

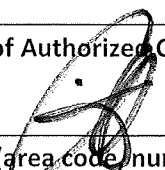
Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), 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:

A. GRANTEE INFORMATION		
1. Reporting Period End Date Dec 31, 2020	2. Report Due Date 3/31/2021	3. Report Submitted On (Date) Draft 3/26/2021 Final 7/15/21
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1 SIWIW190009-01-00	6a. DUNS Number 004493515	6b. EIN 45-4331075
7. Recipient Organization Name Maine Guaranteed Access Reinsurance Association		
Address Line 1 c/o Christopher E. Howard, Pierce Atwood, 254 Commercial St.		
Address Line 2 		
Address Line 3 		
City Portland	State ME	Zip Code 04101
Zip Extension 	8. Grant Period Start Date Jan 1, 2019	9. Grant Period End Date Dec 31, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency) MGARA Response 6/24/21 to Federal Reviewer Comment Collection Form 1332 Waiver Program is attached hereto for ease of reference (referred to herein as the "Comment Response").		

Reinsurance Waiver Annual Report

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 
11c. Telephone (area code, number, and extension) (207) 791-1335
11d. E-mail address choward@pierceatwood.com
11e. Date report submitted (month/day/year)
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>
12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program. GRANT-RELATED INFORMATION - Grant issued on 04/30/2019. - Relinquishment and Grant Transfer to the Maine Guaranteed Access Reinsurance Association (MGARA) completed 6/26/19. - The grant proceeds were fully drawn as of 12/31/2020. MGARA-RELATED INFORMATION MGARA re-initiated operations as of January 1, 2019 and concluded its second full year of operation under the Section 1332 Grant as of December 31, 2020. For the 12 months ended 12/31/20, total income was \$93,332,631, including \$27,313,254 in regular assessment revenue, premiums received of \$39,248,475 and \$26,291,791 in 1332 grant revenue. Gain on investments and interest income totaled \$478,931. Claims incurred for the period totaled \$69,046,876, with IBNR of \$14,900,000 (Note - IBNR is shown at 2019 IBNR value because IBNR is still in the process of being finalized for 2020) which together with operational expenses of \$1,110,283 resulted in total expense of \$70,157,159. Ceded lives totaled 3,659 for the year. MGARA monthly operations report December, 2020 is attached for reference. All values reported are subject to audit and IBNR determination, which has not yet been completed.

Reinsurance Waiver Annual Report

- Assessment revenue exceeded projections, MGARA's actuarial consultant, Milliman, Inc. continues to examine potential reasons for the mismatch between projected and actual assessments, but has not yet identified specific drivers.
- Premiums were essentially aligned with budget, finishing the year 4% ahead of budget.
- Claims finished the year approximately 15% below budget, management attributes this to the shortfall in ceded lives vs. projection for the year and under-utilization of medical services due to the pandemic. The decrease in ceded lives is likely attributable in part to the uptake in the Medicaid expansion in 2019 and 2020. Milliman has been asked to review and adjust that number for the 2021 model.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

MGARA did not encounter any significant implementation or operational challenges in 2020.

Reinsurance Waiver Annual Report

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)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	58,066	As of 3/31/2020 See Comment Response for additional detail
Actual individual market enrollment off the Exchange in the state	6,860	As of 3/31/2020 See Comment Response for additional detail
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	Individual On Exchange Premium - PMPM: \$655.84 Individual On Exchange Member - Months: 742,831	Aggregated from 2020 year URRT spreadsheets from Anthem, Harvard, CHO.
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	Individual Off Exchange Premium - PMPM: \$ 567.56 Individual Off Exchange Member - Months: 56,158	Aggregated from 2020 year URRT spreadsheets from Anthem, Harvard, and CHO.
c. 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	Area1 - \$354.19 Area2 - \$372.89 Area3S - \$391.53 Area3N - \$451.56 Area4 - \$542.79	Rate filings approved for 2020 Area 3 is split due to different products offered by the carriers.
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	Area 1 -\$383.75 Area 2 -\$402.95 Area 3S -\$424.03 Area 3N-\$473.41 Area 4 - \$588.08	Rate filings approved for 2020 Area 3 is split due to different products offered by the carriers.
d. <i>For states with State-based Exchanges</i> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers,	NA	

Reinsurance Waiver Annual Report

	Value	Comments (if applicable)
by rating area for the plan year		
e. <i>For states with State-based Exchanges</i> , 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.	NA	
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 changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program. The 2021 plan year will mirror the 2020 MGARA program approved payment parameters for reinsurance program reimbursement and eligibility criteria. The MGARA Board has voted to approve the conversion of the reinsurance program from a prospective program to a retrospective program. The currently available details of the 2022 retrospective program are set forth in the supplemental materials attached hereto and incorporated herein by reference.		
17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur. See response attached hereto and incorporated herein by reference.		
18. Report on spending:		
	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$25,876,558	The reporting is for the plan year 2020.

Reinsurance Waiver Annual Report

b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$415,413	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$0	
d. Amount of state funding contribution to fully fund the program for the reporting year	\$67,040660	The reporting is for the plan year 2020.
<p>19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.</p> <p>See response attached hereto and incorporated herein by reference.</p>		
<p>20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.</p> <p>The MGARA Plan of Operation requires claim management of reinsured and non-reinsured claims on an undifferentiated basis. Claims management is subject to audit and penalties for failure to comply. requirement.</p> <p>Recent changes to MGARA's enabling legislation enacted under P.L. 2019, ch. 653 requires each insurer reimbursed through the program to report to MGARA for each plan year the name of each high-priced item or service for which its payment exceeded the amount allowed for eligible claims and the name of the provider that received this payment. MGARA must then annually compile and publish a list of all reported names. Requiring this transparency may help to control healthcare costs and reduce prices for consumers as well as the federal government. This requirement goes into effect in 2022. At a minimum the information provided by the carriers will be published on the MGARA web site. There may be other venues for publication considered, but no determination has been made in that regard.</p>		
<p>21. If applicable, report of 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.</p>		
	Value	Comments (if applicable)

Reinsurance Waiver Annual Report

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		No reconciliations to report. MGARA reinsurance is net of any reimbursement through this program.
b. Risk adjustment amount paid by HHS for those claims		
c. Reinsurance reconciliation (or true-up) amount applied		
E. POST-AWARD FORUM		
22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance? <input checked="" type="radio"/> Yes <input type="radio"/> No		
23. State website address where Post-Award Forum was advertised https://www.maine.gov/pfr/insurance/		
24. Date Post-Award Forum took place June 25, 2020		
25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments. Attached is a Summary of the 2020 Post Award Public Forum held June 25, 2020.		
26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)		
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). <input checked="" type="radio"/> Yes <input type="radio"/> No		

Reinsurance Waiver Annual Report

28. Describe the state's implementation review process.

During 2020 the MGARA Board met with the program administrators and managers monthly via Zoom meeting for a 1-2 hour meeting to receive reports on, and review, all aspects of program implementation. Follow up reports and meetings are held as required.

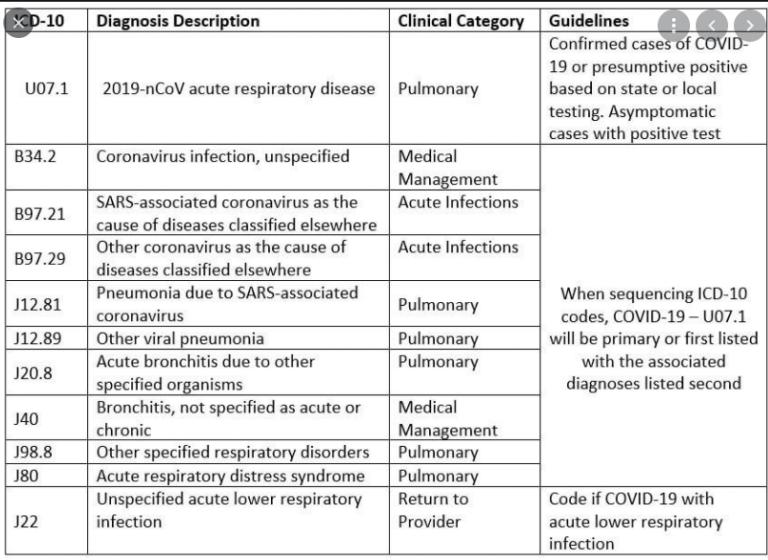
**MGARA Supplementary Materials to
2020 Reinsurance Waiver Annual Report
Provided under Question # 10**

**FEDERAL REVIEWER COMMENT COLLECTION FORM
1332 WAIVER PROGRAM**

State: Maine	Reviewer Name: Sonya Zhu, Michelle Koltov, Lina Rashid	Reviewer Organization: CCIIO FO	Review Completion Date: 5/13/21
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Instructions: Use the following table to capture comments on the state submitted quarterly report. Please comment on each question in each section individually and as applicable. Add additional rows to the table as needed to accommodate additional comments. If you have no comments or concerns on the Section, enter "None" under the column titled "Comment or Concern."

	Question #	Text/Data in Question	Comment or Concern	MGARA Response			
PROGRESS OF SECTION 1332 WAIVER: General		N/A					
PROGRESS OF SECTION 1332 WAIVER: State-Specific	14	Actual individual market enrollment on and off the Exchange	We are looking to understand enrollment for plan year 2020 and compare across our waiver states.	We have enrollment totals reported by the carriers for 12/31/2020. Anthem 25,262; Harvard 18,370 and CHO 14,869 for a total of 58,501. We don't track on and off exchange enrollment as of the end of the year. We ask carriers to report that as of 3/31/YR to get a picture of enrollment after open enrollment. It does tend to decrease during the year.			
				As of 3/31/2020	On Exchange	Off Exchange	Total
				Anthem	24,723	3,144	27,867
				CHO	15,479	2,235	17,714
				Harvard	17,864	1,374	19,238
				Totals	58,066	6,750	64,819
	19	Claims breakout for top 5 conditions or cost drivers	Where does COVID-19 (or related conditions, e.g., cardio-respiratory failure and	We have reviewed all claims that have been submitted and we did not receive any claims coded for COVID (U07.1 for confirmed case or presumptive positive). According to the rules, when sequencing ICD-10, Covid-19-U07.1 will be primary or first listed with the associated diagnoses listed second which I believe would mean when the carriers report to us, they would report the U07.1. We checked for numerous secondary diagnoses for Covid-19-see chart below, and it only revealed one member with J80 (Acute respiratory distress syndrome), but that individual was ceded due to Kidney Failure.			

			shock) fall in terms of number of aggregate claim amounts?	 <p>We reviewed a few of our COPD enrollees, checking both 2020 and back to 2019 (just in case a diagnosis was done back then) to see anything related to COVID-19, and found nothing. I also reviewed Suspected/Possible/Probable codes as well as exposure codes and still found none.</p>
	20	Naming high-priced items/services for which payment exceeds the amount allowed for eligible claims	Where is or will this list be published? What year did this change go into effect?	<p>This requirement goes into effect in 2022.</p> <p>At a minimum the information provided by the carriers will be published on the MGARA web site. There may be other venues for publication considered, but no determination has been made in that regard.</p>
POST-AWARD FORUM		N/A		

Do you have any comments or concerns on the report overall?	
Do you have specific questions you would like asked of the waiver grantee?	Could the state confirm if the change from retrospective to prospective reinsurance program would happen irrespective of any potential waiver amendment for a pooled market?

Do you have any concerns about the grantee meeting any of the statutory guardrails? (select all that apply)			
<input type="checkbox"/> Comprehensiveness	<input type="checkbox"/> Affordability	<input type="checkbox"/> Coverage	<input type="checkbox"/> Deficit Neutrality

Comments on guardrail compliance:

**MGARA Supplementary Materials to
2020 Reinsurance Waiver Annual Report
Response to Question # 16**

These materials provide a description of the conversion of the MGARA reinsurance program to a retrospective program effective January 1, 2022 pursuant to 24-A MRS §3958(1)(A-1). The Board has voted to convert the MGARA reinsurance program from its current prospective model to a retrospective model effective January 1, 2022. The details of the retrospective program are still being determined; however, MGARA is providing these materials on an informational basis for CMS/CCIIO use in program analysis and evaluation.

Beginning January 1, 2022, the MGARA reinsurance program will transition from a prospective model to a retrospective model, subject to approval by the Maine Superintendent of Insurance of an Amended and Restated Plan of Operation. The Amended and Restated Plan of Operations has not yet been approved by the Board or the Superintendent and is expected to provide additional administrative details not described in this Notice.

The reinsurance provided under the retrospective program will reimburse Member Insurers based on the total eligible claims paid during a calendar year for each insured individual within certain reinsurance thresholds at a specified coinsurance rate. The reinsurance is on a cumulative per member basis not a per claim basis. The reinsurance thresholds and coinsurance rate for the 2022 year are:

- Reinsurance Thresholds:
 - \$76,000 attachment point
 - \$250,000 maximum per member limit
 - No reimbursement outside the reinsurance thresholds
- Coinsurance: 100%

Claims will be submitted for reimbursement on a periodic basis. MGARA will be providing additional detail regarding the timing for claims submission in its Amended and Restated Plan of Operations. Depending upon the timing and frequency of claims submission, there may be informational reporting regarding claims that reach the attachment point. MGARA expects to align the claims submission and the reporting process as nearly as feasible with current federally required reporting to CMS through its External Data Gathering Environment (“EDGE”).

The following major components of the current prospective program will no longer be applicable in the retrospective program beginning with the 2022 year:

- Mandatory ceding conditions

- Ceding of policies
- Current claims submission
- Payment of ceding premiums

MGARA Supplementary Materials to Annual Report for 2020

Response to Question # 17

On March 18, 2020, Public Law 2019, Chapter 653, “*An Act to Enact the Made for Maine Health Coverage Act and Improve Health Choices in Maine*” became effective in Maine. This legislation allows Maine to develop a section 1332 waiver application to submit to the Departments. Under this authority, Maine is submitting a section 1332 waiver amendment application. The legislation includes the provisions outlined below.

Title 24-A M.R.S. § 2781 authorizes the State of Maine to enter into “state-federal health coverage partnerships,” which includes state innovation waivers under Section 1332 of the PPACA, that support the availability of affordable health coverage in Maine.

Title 24-A M.R.S. § 2792 authorizes the Superintendent of Insurance to establish a pooled market for all individual and small group health plans offered in Maine based on projections by the Superintendent that both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent this section. Based on the state’s understanding of the legislative intent, the state interprets the law to mean a baseline with no pooled market and no subsidized reinsurance program. Utilizing the data and findings of actuarial analyses conducted by outside consulting firms, the Superintendent projects that average individual premium rates and average small group premium rates will both be lower with the pooled market and the MGARA reinsurance program covering the pooled market than without those conditions.¹ The implementation of this section is also contingent upon the Superintendent’s adoption of rules to implement the pooled market, as well as Federal approval of a state innovation waiver amendment that extends reinsurance under Title 24-A M.R.S. § 3953 to the pooled market. The state is in the process of developing a rule to implement the pooled market, which will clarify the state’s interpretation of the law and establish the necessary conditions and procedures for implementation of the pooled market and the extension of MGARA reinsurance to small group health insurance. The state anticipates formally proposing the rule and initiating the state’s rulemaking process in March of 2021.

Title 24-A M.R.S. § 3953(1) authorizes MGARA to operate a reinsurance program contingent on the approval of, or continued approval of, a 1332 waiver submitted by the Superintendent of Insurance.

Title 24-A M.R.S. § 3958(A-1) requires MGARA to operate a retrospective reinsurance program for the pooled market, if such pooled market is implemented in accordance with the requirements set forth in Title 24-A M.R.S. § 2792.

A copy of Public Law 2019, Chapter 653 can be found online at the following link:
www.mainelegislature.org/legis/bills/bills_129th/chapters/PUBLIC653.asp

¹ These actuarial analyses can be found online at the following link
www1.maine.gov/pfr/insurance/legal/notices/maine_health_ins_pooled_market_option.html.

**MGARA Supplementary Materials to
2020 Reinsurance Waiver Annual Report**

Response to Question # 19

Shown by ICD 10 Code

ICD 10	Condition	Aggregate Claim Amount
N179	Acute Kidney Failure	\$6,545,999
I509	Heart failure, unspecified	\$3,012,345
C7951	Secondary malignant neoplasm of bone	\$2,980,836
C787	Secondary malignant neoplasm of liver and intrahepatic bile duct	\$2,907,538
J449	Chronic obstructive pulmonary disease, unspecified	\$2,437,390

Shown by MGARA Condition

Condition	Number of lives ceded	Number of lives with claims	Total YTD Claims paid by Program
Cancer	820	145	\$15,749,845
Renal Failure	860	93	\$10,973,675
Congestive Heart Failure	522	63	\$7,030,850
Chronic Obstructive Pulmonary Disease(COPD)	1,170	54	\$3,723,846
Rheumatoid Arthritis	643	38	\$2,072,281

Shown by HCC

1	HCC 8	Mastic Cancers	\$11,989,591.45
2	HCC 85	Congestive Heart Failure	\$ 7,965,914.49
3	HCC 135	Acute Renal Failure	\$ 7,125,972.16
4	HCC 10	Lymphoma and other Cancers	\$ 4,296,374.52
5	HCC 111	Chronic Obstructive Pulmonary Disease	\$ 4,131,491.42

Combines Mandatory and Discretionary lives. There is \$8.6 million that did not map to any HCC due to the ceding of Discretionary lives.

COVID-19 Data: We have reviewed all claims that have been submitted and we did not receive any claims coded for COVID (U07.1 for confirmed case or presumptive positive). According to the rules, when sequencing ICD-10, Covid-19-U07.1 will be primary or first listed with the associated diagnoses listed second which I believe would mean when the carriers report to us, they would report the U07.1. We checked for numerous secondary diagnoses for Covid-19-see chart below, and it only revealed one member with J80 (Acute respiratory distress syndrome), but that individual was ceded due to Kidney Failure.

ICD-10	Diagnosis Description	Clinical Category	Guidelines
U07.1	2019-nCoV acute respiratory disease	Pulmonary	Confirmed cases of COVID-19 or presumptive positive based on state or local testing. Asymptomatic cases with positive test
B34.2	Coronavirus infection, unspecified	Medical Management	When sequencing ICD-10 codes, COVID-19 – U07.1 will be primary or first listed with the associated diagnoses listed second
B97.21	SARS-associated coronavirus as the cause of diseases classified elsewhere	Acute Infections	
B97.29	Other coronavirus as the cause of diseases classified elsewhere	Acute Infections	
J12.81	Pneumonia due to SARS-associated coronavirus	Pulmonary	
J12.89	Other viral pneumonia	Pulmonary	
J20.8	Acute bronchitis due to other specified organisms	Pulmonary	
J40	Bronchitis, not specified as acute or chronic	Medical Management	
J98.8	Other specified respiratory disorders	Pulmonary	
J80	Acute respiratory distress syndrome	Pulmonary	Code if COVID-19 with acute lower respiratory infection
J22	Unspecified acute lower respiratory infection	Return to Provider	

We reviewed a few of our COPD enrollees, checking both 2020 and back to 2019 (just in case a diagnosis was done back then) to see anything related to COVID-19, and found nothing. I also reviewed Suspected/Possible/Probable codes as well as exposure codes and still found none.

MGARA Supplementary Materials to Annual Report for 2019

Response to Question # 25

See attached Summary

State of Maine
Maine Guaranteed Access Reinsurance Association

SUMMARY OF ANNUAL 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 1.1

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 25, 2020 at 10:00 AM via ZOOM call, in which the public was afforded an opportunity to provide comment on the progress of the State of Maine Section 1332 Innovation Waiver (the “Waiver”).

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. The forum was jointly hosted by Maine Superintendent of Insurance Eric Cioppa and Christopher Howard, MGARA’s Authorized Organizational Representative. The forum was also attended by members of the MBOI staff, including Holly Doherty, Staff Attorney, and Mary M. (“Marti”) Hooper, ASA, MAAA, Life and Health Actuary. Also in attendance was Diane Kopecky from River 9 Consulting, Inc., the MGARA administrator.

Following introductory statements by Mr. Howard and Superintendent Cioppa, a roll call was taken to identify the attendees. Members of the public attending were:

- *Kristine Ossenfort - Senior Director, Government Relations, Anthem Blue Cross and Blue Shield*
- *Peter Gore – Executive Vice President, Maine State Chamber of Commerce*
- *Katherine Pelletreau, MPH – Executive Director, Maine Association of Health Plans and MGARA Board Member*

Following the roll call. The forum was opened to public comment.

Public Comment: The following public comment was received:

Kristine Ossenfort - Senior Director, Government Relations - Anthem Blue Cross and Blue Shield:
Ms. Ossenfort had two questions. First she inquired whether notice of the public forum was mailed directly to interested parties. Mr. Howard replied that notice was provided via publication on the MBOI and MGARA websites in accordance with applicable requirements, and that notifying “interested” parties was not feasible in that there is no means of identifying who those parties might be in advance of their appearance. He pointed out that all market participants also received notice via their members on the MGARA Board of Directors. Ms. Ossenfort’s second question was whether the deadline for written comment could be extended to allow for more time to submit comments. Messrs. Cioppa and Howard agreed to extend the deadline for one week to Thursday July 2, 2020 at 5 P.M.

Peter Gore – Executive Vice President, Maine State Chamber of Commerce: Mr. Gore indicated he appreciated the extension of time for comments. He was uncertain whether he would have any comments, but was appreciative nonetheless.

There being no further comment, the Public Forum was concluded.