

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**February 26, 2024**

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 ( <i>absent</i> )	Kevin Lewis
Dan Demeritt	Jim Lyon
Dr. David Howes ( <i>absent</i> )	Bruce Nicholson
Jolan F. Ippolito, Chair	David Regan
Eric Jermyn	Ellen Schneider

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 Timothy Schott, Acting Superintendent of Insurance with the Maine Bureau of Insurance (the “Bureau”). A set of meeting materials was distributed to all Board members prior to the meeting.

**1. Public Comment**

Mr. Howard welcomed Trevor Putnoky, President and CEO of the Healthcare Purchasers Alliance of Maine (“HPA”), to the Public Comment portion of the meeting. Mr. Putnoky thanked MGARA for the opportunity to address the Board and share employer comments and concerns regarding the currently-tabled motion regarding a potential net loss assessment.

Mr. Putnoky noted that Maine employers are struggling with healthcare costs, having experienced a large premium increase in 2022-23. MPA, he said, wishes to impress upon the Board how significant healthcare costs have become for employers in Maine, and the fact that employers have not factored a potential net loss assessment into their planning for 2025. Mr. Putnoky underlined the need for a systemic fix, adding that an assessment increase feels like a Band-Aid. He added that it will be important for the Legislature to understand the impact of the market merger on MGARA’s reinsurance program.

Mr. Putnoky added that plan sponsors need adequate notice in order to factor an assessment increase into their budgets; budgeting for plans with a July 1 renewal date is already complete, and even plans on a January renewal cycle have begun the budgeting process. Ultimately, he said, there should be the latter group has transparency and opportunity for public comment regarding any potential assessment increase.

Mr. Regan inquired what kind of forum for public comment Mr. Putnoky recommends. Mr. Putnoky replied that he doesn’t have a specific format in mind, but the objective would be for legislators to hear from affected employers/stakeholders the impact of the market merger on MGARA’s reinsurance program; the Legislature, he said, really needs to be aware of this impact.

In response to a request from Mr. Lewis, Mr. Putnoky offered a brief profile of HPA for participants who may not be familiar with it: its members are primarily (but not exclusively) self-insured, covering in total approximately 150,000 commercially-insured lives, approximately ¼ of Maine’s insured population. He added that MPA’s self-insured members receive no benefit from MGARA’s operations, while its fully-insured members do receive some benefit, and therefore generate more mixed perspectives regarding MGARA and its assessments.

Mr. Regan noted that MGARA includes a public comment session at the start of all regular Board meetings, at which anyone can attend and provide feedback. Mr. Howard added that, in accordance with its standard practice, MGARA will apprise the Legislature prior to advancing any significant change. Mr. Putnoky expressed appreciation for these comments and thanked the Board for the opportunity to speak. At this time, Mr. Putnoky departed the meeting.

## **2. Approval of Minutes**

The Board reviewed the minutes of the Board meeting of January 22, 2024 (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

## **3. Operations Update**

Mr. Walker noted that the audit report is not yet complete, and will be presented at the Annual Meeting in April. Accordingly, all information presented today is based on unaudited financials.

Mr. Walker reported (all figures are approximate): Claims (\$113MM) are much higher than in 2022. Cash/Investments (\$90MM) have begin to decline, which will continue as claims come in. IBNR (\$20MM) is up from 2022 by approximately \$5MM. Professional fees (\$239K) are lower than 2022, as 2022 involved more actuarial work in connection with the market merger. The projected year-end loss (-\$33MM) is consistent with Milliman’s projections. MGARA continues to ladder its investments (\$86MM) to maximize cash availability. MGARA’s 2023 1332 Waiver grant funds were exhausted as of November, since which time, as previously reported, MGARA has been drawing down cash on hand to fund operations.

In response to a question from Ms. Schneider as to whether the federal APTC calculations could potentially be tied up in the current federal budget gridlock, Mr. Howard replied that while the flow of payments could potentially be disrupted, the calculations themselves should not.

Mr. Walker noted that quarterly cash disbursements in Q1 of 2024 were well above 2023 amounts. From a cashflow standpoint, he added, he is not concerned about the first two quarters of 2024, in part given the typically low cash demands in the second quarter. But, he said, there is definitely reason to closely watch cashflow for the third and (even more so) the fourth quarter, when large amounts of cash will be needed. Mr. Howard recommended that River 9 include cashflow projections in the Operations Report going forward, which Mr. Walker agreed to do.

Mr. Walker pointed out the data in the Operations Report regarding number of lives in the program; this number has increased over 2022, given the addition of lives as a result of the small-group merger.

#### **4. Milliman Model Update**

Mr. Siborg provided progress update on Milliman's update of its model to incorporate 2023 results and 2024 estimates. He highlighted that the three principal "levers" available to MGARA and Milliman in this process are the 1332 Waiver grant revenue, the Board-established surplus target, and MGARA's impact ("value") to the market. He offered the observation that the higher claims seen so far in 2024 appear to be driven more by cost increases than the addition of more covered lives in the program.

Mr. Siborg noted that, looking forward, Milliman is expecting the adverse experience of 2022 to continue into 2023, meriting more conservative reinsurance parameters, which in turn produce a lower value for MGARA. Based on current projections, Milliman expects MGARA's level of surplus following the 2024 plan year to be in the range of \$10-20MM.

In response to a question from Mr. Lewis about the impact of increased pharmaceutical costs on increased claims, Mr. Siborg stated that while those are on the rise nationally, Milliman has not specifically examined the effect on Maine claims, though it could certainly do so if useful.

In response to a question from Ms. Schneiter about the accuracy of projected renewal dates in the small-group market, Mr. Siborg replied that Milliman's projections landed fairly close to actuals, and that differential renewal dates is not expected to pose an issue going forward.

It was agreed that Milliman would complete its model update in approximately 2-3 weeks, at which time the Board will discuss further.

#### **5. Report re MGARA "Future State" Discussion**

Mr. Howard reported on the latest in the "MGARA future state" working group consisting of Mr. Howard, Commissioner Lambrew, Beth Beausang, Senior Policy Advisory to the Governor, representatives of the Bureau, and Meg Garrett-Reed from the Maine Office of Affordable Health Care. He reported that there has been no further progress with the working group, because the Governor's office requested to defer further discussion pending Bob Carey's confirmation as permanent Superintendent of Insurance. Mr. Howard added that Mr. Carey is very well-informed regarding MGARA, having worked closely with Gorman Actuarial on Maine's 1332 Waiver application.

#### **6. Review of Draft Talking Points regarding MGARA Future**

Mr. Howard referred participants to the confidential draft Talking Points regarding MGARA's future that were included in the meeting materials. A discussion ensued.

Ms. Schneiter emphasized the importance of conveying a sense of urgency to the need to address MGARA's diminishing impact; hard decisions will need to be made on a fairly short timeline. Acting Superintendent Schott noted that Mr. Carey's confirmation vote takes place tomorrow; if

confirmed, he will step into the role right away, and is well-equipped to participate in deliberations regarding MGARA's future state. Mr. Lyon noted that it may not be well understood that the net loss assessment is statutorily permitted and not merely a whim of the Board.

Participants discussed the net loss assessment statutory framework and Mr. Howard clarified the timing and informational requirements associated with a net loss assessment. Board members shared perspectives on the potential net loss assessment, including the underlying legislative intent, the impact on various market segments, and the process for approving and communicating a net loss assessment. Based on this discussion, Mr. Howard summarized next steps: Milliman will finalize, and the Board will discuss, the current model update; MGARA will communicate to relevant stakeholders (including relevant legislative leaders) that a net loss assessment is under discussion, with a decision expected by the end of March; and the Board will revisit the January 22 motion on the topic, which remains tabled.

#### **7. HPIS Program Implementation Update**

Mr. Howard reported that MGARA has identified a resource to develop the requested crosswalk to the HPIS codes, and will pursue this.

Ms. Ippolito thanked Acting Superintendent Schott for his service in the role.

#### **8. Executive Session**

The Board entered Executive Session at 5:35 p.m.

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



---

Duly Authorized Officer