

Section 1332 of the Patient Protection and Affordable Care Act (ACA) State Innovation Waivers – Merged Market and Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on your specific terms and conditions (STCs), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: Maine

A. GRANTEE INFORMATION		
1. Reporting Period End Date 12/31/24	2. Report Due Date 3/31/25	3. Report Submitted On (Date) Initial 4/14/25 Final 6/28/25
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1 SIWIW190005-01-00	6a. UEI Number YMJKWKQM6XC6	6b. EIN 016000001
7. Recipient Organization Name State of Maine - Maine Guaranteed Access Reinsurance Association		
Address Line 1 254 Commercial Street		
Address Line 2 5th Floor		
Address Line 3 Attn: C Howard		
City Portland	State ME	ZIP Code 04101
ZIP Extension	8. Grant Period Start Date 1/1/2019	9. Grant Period End Date 12/31/2027 - as extended
10. Other Attachments (attach other documents as needed or as instructed by the awarding federal agency)		
Attachments: - Response to Question 14(m) - Response to Question 16 - Response to Question 20		

Merged Market and Reinsurance

B. REPORT CERTIFICATION

11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

11a. Typed or printed name and title of Authorized Certifying Official

Christopher E. Howard

11b. Signature of Authorized Certifying Official

Christopher E.
Howard

Digitally signed by Christopher E.
Howard
Date: 2025.06.28 10:40:54 -04'00'

11c. Telephone (area code, number, and extension)

207-791-1335

11d. Email address

choward@pierceatwood.com

11e. Date report submitted (month/day/year)

C. PROGRESS OF SECTION 1332 WAIVER – General

12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.

The 2024 year was the MGARA program's 6th year of full operation under the Section 1332 Grant, its 3rd year operating based on a retrospective model and its 2nd year servicing the merged individual and small group markets. The program is functioning according to plan with no material implementation or operational issues.

For the 12 months ended 12/31/24, total revenue was \$77,998,675, consisting of \$29,141,368 in assessment revenue, \$46,726,151 in grant revenue, interest income of 3,307,774 and unrealized loss on investments of 176,618. Investments are marked to market and do not represent realized gains/losses. Claims incurred for the period totaled \$60,283,091, and operational expenses were \$819,177, resulting in total expense of \$61,102,268. MGARA'S change in Net Position for the 2024 year was \$16,896,407 resulting in balance sheet total assets of \$86,951,138 and liabilities of \$33,434,953 and resulting Net Position of \$53,516,185.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. If challenges were described in a prior annual report, only report on changes and/or updates, as appropriate.

None

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D. PROGRESS OF SECTION 1332 WAIVER – <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)). Please report data for the full plan year unless otherwise specified; if information for the full plan year is not available, please provide the most complete responses possible and specify the timeframe covered.		
	Value	Comments (if applicable)
a. Projected and actual individual market enrollment (total annual member months) on the Exchange in the state for the plan year.	Projected: 775,747 Actual: 723,060	Projected Source: Carrier Reported Actual Source: Rule 940 Reporting
b. Projected and actual individual market enrollment (total annual member months) off the Exchange in the state for the plan year.	Projected: 103,785 Actual: 95,724	Projected Source: Carrier Reported Actual Source: Rule 940 Reporting
c. Projected and actual small group market enrollment (total annual member months) in the state for the plan year.	Projected: 553,320 Actual: 617,556	Projected Source: URRT's Actual Source: Rule 940 Reporting
d. Projected and actual individual market total annual collected premiums on the Exchange for the plan year.	Projected: \$541,463,655 Actual: \$497,062,670	Projected Source: Carrier Reported Actual Source: Carrier Reported
e. Projected and actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected: \$697.99 Actual: \$687.44	Source: 14d.) / 14a.)
f. Projected and actual individual market total annual collected premiums off the Exchange for the plan year.	Projected: \$68,823,328 Actual: \$59,109,002	Projected Source: Carrier Reported Actual Source: Carrier Reported
g. Projected and actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected: \$663.13 Actual: \$617.49	Source: 14f.) / 14b.)
h. Projected and actual small group market total annual collected premiums for the plan year.	Projected: \$387,135,904.65 Actual: \$328,852,942	Projected Source: URRT's Actual Source: Carrier Reported

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i. Projected and actual average small group market premium rate (i.e., total small group market premiums divided by total member months of all enrollees) for the plan year.	Projected: \$699.66 Actual: \$532.51	Source: 14h.) / 14c.)
j. Actual Second-Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year-old non-smoker) in each rating area for the plan year.	Area 1: \$376.57 Area 2: \$405.62 Area 3S: \$419.17 Area 3N: \$410.98 Area 4: \$461.47	Source: Internal Bureau Files
k. Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year-old non-smoker) in each rating area for the plan year.	Area 1: \$409.43 Area 2: \$441.02 Area 3S: \$454.46 Area 3N: \$446.80 Area 4: \$501.69	Source: Internal Bureau Files
l. Large group market enrollment (total member months) and total collected premiums for the following periods: 1/1/2024 to 12/31/2024.	Member Months: 2,063,604 Net Premiums: \$1,329,883,758	Source: 945 reports
m. For states with State-based Exchanges: actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year.	See attached	Source: Maine Exchange - coverME.gov
n. For states with State-based Exchanges: actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	\$50,893.50	Source: Maine Exchange - coverME.gov

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15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark. None		
16. Describe any technical changes to the state's waiver plan during the reporting year, including but not limited to: changes to the funding level the program will be operating at for the next plan year; changes to the approved payment parameters for reinsurance program reimbursement (if there were no changes, please still describe the final parameters); changes to eligibility criteria for enrollees' claims to be reimbursed under the reinsurance program. See attached response		
17. Describe any changes in state law or regulation that might impact the waiver and the date(s) these change occurred or are expected to occur. There have been no changes to State law affecting the MGARA program. MGARA has been in discussions with the Governor's office and Legislative leadership regarding potential changes to the MGARA program to enhance its funding or structure in order to sustain or improve MGARA's value to the market in terms of future rate relief. No Legislative action has occurred as of this date; however, authorization of a study committee appears likely.		
18. Report on spending for the plan year. If information for the full plan year is not available, please provide the most complete responses possible and specify the timeframe covered.		
	Value	Comments (if applicable)
a. Amount of federal pass-through funding spent on individual and small group claim payments to issuers from the reinsurance program for the plan year.	\$45,726,151	Pass-through Funding was fully expended on claims payments.
b. Amount of federal pass-through funding spent on operation of the reinsurance program (e.g., administrative costs, EDGE server fees, etc.) for the plan year.	None	
c. Amount of any unspent balance of federal pass-through funding for the plan year.	None	
d. Amount of state funding contributed to fully fund the program for the plan year.	\$29,141,368	

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19. If applicable, provide a claims breakout at an aggregate level for the top five conditions or cost drivers of the five conditions, including settings of care in the individual market.

N/A

20. If applicable, report on any strategies or incentives for providers, enrollees, and plan issuers to continue managing health care cost, claims, and utilization for individuals eligible for reinsurance.

See attachment

21. If applicable, report any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high-cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high-cost risk adjustment program.

	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool.	N/A	No reconciliations to report. MGARA reinsurance parameters are set at levels designed to avoid duplicative reimbursement.
b. Risk adjustment amount paid by HHS for those claims.	N/A	
c. Reinsurance reconciliation (or true-up) amount applied.	N/A	

E. POST-AWARD FORUM

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?

☒ Yes
☐ No

23. State website address where Post-Award Forum was advertised and where the Annual Report is posted. In addition, please ensure prior years' Annual Reports are posted on the state's website.

The notice was published on two web sites - www.mgara.org and www.maine.gov/pfr/insurance

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24. Date Post-Award Forum took place:

2024 Post-Award Forum was held June 28, 2024 at 10 AM ET.

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received, number of participants in the forum, and actions taken in response to concerns or comments.

Summary of Post-Award Forum is attached to this Report

26. Other Attachments (attach other documents as needed pertaining to Post-Award Forum)

None

F. STATE INTERNAL IMPLEMENTATION REVIEW – ATTESTATION

27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

- ☒ Yes
☐ No

28. Describe the state's implementation review process.

During 2024 the MGARA Board met with the program administrator and manager monthly for a 1-2 hour meeting to receive reports on, and review of, all aspects of the program implementation. Follow up reports and meetings are held as required. MGARA is audited on an annual basis by it independent accounting firm.

Attachment to Section 1332 of the Patient Protection and Affordable Care Act (ACA) State
Innovation Waivers – Merged Market and Reinsurance Waiver Annual Report

Response to Question 14(m)

Rating Area	Rating Area Group	Annual APTC Total
R-ME001	-	\$128,274,776
R-ME002	-	\$72,733,905.01
R-ME003	North	\$44,282,287.71
	South	\$39,658,174.15
	Uncategorized	\$662,917.78
R-ME004	-	\$55,687,139.53
Total		\$341,299,200.18

Attachment to Section 1332 of the Patient Protection and Affordable Care Act (ACA) State
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Response to Question 16

16. There are no changes in MGARA's funding structure for the 2025 year. The funding structure will continue to be a \$4 PMPM market wide assessment generating approximately \$28 million in assessment revenue.

The reinsurance parameters for 2025 have not changed vs. 2024. Those parameters are as follows:

Attachment Point: \$135,000

Reinsurance Limit: \$275,000

Coinsurance Rate Percentage: 75%

Attachment to Section 1332 of the Patient Protection and Affordable Care Act (ACA) State
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Response to Question 20

20. The MGARA Plan of Operation requires claim management of reinsured and un-reinsured claims on an undifferentiated basis, reinforced through MGARA's annual audit function.

The HPIS Pilot Program results will be received in July, but not conclusions are expected for several years, as comparative data are accumulated. Impact on the overall program and market are expected to be negligible from a financial perspective as the program is a pilot at this point. Any broader scale implementation would only occur if and when the program appears effective.

State of Maine

Maine Guaranteed Access Reinsurance Association

SUMMARY OF ANNUAL 2024 POST AWARD PUBLIC FORUM

Pursuant to 31 CFR §33.124 and 45 CFR §155.1324

As Specified in Innovation Waiver Specific Terms and Conditions Section 11

Introduction: Pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c), the Maine Bureau of Insurance (“MBOI”) and the Maine Guaranteed Access Reinsurance Association (“MGARA”) jointly held a public forum on June 28, 2024 at 10:00 am ET in a hybrid format with an in-person session held at the offices of the Maine Department of Professional and Financial Regulation, 76 Northern Avenue, Gardiner, Maine and a virtual session via Zoom video conference, at which the public was afforded an opportunity to provide comment on the progress of the State of Maine Section 1332 Innovation Waiver (the “Waiver”). Written comments were accepted through July 12, 2024.

Process: The MBOI and MGARA both published the date, time and location of the public forum in a prominent location on the MBOI’s public web site and MGARA’s public web site at least 30 days prior to the date of the public forum.

Record: The forum was jointly hosted by Maine Superintendent of Insurance Robert Carey and Christopher Howard, MGARA’s Authorized Organizational Representative. The forum was also attended by members of the MBOI staff, including:

Mary M. (“Martí”) Hooper, ASA, MAAA, Life and Health Actuary
Tim Schott, Deput Superintendent
Nathan McIvor
Tessa Tillman
Brock Bubar
Sherry Worth
Josh Winters

Following introductory statements by Superintendent Carey, a role call was taken to identify the attendees. The following attendees were identified:

Joan Cohen, Maine Department of Professional and Financial Regulation
Dan Demeritt, Maine Association of Health Plans
Colleen McCarthy Reid, Esq., Office of Policy and Legal Analysis Maine Legislature

Charlie Soltan, Industry Lobbyist
Sherree Craig, Senior Account Executive in the Benefits Division at Allen Insurance
Kristen Hughes, MaineHealth
Katie Matthews
Laura Pendergast, Actuary and Manager of Pricing at Harvard Pilgrim Health Care
David Regan, Actuary, Harvard Pilgrim
Meg Garrett-Reed, Executive Director, Maine Office of Affordable Health Care
Kate Ende, Maine Consumers for Affordable Health Care

Public comment was provided by Dan Demeritt, Executive Director, Maine Association of Health Plans ("MAHP"). Mr. Demeritt commented that as of January 1, 2025 MGARA will have operated in a merged market (Individual and Small Group Markets) for two years and that the MAHP is concerned regarding the decline in the "value" of the program to the market from approximately 17% in 2022 to 7% in 2024 and a projected 7% in 2025. Expanding the pool covered by the MGARA program without a corresponding increase in revenue results in a program that is less rich and of lower value. MAHP believes that drawing down the MGARA surplus to offset the expansion of risk associated with the inclusion of the small group market is not a viable long-term strategy for delivering program value and relevancy.

The Maine Association of Health Plans believes policy makers and market participants should enter the new plan year with a shared commitment to understanding the impact of the market merger on the health and competitiveness of Maine insurance markets. MAHP believes market participants and policy makers should build on this understanding to identify collaborative policy solutions that directly improve Maine's reinsurance program and start conversations about innovations that can strengthen Maine's private insurance markets and deliver greater value to consumers..

There was no further public comment.

The meeting notice informed the public that written comments would be accepted by email to Stacy.L.Bergendahl@maine.gov through 5:00pm EST on July 12, 2024.

Written comments were subsequently submitted by Mr Demeritt on behalf of MAHP and Kristine M. Ossenfort, Senior Government Relations Director, Anthem.

- Mr Demeritt's comments largely tracked his in person comments provided at the Forum.
- Ms. Ossenfort commented that the value and impact of MGARA") has been diminished following the merger of the individual and small group markets and the corresponding changes made to the MGARA program as a result of the amended section 1332 waiver. She echoed the comments of the MAHP and recommend that the Bureau of Insurance convene a stakeholder group to examine other policy options and solutions that could serve to maximize the impact of the MGARA program and strengthen the individual and small group market segments in Maine.

Responses to the Departments Comments

Received 6.16.2025

(Responses in Red Below)

1. Questions 18.a. & d.: Amount of federal pass-through funding spent on individual and small group claim payments to issuers from the reinsurance program for the plan year: \$46,726,151. Amount of state funding contributed to fully fund the program for the plan year: \$29,141,368.
 - a. To confirm, were these spending amounts for PY 2023 or PY 2024?

Confirmed – Reported spending amounts are for PY 2024; however, there was a typographical error in the amount of federal pass-through funding spent on individual and small group claim payments to issuers from the reinsurance program for the plan year, which was: \$45,726,151 rather than the \$46,726,151 shown in the initial report. This has number has been corrected in the final report.

2. Question 20: The HPIS Pilot Program results will be received in July, conclusions not expected for several years, as comparative data are accumulated. Impact on the overall program and market are expected to be negligible from a financial perspective as the program is a pilot at this point.
 - a. When does MGARA plan on publishing the list of high-priced items/services and providers?

Publication is expected in late August or early September, but is contingent on the carriers reporting under the Pilot Program. Because this is the first year under the Pilot Program, we anticipate there may be some questions regarding reporting requirements, which could result in delays.

3. Question 25: Maine Association of Health Plans (MAHP) comment: MAHP is concerned that the value of MGARA has diminished due to merged market, from 17% in 2022 to 7% in 2024 to projected 7% in 2025.
 - a. We understand the association would prefer a larger individual market reinsurance program. Is the state starting a stakeholder group and/or did MAHP share any ideas of policy options to improve the impact of MGARA?

At the joint request of MGARA and the Maine Bureau of Insurance (“MBOI”) the Maine Legislature’s Joint Standing Committee on Health Coverage, Insurance and Financial Services (“HCIFS”) has officially requested that the MBOI convene a stakeholder group to discuss MGARA’s long-term value and

sustainability. That stakeholder group is in the process of being organized and is expected to convene a series of meetings throughout the summer and fall of this year, with the intent of reporting back to HCIFS no later than January 15, 2026 so that the HCIFS may take action during the Second Regular Session of Maine's 132nd Legislature.

- b. Do you know why the MAHP is concerned about the use of the MGARA surplus \$ for the program?

Yes. The Executive Director of the MAHP is a MGARA Board member and has participated in all Board discussions on this topic.

There are three principal factors driving his concern, which the Board shares and has previously reported (i) fixed state-based assessment revenues, (ii) the merger of the Individual and Small Group Markets and (iii) continuous increases in health care costs.

Static Revenues: MGARA's state-based revenue is fixed its regular \$4 PMPM assessment, with additional net loss assessment of \$2 PMPM to recoup any net losses. This fixed assessment has not changed since the inception of the MGARA program in 2012. Additional covered population from Small Group merger (discussed below) combined with increased health care costs have eroded the value of the MGARA assessment. Using 5% premium trend, the MGARA assessment would need to be ~\$7.50 in 2025 to have the value it had in 2012.

Market Merger: The Made for Maine Health Care Act (enacted in 2021) required the merger of the Individual and Small Group Markets and expanded the MGARA reinsurance program to cover the entirety of the merged market, including Small Group effective CY 2023, in an effort to stabilize the Small Group Market. This legislation required that MGARA reinsure the additional small group population but provided no additional revenue sources or amounts with which to do so. The inherent "trade-off" in that legislation was an inevitable reduction in MGARA's impact on Individual Market premiums in exchange for providing reinsurance benefits to the Small Group population.

Application of Surplus: The MGARA Board recognized this trade-off and MGARA has been intentionally judicious in its use of revenues, providing for an accumulation of a surplus to serve as a buffer to support reinsurance benefits as the program transitioned to the merged market. Over the past several years, MGARA has drawn down its surplus in order to stimulate rate reduction. However, the ability to execute this strategy is limited to available surplus.

Surplus has declined from \$84.7 million at YE 2021 to \$43.6 million projected for YE 2025 and \$26.3 million projected for YE 2026. Each year, the MGARA Board evaluates the minimum surplus level required to support its reinsurance commitments under the program, metering out the “excess” to the extent appropriate. This has resulted in a gradual reduction in the “value” of the MGARA reinsurance program over the last several years.

The combination of higher health care costs, static revenues, and more people covered have reduced MGARA’s ability to impact premiums. The reduction in premiums resulting from the MGARA reinsurance program has dropped from 17% in CY 2022 to 7% in 2025. MGARA has set it’s 2026 reinsurance parameters at \$135,000/\$275,000 with a 60% coinsurance rate, resulting in a projected 5.5% reduction in premiums and a projected CY-end surplus of \$26.3 million, which approximates the minimum surplus required to support the reinsurance provided by MGARA .