



Maine Bureau of Insurance (BOI)

MGARA Program Funding Analysis Public Meeting

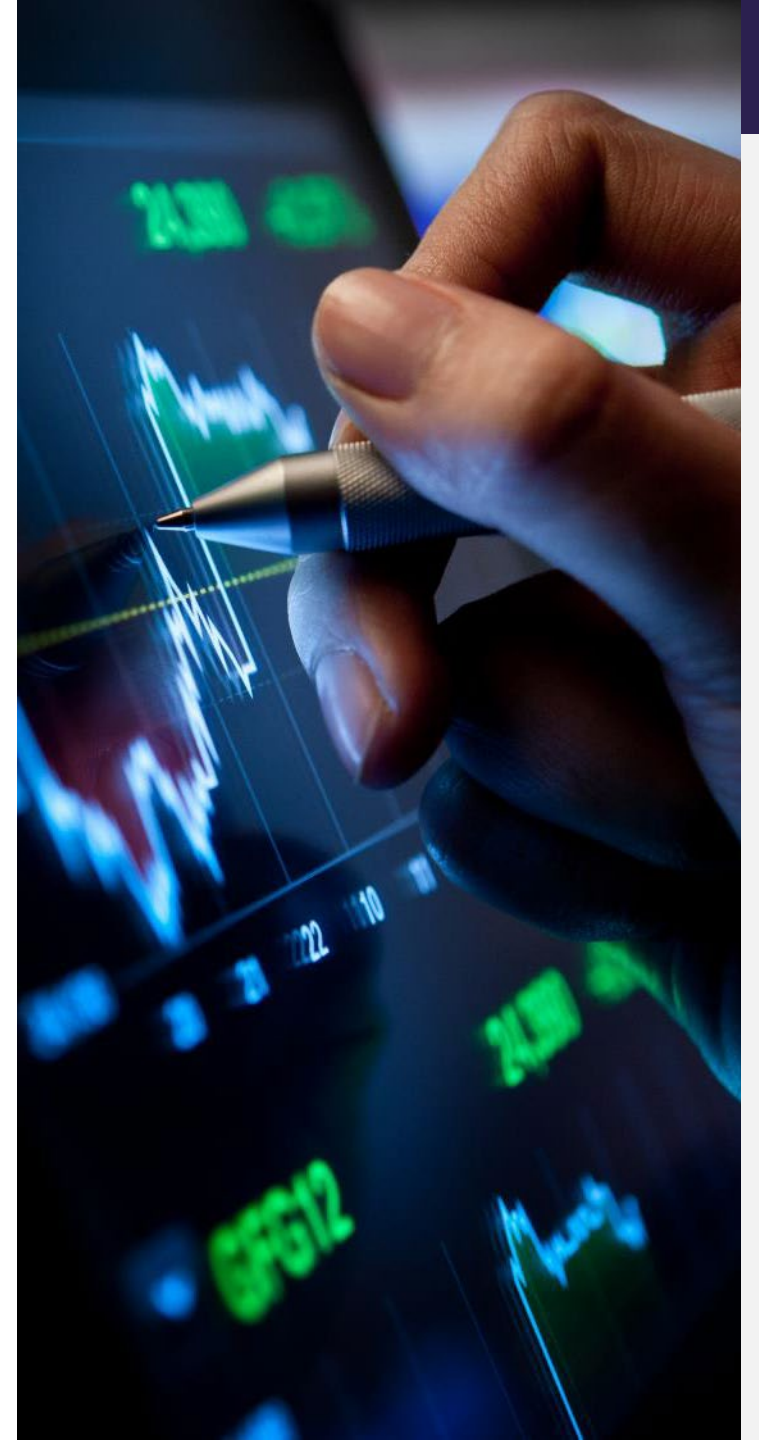
December 11, 2025

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Agenda

- › **Historical Market Assessment**
 - › **Enrollment and Demographics**
 - › **Risk Pool Composition**
 - › **Reinsurance Program Impact**
 - › **Medical and Pharmacy Trend**
 - › **Consumer Affordability**
 - › **Issuer Participation**
- › **Funding Analysis**
 - › **Reinsurance Funding in Other States**
 - › **Baseline Scenario**
 - › **Alternative Scenarios**
- › **Comments and Questions**

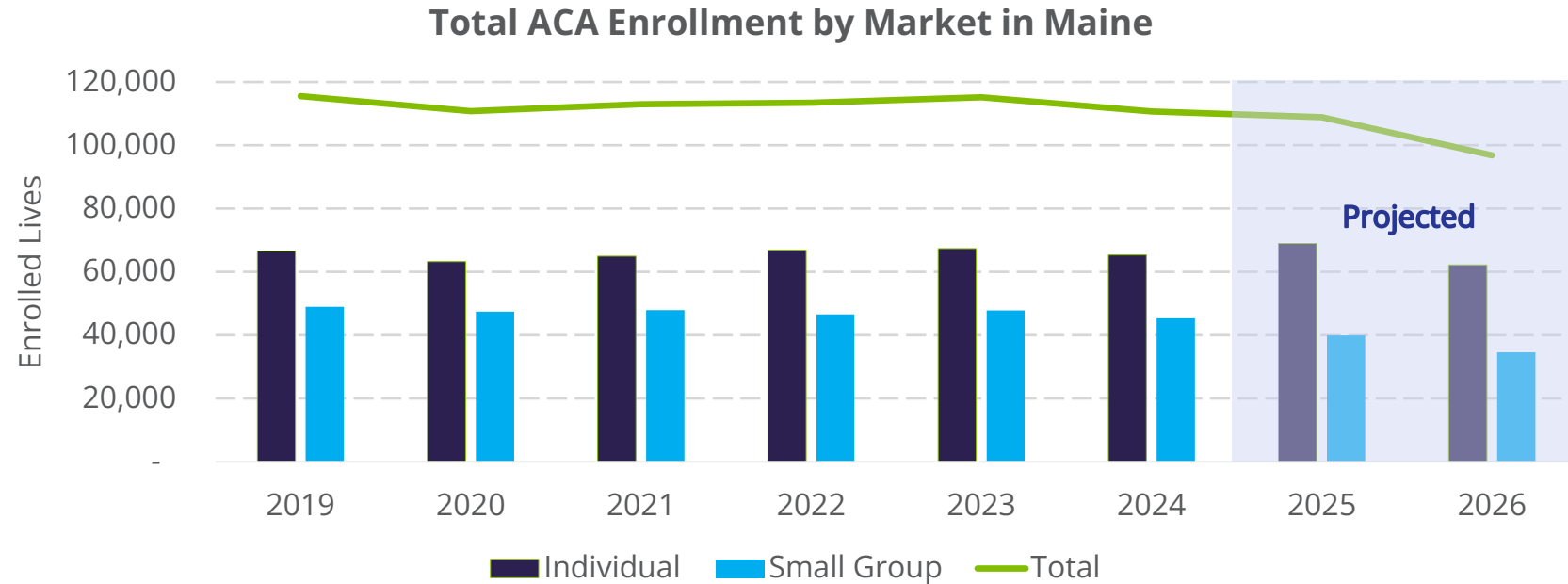


Historical Maine Market Assessment



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ACA Enrollment by Market



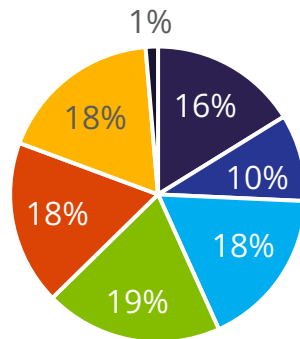
*2019-2024 figures are actual enrollment, while 2025-2026 figures are issuer projections

- Between 2019 and 2022, Maine's individual and small group markets were relatively small but stable
- Beginning in 2024, overall enrollment began to decline, driven primarily by contraction in small group market enrollment.

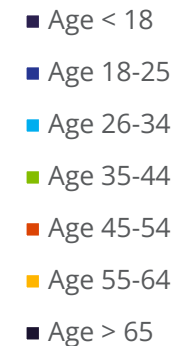
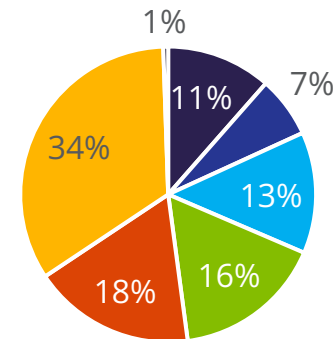
ACA Demographics by Market

- > The small group market enrolled population is significantly younger than the individual market enrolled population. This has remained the case pre/post ARPA.

2025 Enrollment by Age (SG Market)



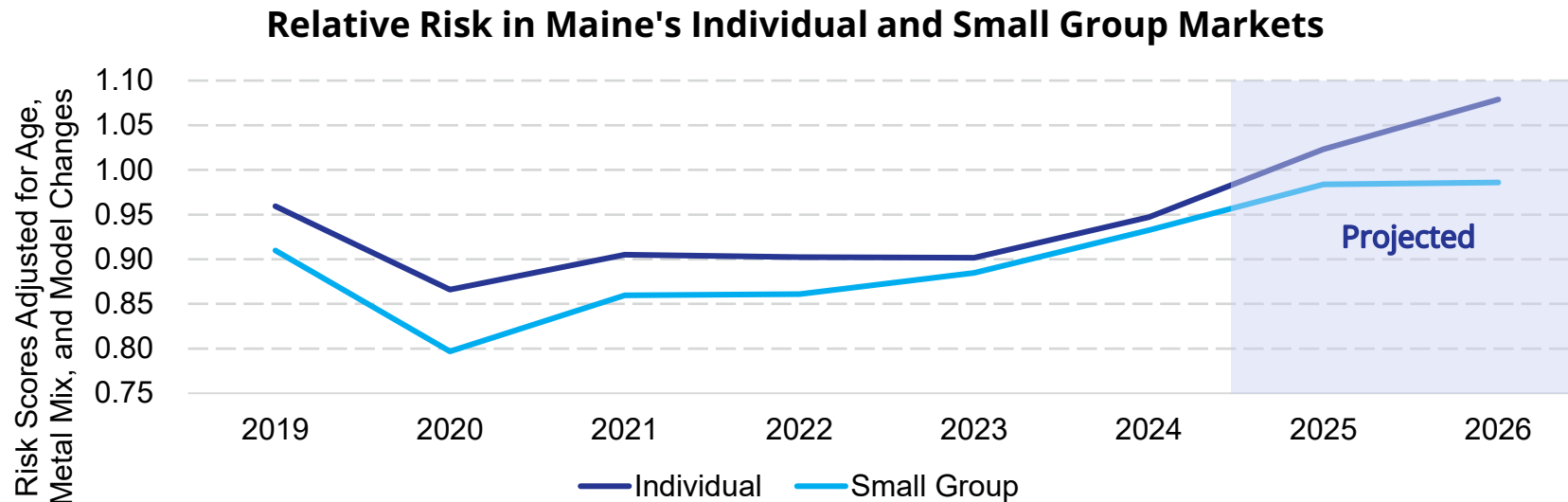
2025 Enrollment by Age (Individual Market)



- > Small group market has a higher proportion of enrollees residing in Rating Area 1 (Southern Maine, ~60%) compared to the individual market (~45%)
- > The passage of the American Rescue Plan Act encouraged some migration of Bronze individual enrollees into Gold plans
- > Small Group market has consistently had a higher portion of Gold enrollment

Risk Pool Composition

- > Small group market is healthier than the individual market, as evidenced by:
 - > Reinsurance payments: SG payments (PMPM) 40-50% lower than IND market payments (2023, 2024)
 - > Risk adjustment transfers: following the markets merging, the Small Group market paid 4.4% and 6.3% of their premium to the individual market via risk transfers in 2023 and 2024, respectively.
 - > Relative risk of the two markets (see below) defined as risk scores adjusted for differences in demographics
- > Starting in 2024, the morbidity increased in both markets, contributing to premium increases during 2024 and 2025.



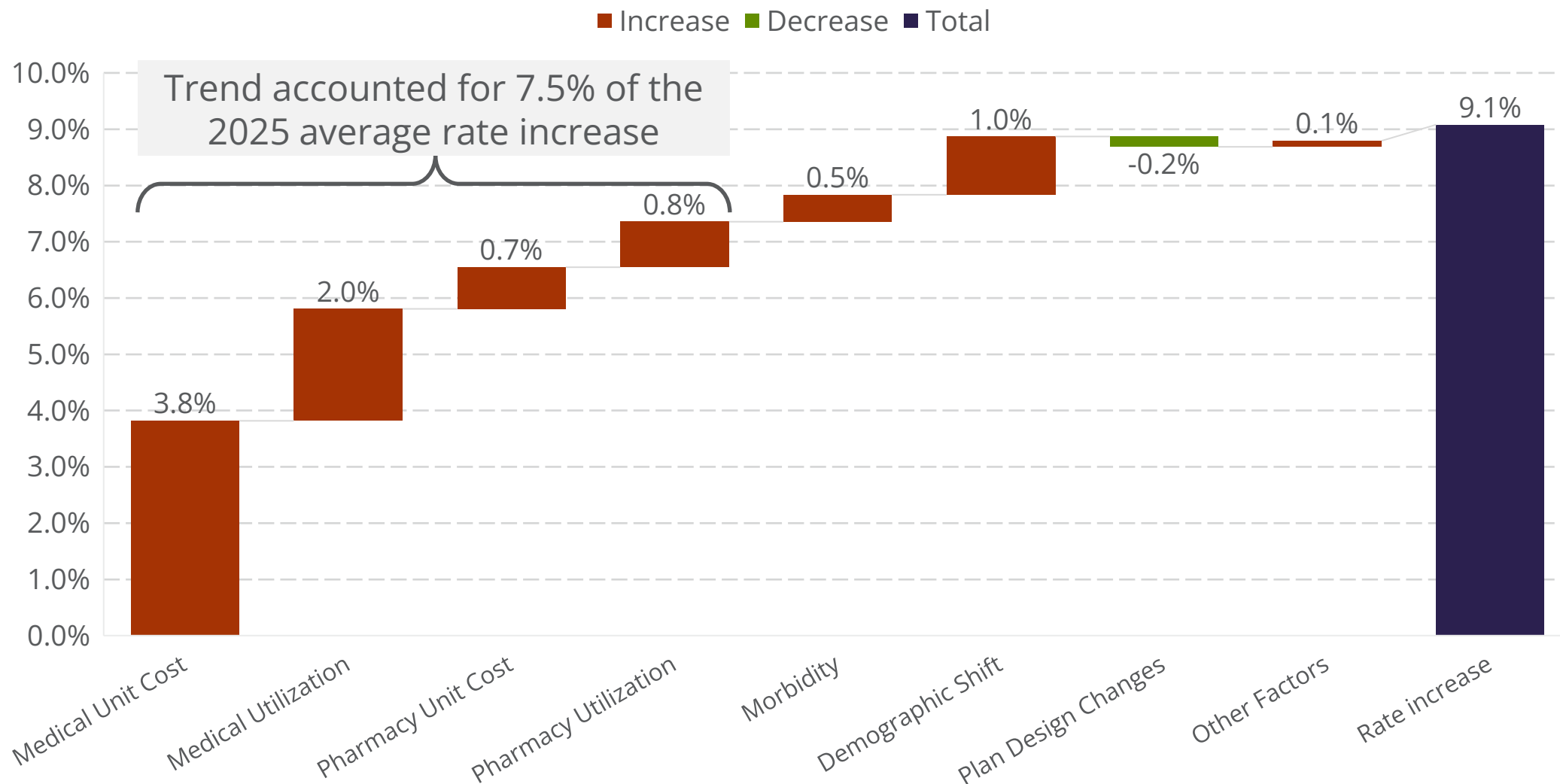
*2019-2024 figures are actuals, 2025 and 2026 figures are sourced from issuer projections

Reinsurance Program Impact

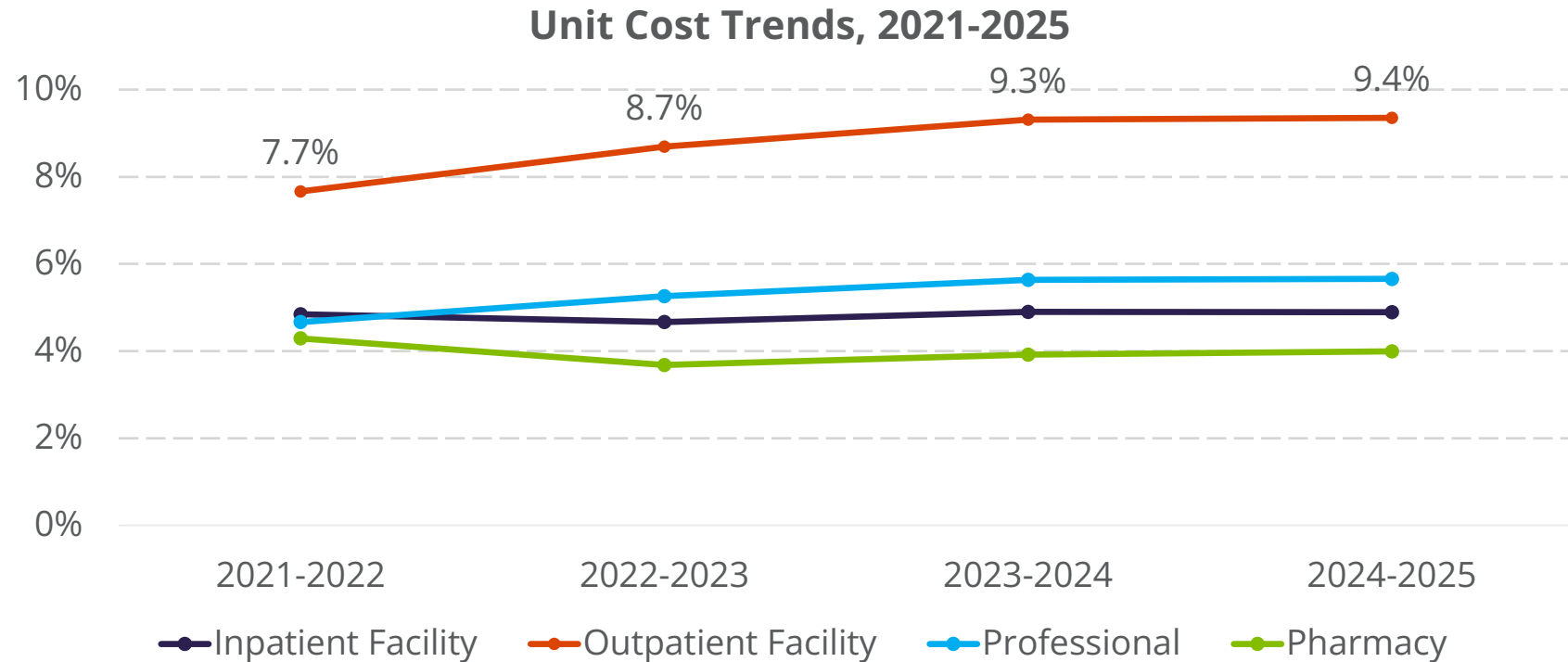
- Maine's state-based reinsurance program has played a central role in stabilizing the ACA market.
- From 2019 through 2022 reinsurance recoveries ranged between **13% - 19% of premiums**
- The merger of the individual and small group markets in 2023 extended reinsurance coverage to small group enrollees but did not increase program funding.
 - In 2023 MGARA's reserve declined by an estimated 43%, or about \$30 million.
- To preserve solvency, MGARA implemented substantial parameter changes. These changes reduced overall reinsurance recoveries to **7% - 9% of premiums** in the individual market and **6% - 7% percent** in the small group market during 2024 and 2025.

Medical and Pharmacy Trend Impact

Drivers of the 2025 Merged Market Rate Change



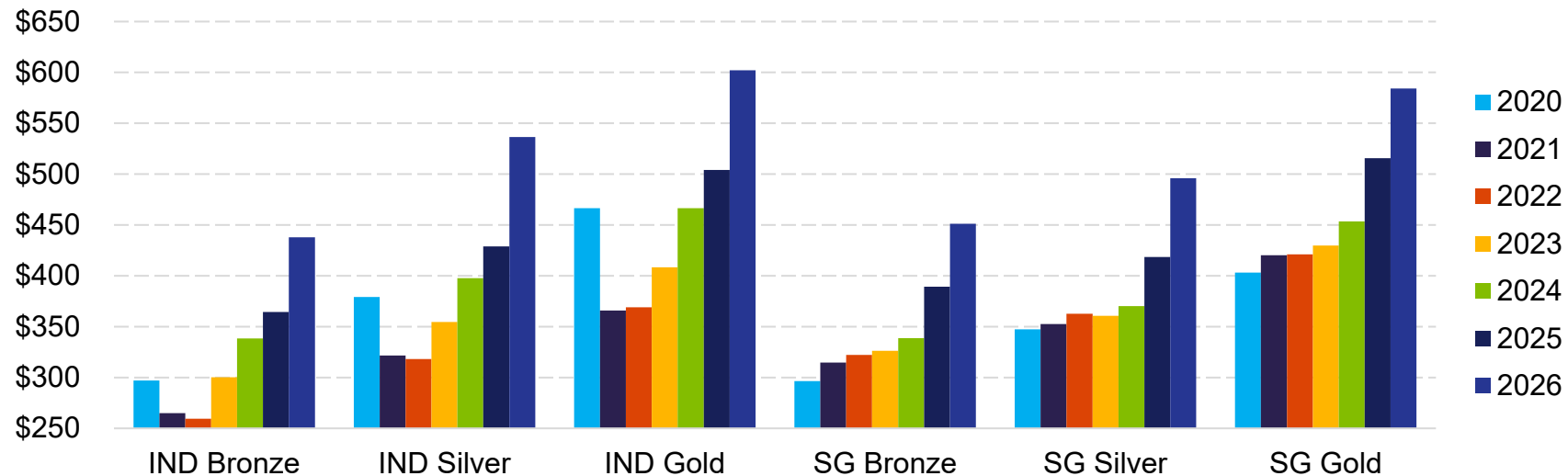
Medical and Pharmacy Trend Impact



- Issuers have consistently projected higher unit costs trends for outpatient facility services than other services.
- Unit cost trends for outpatient facility have increased each year.

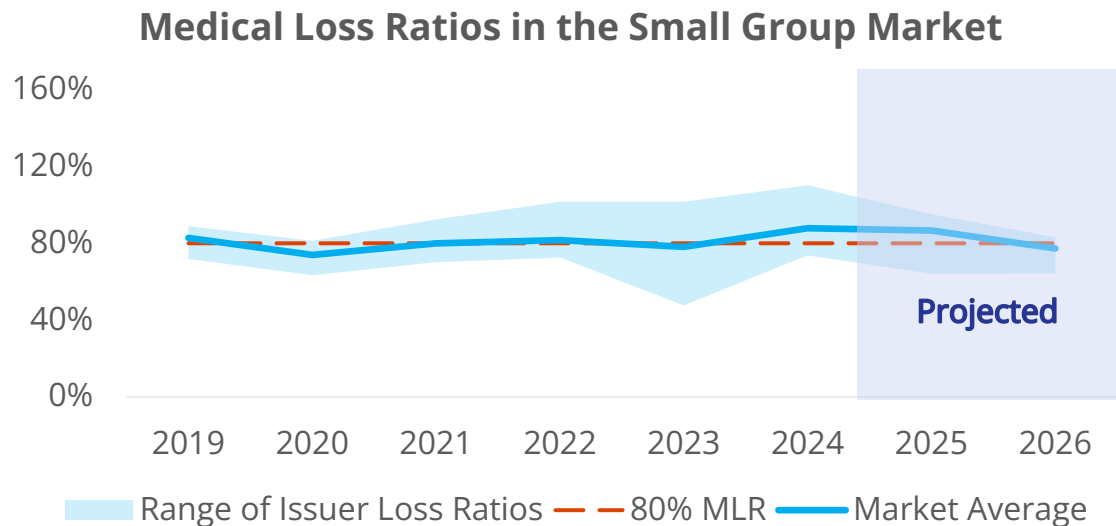
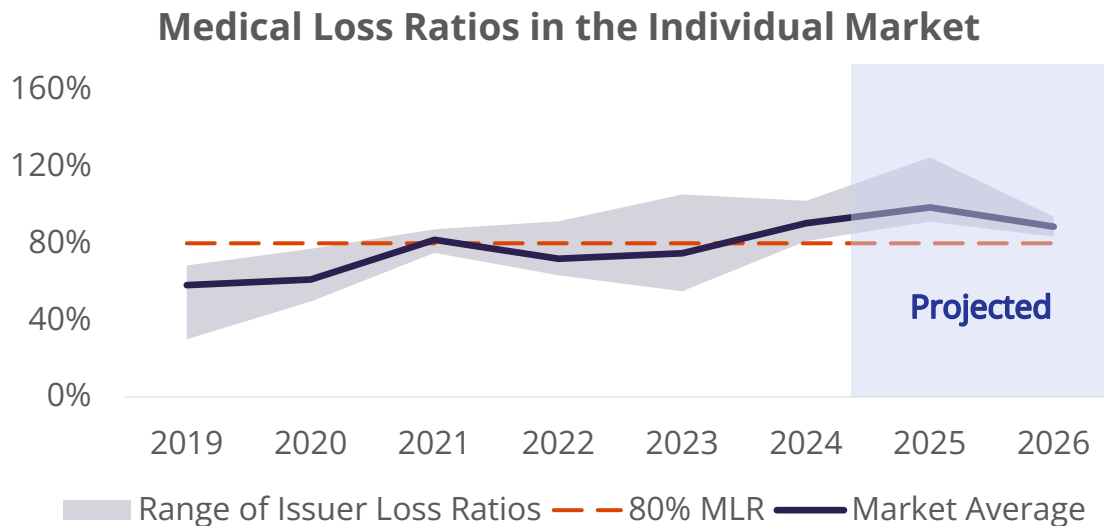
Consumer Affordability

Average Calibrated Plan Adjusted Rates (Rating Area 1) by Market, Metal and Year



- From 2019 through 2022, average premiums in Maine's individual market declined steadily, reflecting the effectiveness of the MGARA reinsurance program and generally favorable experience.
- Premium growth resumed across both segments beginning in 2024 and continued into 2025 and 2026.
- Despite these increases, Maine's benchmark rate changes have remained in line with national trends

Issuer Participation



- There are four issuers that have operated in the market historically.
 - Taro Health Plan entered both the individual and small group markets in 2023.
 - Aetna exited Maine SG market in 2025.
- The ACA markets in Maine were financially sound through 2023; however, the subsequent period has been characterized by increased volatility, higher claim costs, and diminished value of the reinsurance program.

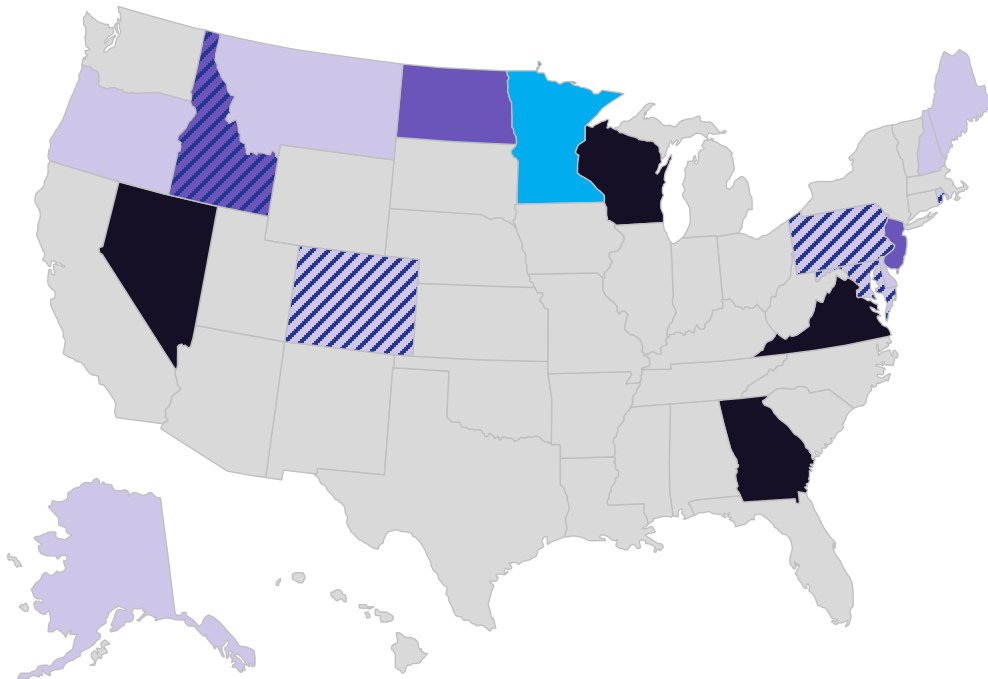
MLR values are calculated from each issuer's submitted templates for this analysis. They reflect premiums, claims, risk-adjustment transfers, and reinsurance payments as reported. These figures are not adjusted for credibility, do not incorporate MLR rebates, and do not include any adjustments for quality improvement expenses.

MGARA Funding Analysis



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Reinsurance Funding in Other States



■	State general fund (GA, NV, VA, WI)
■	State general fund + Provider Tax (MN)
■	General Fund + taxes/fees (ID, NJ, ND)
■	Taxes/fees/assessments (AK, CO, DE, ME, MD, MT, NH, OR, PA, RI)
■	+ Other funding sources (CO, ID, MD, NJ, PA, RI)
■	No reinsurance based 1332 waiver

- States leverage a combination of taxes, fees, assessments, and/or other non-governmental sources of income to pay the state share
- If fees are tied directly to the reinsurance waiver they are discounted against the program's impact, resulting in lower pass-through amounts

Potential Sources of Funding

- Most assessments are paid by insurers, distributed across the broader health insurance market

Tax / Assessment on insurers	Insurance premium assessment	Assessment on hospitals
<ul style="list-style-type: none"> • Alaska • Colorado • Delaware • New Hampshire • North Dakota • Idaho 	<ul style="list-style-type: none"> • Alaska • Colorado • Idaho • Maine • Maryland • Montana • Oregon 	<ul style="list-style-type: none"> • Colorado (phased out)

Other potential funding sources:

- Interest or income earned from investing reinsurance funds
 - e.g., [Colorado](#), [Idaho](#), [Maryland](#)
- Gifts, grants, or donations from public or private sources
 - e.g., [Colorado](#), [Maryland](#)
- User fees and other assessments collected by the Exchange
 - e.g., [Maryland](#), [Pennsylvania](#), Oregon (one time)
- Personal responsibility (individual mandate) assessment
 - e.g., [New Jersey](#), [Rhode Island](#)
- Savings from 1332 new plan option
 - e.g., Nevada (plan year 2026), Colorado
- Snack & soda taxes
 - e.g., Arkansas (\$40M), WV (\$14M)
- Use of ACA Segregation Accounts:
 - e.g., Maryland exploring other uses



Baseline Funding Scenario

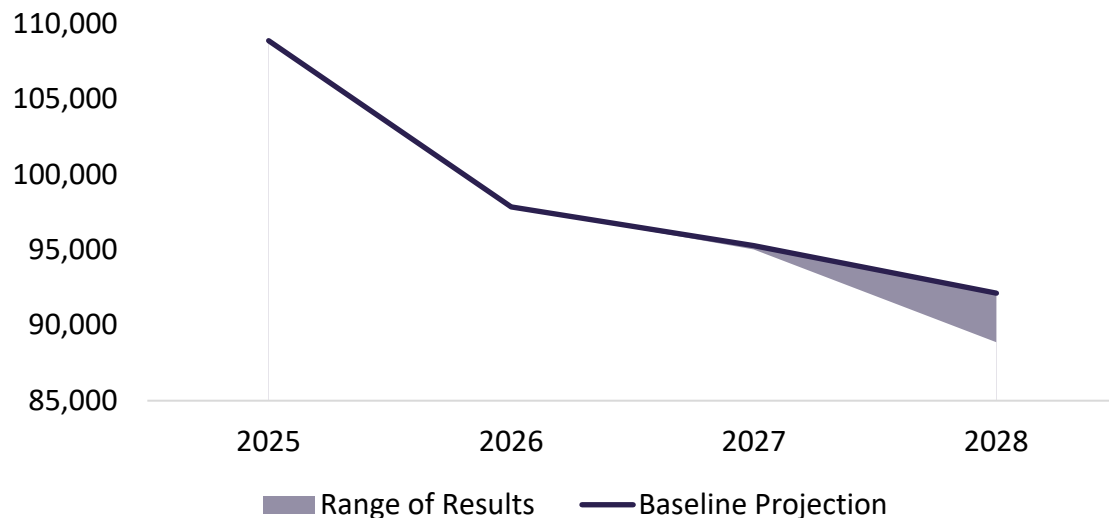
- Wakely developed a baseline scenario, in which the \$4 PMPM assessment remained, and reinsurance parameters were annually updated such that MGARA retained a reserve of at least \$20 million.
- The table below shows the projected assessment revenue and passthrough funding in 2027-2028 with no changes.

Year	Premium Impact %
2022	-13.8%
2023	-13.9%
2024	-7.1%
2025	-7.9%
2026	-6.7%
2027	-4.9% to -5.1%
2028	-4.3% to -4.8%

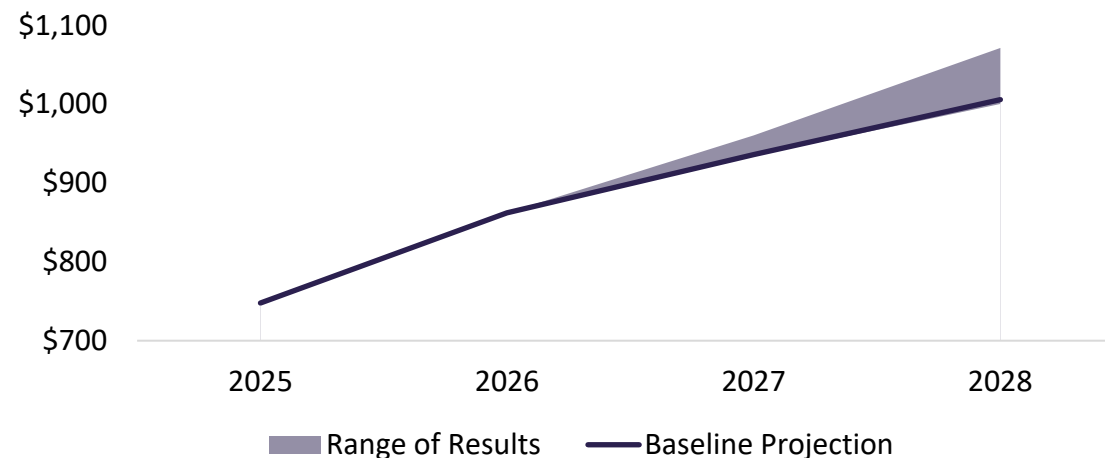
Scenario	State Assessment Funding (millions)	Federal Passthrough Funding (millions)	MGARA Premium Reduction %
\$4 PMPM Assessment	\$28.3 to \$28.6	\$19.8 to \$25.4	-5.1% to -4.3%

Baseline Funding Scenario

Range of Projected Merged Market Enrollment (Lives)
If the \$4 PMPM Assessment Remains



Range of Projected Average Merged Market
Gross Premiums (PMPM)
If the \$4 PMPM Assessment Remains



- > Sensitivity testing – a range of projections was created by varying the following assumptions:
 - > Impact of the HR1 bill on both subsidized and unsubsidized enrollment in 2027 and 2028
 - > Medical inflation and premium trends
 - > Relative morbidity of the uninsured joining the ACA risk pool as a result of premiums changes
 - > Enrollment changes in each market due to premium changes
 - > Portion of administrative costs which are fixed, and the annual trend in administrative expenses

Alternative Funding Scenarios

Based on 2027-2028 Results	Average Pass Through (Millions)	Average State Assessment (Millions)	Average Total Funding (Millions)
Funding needed to reduce premiums by 1%	\$5.7	\$4.9	\$10.6
% of Total Funding	54%	46%	100%

- In order to reduce premiums by 1%, approximately \$10.6 million in assessment revenue is needed.
- Higher reinsurance impact translates into higher federal passthrough funding

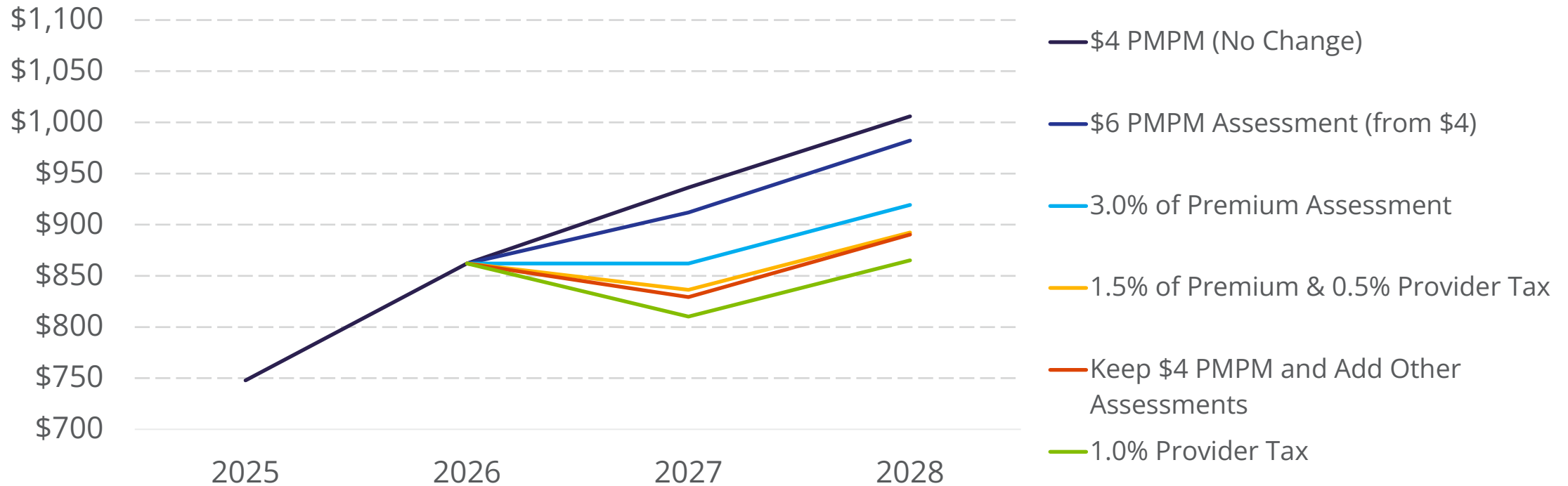
Alternative Funding Scenarios

- Wakely considered a variety of alternative funding scenarios, noted in table below.
 - The \$6 PMPM assessment scenario was selected to evaluate if the original \$4 PMPM assessment had been increased in-line with inflation
 - The other scenarios were selected to target a premium reduction of approximately 15%
- Wakely also considered increasing the Exchange user fee for funding, however testing showed the impacts of this method to be inadequate.

Scenario	PMPM (Fully Insured and Self-Funded Markets)	% of Premium (Fully Insured Markets Only)	Hospital Provider Assessment Tax (IP+OP Services)
\$4 PMPM Assessment	\$4.00		
\$6 PMPM Assessment (from \$4)	\$6.00		
3.0% of Premium Assessment		3.0%	
1.0% Provider Tax			1.0%
Keep \$4 PMPM and Add Other Assessments	\$4.00	0.5%	0.5%
1.5% of Premium & 0.5% Provider Tax		1.5%	0.5%

Alternative Funding Scenarios

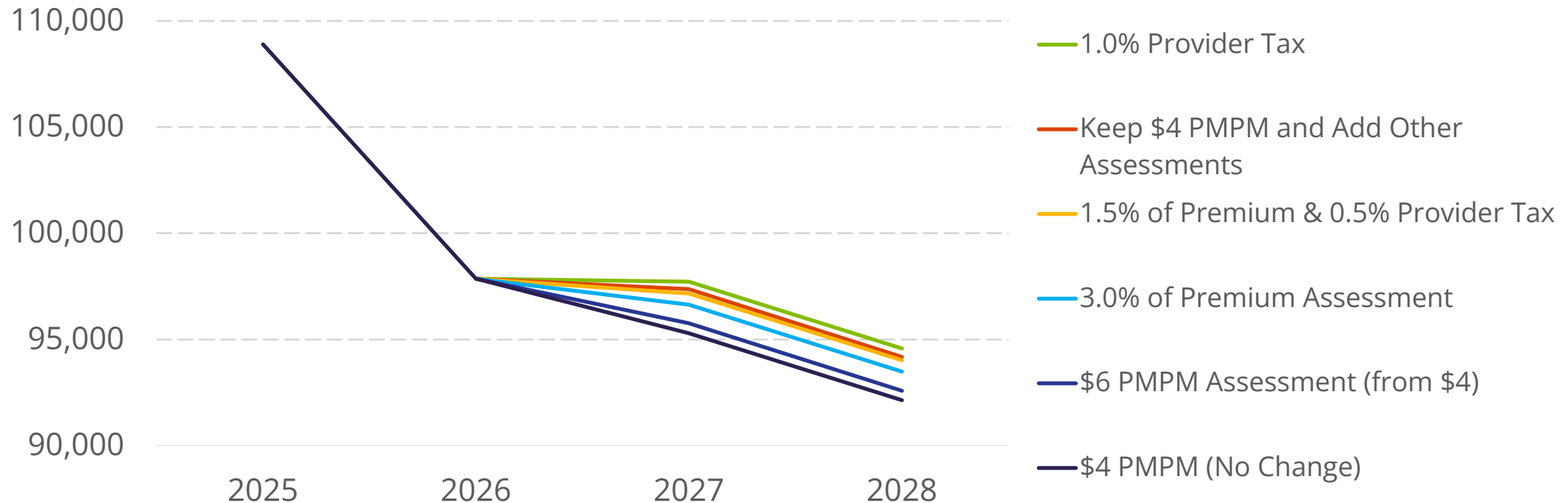
Projected Merged Market Average Gross Premiums (PMPM)
with Various Funding Scenarios for 2027/2028 (Best Estimates)



- The graph shows the “best estimate” results for each funding scenario, rather than the full range of modeled outcomes.
- Aggressive funding scenarios show the potential to limit premium increases in 2027/2028.

Alternative Funding Scenarios

Projected Merged Market Enrollement (Lives)
Of Various Funding Scenarios (Best Estimates)



- The graph shows the “best estimate” results for each funding scenario, rather than the full range of modeled outcomes.
- Even with aggressive funding options, enrollment in the merged market is projected to decrease in 2027/2028, driven by the expiration of enhanced premium tax credits, and the proposed HR1 bill.

Alternative Funding Scenarios

Summary of Range of Outcomes in 2027 - 2028

Scenario	State Assessment Funding (millions)	Federal Passthrough Funding (millions)	MGARA Premium Reduction %	Change in ACA Merged Market Enrollment %	Change in ACA Merged Market Enrollment #
\$4 PMPM Assessment (Baseline)	\$28.3 to \$28.6	\$19.8 to \$25.4	-5% to -4%	NA	NA
\$6 PMPM Assessment	\$42.4 to \$42.9	\$30 to \$38.2	-8% to -7%	0.3% to 0.8%	200 to 700
3.0% of Premium Assessment	\$79.9 to \$85.5	\$39.4 to \$75	-15% to -11%	0.5% to 2.2%	500 to 2,000
1.0% Provider Tax	\$97.9 to \$103.1	\$72.1 to \$86.2	-17% to -16%	1.4% to 3.9%	1,300 to 3,600
Keep \$4 PMPM and Add Other Assessments	\$90.4 to \$94.0	\$62.6 to \$80.6	-16% to -14%	1.1% to 3.3%	1,100 to 3,100
1.5% of Premium & 0.5% Provider Tax	\$88.4 to \$93.6	\$55.8 to \$80.4	-16% to -14%	1.0% to 3.1%	900 to 2,800

The ranges for premium and enrollment changes are measured relative to the corresponding 'Low' or 'High' assumptions in the baseline scenario. For example, the 'Low' results for the \$6 PMPM assessment are compared with the baseline 'Low' results for the \$4 PMPM assessment, and similarly for the 'High' results.



Alternative Funding Scenarios Considerations

- **\$6 PMPM Assessment (from \$4)**
 - Minimal improvement in reinsurance impact, tracks with medical inflation adjustments from 2019 through 2028
 - No future inflation adjustments
- **3.0% of Premium Assessment**
 - Applicable only to fully insured premium (loss of self-funded base)
 - Equivalent to \$27 PMPM in 2028
 - PT funding could be reduced significantly depending on the treatment of the assessment with respect to 1332 waiver
- **1.0% Provider Tax**
 - Most broad base for the assessment collection (~\$10 billion)
 - Offers the highest premium reduction, but could translate into higher medical costs
 - Partial inflation protection
- **Keep \$4 PMPM and Add Other Assessments**
 - Partial inflation protection, multiple sources of funding
- **1.5% of Premium & 0.5% Provider Tax**
 - Full inflation protection, multiple sources of funding
 - PT funding could be reduced depending on the structure of the funding in state law, the treatment of the assessment with respect to 1332 waiver



QUESTIONS AND COMMENTS

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Caveats and Limitations



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Limitations

Responsible Actuary. Ksenia Whittal and Fredrick Quiram are the actuaries responsible for this communication. They are Members of the American Academy of Actuaries and Ksenia is a Fellow of the Society of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this report. Michael Cohen, PhD, also contributed significantly to this report.

Intended Users. This information has been prepared for the sole use of the Maine Bureau of Insurance (BOI) to assess potential funding mechanisms for the state-based reinsurance and 1332 waiver and their impacts on the individual and small group Affordable Care Act markets in the state of Maine from 2025-2028.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that the state or the issuers will attain the estimated values included in this report. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible consultants are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent of the Maine Bureau of Insurance.

Data and Reliance. Wakely relied on a number of publicly available data sources to develop the reinsurance estimates. Public data sources rely on issuer reporting integrity to produce reliable results. All policies considered in the modeling reflect laws in their official/proposed states as of December 5th, 2025. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly.

Subsequent Events. The analyses, assumptions and results may change based on discussions and if any new information is received that may influence the estimates. Material changes as a result of Federal or state regulations may have a material impact on the results. There are no specifically known relevant events subsequent to the date of engagement that would impact the results of this document.

Contents of Actuarial Report. This document is not an actuarial report and does not comply with Actuarial Standards of Practice on communication. Final actuarial report will be issued upon finalization of assumptions and scenarios.

Deviations from ASOPs. Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses are in compliance with the appropriate ASOPs with no known deviations. A summary of ASOP compliance will be included in the final report after the results are finalized.



Thank you



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