

Dirigo Health Agency
Board of Directors
Minutes of Meeting
March 12th, 2007

The Dirigo Health Agency Board of Directors held a meeting on Monday, February 5th, 2007. Jonathan Beal, Acting Chair, convened the meeting at 10:00 AM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Ned McCann, Dana Connors, Anne Head and Trish Riley. Dr. Robert McAfee, Chair, joined the meeting by phone. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, Will Kilbreth, Deputy Director of the Dirigo Health Agency.

The Board unanimously approved the minutes from their February 5th, 2007 meeting.

Update from the Governor's Office – Trish Riley

The Bureau of Insurance is acting on a recommendation from the Blue Ribbon commission to study reinsurance, high risk pools, and the effects of merging existing risk pools. The BOI has hired the actuary who worked on the Massachusetts plan and the Muskie School to support these analyses.

The study group has agreed to meet with members of Blue Ribbon Commission and others to keep stakeholders advised.

The Governor is working to finalize his legislative proposal and hopes to incorporate feedback from the study into his proposal.

There will be a hearing on March 20th in front of the Insurance and Financial Service Committee to review the nominations of Ed David, and Dana Connors to the DHA Board.

Agency Updates – Karynlee Harrington

Quality Forum Update

The Advisory Council meeting on the 9th was cancelled due to the changing Appropriations Committee Hearing schedule. The next Advisory Council meeting is scheduled for Friday, April 13th. Doug Libby has been asked to speak to the Council about his work with the Coalition on consumer activation. Further, Health Dialog will meet with the PIC sub group on the 13th to discuss specific issues on quality measurement methodology.

The Agency has received approval from the Budget office to fill the position of Director of the Maine Quality Forum. The Agency continues to have concerns about performing a national search due to the uncertainty of future revenue. However, the Agency has found

a qualified candidate to work in an acting capacity. Ms. Harrington stated that she was hopeful that she could introduce the individual with whom she was discussing the acting capacity position at the next Board meeting.

Program Status - Will Kilbreth

As of February 1st, 2007:

Enrollment

- 23,914 Members served
- 438 new DC members (current average monthly enrollment is 750)
- Distributions of employer type and discount level remain stable

Expenses

- \$2.8 million subsidy expense
- \$211 PMPM (per member per month) in February
- \$218 projected PMPM for February
- \$209.81 annual PMPM
- \$215.45 projected annual PMPM
- The actual PMPM is approximately 96% of projected PMPM.

Revenues

- \$9.6 million SOP receipts in March
- \$27.5 million total SOP receipts to date

The Board discussed the SOP receipts and expected future SOP receipts. Mr. Kilbreth stated that the Agency had contracted schrammraleigh to review the SOP submissions and the methodologies that entities have used to determine the amount of their assessments.

Presentation and Testimony to Appropriations and IFS

Ms. Harrington provided the Board an update on her testimony to the Appropriations and IFS committees on the Agency's request for allocation for the upcoming biennial(SFY08 and SFY09).

Consistent with previous presentations to the Blue Ribbon Commission and to the Board, the Agency is requesting an allocation based on a \$57 million expense for SFY 2008.

This allocation assumes that the Agency will maintain the program enrollment reached at the end of SFY 2007 (est. 15,500).

The Agency is requesting a reduced allocation of \$100 million in SFY 2008 and \$111 million in SFY 2009. The revised allocation will be submitted in a change package that is being prepared by budget.

Ms. Harrington clarified that the allocations requested included the amount that Employers and Members contributed to the cost of their coverage. In SFY 2008, the Agency anticipates that \$43 million will come from Employers and Members. The remaining \$57 million of the allocation represents the Agency's cost. This cost is distributed as follows:

- \$47 million program subsidy
- \$4.7 parent expansion
- \$4.8 operating costs

Ms. Harrington emphasized that the request was for an allocation and was not a request for an appropriation. The Agency anticipates that the revenue to support the allocation will be discussed by the Legislature when the Governor submits his proposal.

The Insurance and Financial Services Committee unanimously supported the change package at a recent work session.

Ms. Harrington outlined a series of scenarios for the Board relative to membership forecast, estimated cost and revenue needs/sources: (refer to handouts)

- 1) No change to funding, i.e., the only source of revenue is the SOP. Results in cash flow issues in SFY 2008 and would require the Agency to cap enrollment effective May 1, 2007. Membership at the end of SFY 2008 would be approximately 9,375 in DirigoChoice and 5,000 in the parent expansion. The Agency's cost in this scenario would be \$44 million.
- 2) Budget scenario, i.e., Agency cost of \$57 million, enrollment held at 15,500 DirigoChoice members, and 5,000 parents.
- 3) Growth scenario, i.e., the Agency allows enrollment at current levels. Cost to the Agency in SFY 2008 would be \$64.5 million. Ending enrollment 19,636 DirigoChoice members and 5,000 parents.

The Board discussed the Agency's revenue requirements and the need to move forward with the collection of the second year SOP. Ms. Harrington reiterated that the Agency will notify the market by April 1 regarding the second year SOP.

Ms. Harrington noted that the committees, HHS and Appropriations had raised a concern about funds the Agency owed to DHHS for the parent expansion. Ms. Harrington stated that she had met with the Deputy Commissioner of Finance, Kirsten Figueroa, regarding the Agency's obligations, and both entities agree that the Agency is up to date with parent expansion expenses that DHHS has invoiced the Agency.

To date the Agency has sent \$6.9 million to DHHS
\$2.1 million in SFY 2005
\$2.7 million in SFY 2007 (for 2006 obligations)
\$1.4 million in SFY 2007
Additional monthly pharmacy costs

Other Agency Matters

Ms. Harrington noted that a recent editorial in the Lewiston Sun Journal had criticized the Agency for not responding to a survey regarding State Agency ethics policies. The Agency takes responsibility for not responding to the survey, however, DHA has had a formal ethics policy since September 2006. (Refer to handout)

Ms. Harrington further noted that the Agency was bound by HIPAA to protect its members' personal health information.

Consumers for Affordable Health Care filed an appeal on March 6th to stay the DirigoChoice rate increase. (Refer to handout)

Ms. Harrington provided the Board with a synopsis of the other legal proceedings the Agency was involved with. (Refer to handout)

Ms. Harrington brought the Board's attention to 24-A §6913 H.:

Annual savings offset payments received must be reconciled by Dirigo Health. Any unused payments must reduce the next savings offset payment charged to health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers according to a formula developed by the board.

Ms. Harrington provided the Board with a proposed formula for performing the reconciliation required by the law. (Refer to handout)

Public Comments

Representatives from the insurance industry expressed interest in receiving feedback from the review schrammrleigh had underway of SOP payment methodologies.

Gordon Smith from the MMA gave an update on the status of the practice assessment project his organization had undertaken with the Agency.

Hillary Schneider of Consumers for Affordable Health Care appealed to the Board to remember any decisions that it makes has a direct impact on people's lives.

The Board tentatively set their next meeting for March 29th, 2007.

