MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
November 27, 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
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair *(absent)*	David Regan
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), Tom Murawski and Jeremy Siborg of Milliman, Inc. (actuary to the Association), and Marti Hooper, Life & Health Actuary, Sandra Darby, Property & Casualty Actuary, and Tim Schott, Acting Superintendent of Insurance, 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 October 23, 2023 (the "Minutes"). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

2. Operations Update

Mr. Walker reviewed the Quarterly Operational Report for the quarter July 1, 2023 – September 30, 2023. The balance sheet reflected cash and investments totaling approximately $91.1MM and total liabilities of approximately $44.6MM, leaving a Fund Balance of approximately $46.8MM.

Mr. Walker noted that the current cash balance may seem high, but that can change quickly. MGARA drew down $28.5MM this month to fund Q3 claims and 2022 run-out. This zeroes out the balance of the 1332 Waiver grant for 2023, leaving MGARA to draw on cash on hand to fund its operations (including Q4 claims, currently projected at $30MM) until the 1332 Waiver funds for 2024 are received. He noted that 1332 Waiver funds availability has been delayed in recent years until as late as June, which places additional pressure on MGARA's cash flow. Mr. Walker is comfortable that MGARA is in an acceptable place with respect to cashflow based on current projections, but this does underscore how quickly a large cash balance can shrink down.

A discussion ensued. Mr. Lyons observed that, based on current projections, the Board should expect cash to become tight in the coming months. Mr. Walker noted that this is somewhat mitigated by the fact that claims are typically light in the first quarter, which reduces some cash flow pressure. Mr. Lewis pointed out that MGARA's program parameters are less generous in 2024 than in 2023, so claims can be expected to be down; and any cashflow analysis should also factor in the assessments that will occur in the first and second quarters. Mr. Walker concurred.

Dr. Howes requested that, in addition to the current projections of aggregate cash flow, Milliman or River 9 prepare a cash flow analysis on a quarter-by-quarter (or month-by-month) basis.

Mr. Walker concluded with a brief review of the data on Projected versus Actual Lives as well as the Large Claims Report, the utility of which he noted is diminished in a retrospective program.

3. Engagement for 2023 Audit

Mr. Walker noted that Eide Bailly's fees for audit services will increase by 12% to $42K. While this is consistent with the magnitude of fee increases that River 9 is seeing across the board for accounting firms, it is still a significant cost and may merit a request for proposals.

Ms. Schneiter noted that Eide Bailly has served as MGARA's auditor for a long time, and best practice is to swap out the organization's accounting firm, though it helps that the partner leading the audit has changed from time to time.

RESOLVED: To select Eide Bailly as MGARA's accounting firm for the 2023 audit.

4. HPIS Program Implementation Update

Mr. Howard walked through the various updates, based on carrier feedback, to the draft proposal for operationalizing the High-Priced Item or Service (HPIS) program, all as set forth in greater detail in the meeting materials. These updates include, among others, the addition of a true-up in the event a member's claims are restated and then fall under MGARA's attachment point after capping the reimbursement rate at 200% of Medicare rate; and clarification that the 200% cap only applies at that HPIS claim line level.

Mr. Howard added that another item of carrier feedback that has not been incorporated is the request that MGARA reprice claims to ensure consistency among all carriers. He explained that it would be challenging and costly for MGARA to develop repricing capability, which would not appear to be feasible or a good investment given the pilot nature of the HPIS Program, particularly when the carriers have this basic capability in place today. Mr. Lewis inquired how MGARA would enforce HPIS Program compliance if it lacks its own ability to reprice claims. Mr. Howard explained that this would be part of MGARA's audit function, including via a third-party provider if deemed sufficiently important. This would still be significantly less costly than developing native repricing capability for ongoing use. He added that one of the benefits of the pilot approach to the HPIS Program is the ability to try out the program with a small number of codes, and make adjustments based on the resulting learning.

In response to a question from Ms. Schneiter, Mr. Howard confirmed that, while the HPIS legislation requires MGARA to compile and publish a list of all carrier-reported names of providers receiving insurance payments for HPIS in excess of the 200% cap, it does not impose any requirement that MGARA make an annual HPIS-specific report to the Legislature.

By way of next steps in the HPIS implementation process, Mr. Howard said that MGARA will conduct a workshop with carriers on the HPIS program and collect additional feedback and report back to the Board. There was general consensus around these steps.

5. Report re MGARA "Future State" Discussion

Mr. Howard reported on the most recent meeting of the "MGARA future state" working group consisting of Mr. Howard, Commissioner Lambrew, Beth Beausang, Senior Policy Advisory to the Governor, representatives of the Bureau. The group has also added Meg Garrett-Reed from the Maine Office of Affordable Health Care.

Mr. Howard reported that at the most recent meeting of the working group, he presented the Milliman analysis that the Board reviewed at its October 23 meeting, which presented MGARA's projected value to the market under several scenarios. He offered the following summary of the working group's discussion: (1) the working group acknowledges the limited levers available to MGARA, but has a limited appetite for significant structural changes to the program; (2) the working group does express openness to exploring financial changes to the program to stabilize its value to the market over time; (3) the working group signals a greater tolerance for a diminution in MGARA's market impact over time than the Board has generally expressed, viewing this diminution as consistent with spreading MGARA's benefits across the broader market.

Mr. Murawski presented several additional scenarios, including modeling the effect of inflation over time and a breakeven scenario with various financial adjustments to mitigate the time to breakeven. Participants inquired about several details of the scenarios and discussed the potential impact of various steps, such as utilizing MGARA's net loss assessment authority, adding an inflation adjuster, etc.

Ms. Schneiter emphasized that time is short to implement any changes, however modest. Mr. Walker pointed out that one of the options that has been discussed can be implemented without any additional statutory change: using MGARA's existing statutory authority to make an additional assessment to cover net losses in an amount up to $2pmpm. MGARA's net loss in 2022 and projected net loss in 2023 would support this.

Dr. Howes commented on the willingness of the working group to accept lower MGARA value than the Board is trying to achieve. Mr. Nicholson recommended that this tool (the net loss assessment) should be analyzed separately from the option of pursuing an inflation adjustment to MGARA's assessment authority. Mr. Johnson inquired about potential market pushback on an inflation adjustment.

Ms. Schneiter expressed appreciation for the hard work that has gone into examining the various options and scenarios, while also expressing concern about the long period of analysis without action, which risks leaving MGARA with limited options. Mr. Lewis commented that MGARA has the potential to continue making a greater impact than the low impact currently projected for its future state, if it were less boxed-in by structural constraints that date back many years.

Mr. Howard agreed to convey to the working group that the Board feels strongly that MGARA's market impact should be targeted higher than ~4%, and to seek pursuit of an inflationary index for the program. With respect to the up-to $2pmpm net loss assessment, Milliman will model its impact on MGARA's projections, and Mr. Howard will convey to the working group that the Board is strongly considering exercising this authority, not to "maintain surplus," but to maintain confidence in MGARA's financial health and stability and to keep pace with inflation.

6. Executive Session

The Board entered Executive Session at 4:40.

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

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Duly Authorized Officer