *value of MGARA's program*, in each case setting (and adjusting) its thresholds accordingly. Mr. Siborg encouraged the Board to consider the levers available to MGARA; the impact of adjusting any one or a combination of those; and the variability/standard deviation within any given factor. He then emphasized Milliman's assumption that claims will settle out, rather than experiencing another substantial jump as was seen in 2022.

A lengthy discussion ensued. Participants observed, among other things:

- The recent historical performance data illustrates the costs of the market merger, with MGARA's post-merger rate impact projected to be significantly reduced vs. its pre-merger rate impact.
- The market response to an increase in MGARA's assessment should be considered, particularly among large employers who cannot benefit from MGARA's program.
- Inflation has had a substantial impact on the value of MGARA's $4PMPM assessment, which has been unchanged since it was statutorily established in 2012. The statute permits an additional $2PMPM assessment only to cover net losses.
- Should there be a target level of market impact? Was such a target ever contemplated/established at the inception of MGARA? More generally, did MGARA's enabling legislation provide any directional guidance about the questions it now faces?
- At what point do the costs of operating MGARA outweigh the benefits? Multiple participants observed that this inflection point is approaching.

Mr. Howard summarized the levers currently available to MGARA:

- Adjusting MGARA's reinsurance threshold, which it regularly does;
- Charging premium (which, he clarified, is an option in both a prospective and retrospective program); and
- Increasing the assessment to the extent permitted under the statutory net loss authority.

Ms. Hooper commented that the goal of MGARA is not to grow its surplus; the question, she said, should be whether and how to stabilize the program's finances over time, rather than to grow. Mr. Siborg clarified that while some of the scenarios project "growth" over time, in practice MGARA can be expected to adjust its program design to mitigate any growth trend; Mr. Howard concurred.

It was agreed that, as a next step, Milliman's analysis would be shared with the working group. Ms. Schneiter emphasized that time is running out to plan for MGARA's future state and avoid generating instability in the market due to uncertainty about MGARA's financial direction.

In response to a question from Mr. Nicholson, Mr. Howard affirmed that adjusting coinsurance is another lever available to MGARA, which falls under the wider umbrella of "adjusting thresholds" (or, more precisely, adjusting program parameters).

6. Executive Session; Selection of Actuarial Firm

The Board entered Executive Session from 4:30-4:50. Upon the Board's exiting Executive Session, on a motion duly made and seconded, it was

> RESOLVED: To select Milliman, Inc. as MGARA's actuarial services provider, based on the scores of the RFP respondents' respective qualifications and cost proposals, and to direct counsel to proceed with negotiation of a services contract renewal with Milliman, Inc. on that basis.

7. Any Other Business

Ms. Ippolito noted that Bill Whitmore served as MGARA's Treasurer, so his resignation from the Board requires the appointment of a new Treasurer. She briefly described the role and invited interested Board members to nominate themselves for election at the Board's November meeting.

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

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Duly Authorized Officer