

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
April 9, 2024

The annual meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 9 Center Street, Portland, Maine and via Zoom meeting at 2:00 p.m. following the annual member insurer meeting. 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	David Regan
Eric Jermyn	Ellen Schreiber

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), and Jeremy Siborg and Tom Murawski of Milliman, Inc. (actuary to the Association). Also in attendance were Bob Carey, Superintendent of Insurance, and Marti Hooper, Life and Health Actuary with the Maine Bureau of Insurance (the “Bureau”). Jason Lindstrom and Kailey Holt of Eide Bailly LLP, MGARA’s auditor, joined the meeting as reflected below.

1. Public Session

The Public Session of the Board was opened, with attendance and commentary as follows:

Name	Commentary
Jennifer Kent, Executive Director, MEA Benefits Trust	MEA Benefits Trust (MEABT) is a not-for-profit employee welfare benefit plan dedicated to the health of Maine public school employees and their families. MEA Benefits Trust’s goal is to keep premiums down, in the face of increasing pressure on premiums; increased premium means more costs shifted to MEABT’s members. MEABT opposes an increase in MGARA’s assessment from \$4 PMPM to \$6 PMPM, which MEABT estimates will result in a \$1.3MM increase in premiums to its members, ultimately impacting school budgets. MEABT urges MGARA’s Board to seek out a sustainable, long-term fix.
Kim Daigle, President & CEO, CU Insurance Solutions	CU Insurance Solutions (CUIS) is the plan administrator for the Maine Credit Union League’ insurance trust. This is a self-funded plan and trust that pays MGARA assessments but cannot access MGARA’s benefits. CUIS respectfully requests that MGARA consider exempting the plan from MGARA’s assessments, or make the plan eligible to access MGARA’s benefits.

<p>Natasha DeSouza, Director of Employee Benefits, Maine Bankers Association</p>	<p>Maine Bankers Association opposes the adoption of a net loss assessment in order to compensate for net losses MGARA incurred in the 2023 policy year. This proposed step does not address the root causes of instability in MGARA’s reinsurance program, which seems like a larger systemic issue. This type of assessment increase affects individual families, not just insurance companies. Ultimately, increasing the unaffordability of healthcare results in hurdles to attracting and retaining quality talent.</p>
<p>Bill Whitmore, Vice President, Business Transformation, MaineHealth</p>	<p>MGARA returned admirable results at lowering premiums in the individual market for a number of years. Things shifted significantly with the small-group market merger. Despite the State’s laudable objective of stabilizing both markets, that goal has not been achieved. This emergency assessment is likely to become an annual occurrence, and the impact on MaineHealth is significant (from ~\$1.5MM to ~\$2.2MM annually). The State should decouple the markets and bring back MGARA for the individual market only, rather than permitting it to limp along with a near-insignificant impact on the market.</p>
<p>Jacob Lachance, Government Relations Specialist, Maine State Chamber of Commerce</p>	<p>MGARA has a well-intentioned purpose, but small and large businesses can’t access its benefits. The increasing volatility of MGARA’s reinsurance program is evidence of its instability. The proposed emergency assessment will only contribute to making Maine’s business climate uninviting.</p>
<p>Kris Ossenfort, Senior Director, Government Relations, Anthem Blue Cross and Blue Shield</p>	<p>As others have noted, the benefit of the proposed extra assessment to the individual and small-group markets is modest, but it will increase costs to Maine businesses. It is a stopgap measure and not a long-term fix for MGARA’s challenges. Anthem recognizes that this is not an issue of the Board’s making, but long-term solutions need to be sought.</p>

2. Annual Member Meeting

At this time, the Annual Member Meeting was held, the Minutes of which are recorded under separate cover.

3. 2023 Audited Financial Statements

Jason Lindstrom and Kailey Holt of Eide Bailly joined the meeting and presented the Association’s 2023 draft audited financial statements (the “Draft Audited Financials”). They noted that the Draft Audited Financials remain open pending completion of Eide Bailly’s claims testing process, which is expected to conclude shortly and is not expected to result in material changes to the Draft Audited Financials.

Mr. Lindstrom and Ms. Holt walked through the Draft Audited Financials. They noted that, as in past years, the audit identifies that the Association does not have an internal control system designed to provide for the preparation of the financial statements and

related disclosures being audited, and as such, MGARA relies on Eide Bailly to prepare its financial statements and related disclosures.

Ms. Holt noted one finding, the erroneous payment of the same claim twice, which was classified as a significant deficiency (the lowest severity level). In response to a question from Ms. Schneider, Ms. Holt confirmed that, in response to this finding, the auditors will review a broader sample set of claims during next year's audit. She added that MGARA's administrator has already modified its procedures to mitigate the risk of a recurrence. Mr. Walker of River 9 added that the double payment stemmed from a reporting glitch, a solution to which is underway; the affected carrier has been notified and the double-payment will be credited against that carrier's next batch of claims.

At this time, Mr. Lyon joined the meeting.

Mr. Lewis inquired about the impact of the recent cyberattack on Change Healthcare on carriers' ability to submit claims. Mr. Lindstrom replied that the industry-wide impact has generally been limited to delays in the timing of payments, for which market participants have been developing workarounds. Mr. Lewis noted that he is aware of instances of significant delays in carriers' ability to submit claims – raising the possibility that MGARA could see a bottleneck of claims at some point.

At this time, on a motion duly made and seconded, it was

RESOLVED: To accept the Draft Audited Financials as presented, subject to completion of the claims testing process.

At this time, the representatives of Eide Bailly left the meeting.

4. Election of Officers

Ms. Ippolito presented the slate of officers for election. On a motion duly made and seconded, it was

RESOLVED: To elect the following slate of officers:

Jolan Ippolito – Chair and President
Ben Johnson – Treasurer
Chris Howard – Secretary

5. Approval of Minutes

The Board reviewed the minutes of the February 26 and March 25, 2024 Board meetings (collectively, the "Minutes"). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

6. Conflict of Interest Disclosure Statement

Mr. Howard reminded Board members to review, execute and return the Conflict of Interest Annual Disclosure Statement, and to contact Mr. Howard with any questions. He added that carrier members need not include ordinary-course reinsurance claim reimbursements in their disclosure; that relationship is inherent in the design of MGARA and does not, in itself, represent a conflict.

7. MGARA Corporate Policies

Mr. Howard reminded the Board that MGARA has in place Board-approved policies regarding Conflicts of Interest, Reimbursement, Investment, Confidentiality, Whistleblower, Account Control, and Procurement, all of which are included in the meeting materials. Board members are encouraged to review these for familiarity.

Mr. Regan inquired why Milliman’s analysis and presentations are treated as confidential and not to be shared outside the Board. Mr. Howard explained that the reason for this is twofold: First, MGARA is a private non-profit corporation. As such, Board discussions and materials are subject to the Board’s duty of confidentiality. Second, Milliman’s analyses in particular are typically works in progress when presented to the Board, with the expectation that Board input will result in iterative updates. This type of preliminary or interim analysis is particularly risky to share more broadly without full context (and Milliman’s terms generally prohibit broader sharing of draft work product – though Milliman’s final reports are generally free to share). Mr. Walker added that much MGARA information is available on the Association’s public website, all of which information is freely shareable.

Mr. Howard noted that MGARA’s Procurement Policy contemplates a 3-year cycle for renewals of the Administrator engagement. He observed that there is a risk of “wearing out the market” by soliciting proposals for this role too frequently, particularly given the comparatively small pool of providers that could do the work. In light of this, he will review whether there is any flexibility regarding the frequency of solicitations for the Administrator role.

8. Operations Report – KeyBanc Capital Markets Portfolio Summary

Mr. Walker introduced Boris Goldsteyn, MGARA’s KeyBanc rep. Mr. Goldsteyn presented a current portfolio summary. He explained that the overall objective is to generate return while meeting MGARA’s cashflow needs. Consistent with this, all of MGARA’s investments are highly liquid. Mr. Howard inquired whether Mr. Goldsteyn and his team would recommend any changes to MGARA’s investment approach. Mr. Goldsteyn replied that MGARA’s Investment Policy is very conservative, and as such, the Board could consider whether to accept a modest amount of additional risk, such as by creating more flexibility around permissible debt investments.

9. Discussion Regarding 2025 Planning

Mr. Siborg and Mr. Murawski presented updated projections for 2025. For overall context, Mr. Howard reminded Board members of the Board-adopted methodology for determining MGARA's target surplus, and the rationale behind it.

A discussion ensued, in which participants discussed Milliman's updated Section 1332 Waiver Grant revenue projections; the odds of significant deviations between projections and actual performance; the sources of volatility in claims projections; and various areas of continuing uncertainty with respect to 2025. It was agreed that Milliman would prepare risk-based capital calculations for a series of scenarios for the Board's consideration, which will reflect the relationship between two essential variables: year-end surplus and MGARA's value to the market.

Board members discussed the timing of a final determination with respect to the proposed net loss assessment. It was agreed that the Board would table a final decision pending confirmation of (1) the actual amount of the 2025 1332 Waiver Grant and (2) the amount of first quarter claims. Once that data is received, the Board will reconvene to make a final determination regarding a net loss assessment and set the applicable 2025 thresholds. These determinations will be informed by the Board's view on what constitutes an appropriate level of surplus in light of all the relevant factors heading into 2025.

10. Amendment to Plan of Operation - High-Priced Items and Services

Mr. Howard drew the Board's attention to the proposed amendments to MGARA's Plan of Operation to accommodate the implementation of the "high-priced items and services" regime, as contained in the meeting materials. He confirmed that no changes have been made since the last version of the Amended Plan presented to the Board. Additionally, he expressed confidence that the desired "crosswalk" to HPIS codes will be feasible to develop. On a motion duly made and seconded, it was

RESOLVED: To approve the Amended and Restated Plan of Operation as presented.

11. Administrator RFP

Mr. Howard informed the Board that MGARA's administrative services contract is up for bid this year. This will likely involve publicizing a request for proposals during the summer, with a final determination in the fall.

12. Public Interest Members

Mr. Howard reminded the Board that MGARA's Public Interest Board seats require Superintendent action to fill. Some of the current Public Interest Board members are presently serving beyond their original term due to delays in the Bureau appointment process. This is unproblematic from a governance standpoint, as those Board members

continue to serve until reappointed or replaced with a successor – but it is important for that process to advance, as well as to avoid high turnover on the Board all at once.

13. 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.

A handwritten signature in black ink, consisting of a large, stylized letter 'A' with a horizontal line through it, followed by a smaller, less distinct mark.

Duly Authorized Officer