



**DHA Board of Trustees Discussion Document
May 9, 2011**

Revised Options

At the end of SFY11 we anticipate approximately 15,600 people enrolled in all programs:

DirigoChoice – 8539 members (including HCTC and PCIP enrollment). 6233 subsidized, 2306 unsubsidized.

The Agency presented a series of options to the Board on April 4, 2011. These are displayed in gray in the table below.

The Board requested that the Agency consider how to keep the program open until June 30, 2012 by examining the following program changes:

- 1) raising all deductibles by \$250.00
- 2) reducing / consolidating subsidies
 - a. Into 3 subsidy levels
 - b. Into 2 subsidy level

The Agency determined that keeping the program open until June 30, 2012 would require an approximate reduction of 18% in its subsidy expense **effective July 1, 2011 on all contracts.**

Option	Program Capped	Peak Enrollment
Add \$250 to every deductible in all subsidy levels. 1.03% savings when rolled in on anniversary date starting July 1, 2010.	January 1, 2012	9,500 members, 7,000 subsidized
Merge 4 subsidy levels into 3 on July 1, 2011 B: 80% → 70% C: 60% → 50% D: 40% → 20% E: 20% → 20% Projected 15.29% savings over a 30 month period. Add \$250 to every deductible in all subsidy levels (see above). Total saving for this option: 16.31%	May 1, 2012	10,200 members, subsidized 7,500

Option	Program Capped	Peak Enrollment
Merge 4 subsidy levels into 2 on July 1, 2011 B: 80% → 70% C: 60% → 35% D: 40% → 35% E: 20% → 35% Projected 19.27% savings over a 30 month period.	July 1, 2012	10,400, subsidized 7,700
No changes in benefits or subsidy in DirigoChoice.	January 1, 2012	9,500 members, 7,000 subsidized
Change DirigoChoice program design to reduce Agency subsidy cost by 13% (shifting to \$2,500 deductible on October 1, 2011, effective on renewal)	March 1, 2012	10,000 members, 7,400 subsidized
Change DirigoChoice program design to reduce Agency subsidy cost by 27% (shifting to \$5,000 deductible on October 1, 2011, effective on renewal).	October 1, 2012	11,500 members, 8,500 subsidized
Change DirigoChoice program design to reduce Agency subsidy cost by 49% (shift to \$5,000 deductible for entire population on October 1, 2011, eliminate pharmacy coverage).	NA	11,000 members, 8,150 subsidized

- Consistent with current practice, subsidy levels in “merge” options reflect the % of the “base” (or F) premium the member must pay. DHA would continue to pay incremental costs, i.e., the additional amounts required to support the reduced deductible and out-of-pocket limits associated with each subsidy level.
- Adverse selection, retention based on higher costs, and/or impact on growth trend with new product/subsidy design may impact membership projections.

Current DirigoChoice Member Fixed Premium Costs and Out of Pocket Risk by Subsidy Level

		Household Income	Deductible	% Income	OOP Max	% Income	Annual Premium	% Income	Total Risk % Income
Sole Prop									
Plan 2 (1750)	B	\$ 13,382.69	\$500	4%	\$ 1,600	12%	\$ 4,539.33	34%	46%
	C	\$ 21,448.22	\$800	4%	\$ 2,600	12%	\$ 5,073.36	24%	36%
	D	\$ 30,313.03	\$1,125	4%	\$ 3,600	12%	\$ 5,607.40	18%	30%
	E	\$ 36,900.08	\$1,450	4%	\$ 4,600	12%	\$ 6,141.44	17%	29%
Plan 3 (2500)	B	\$ 13,382.69	\$500	4%	\$ 700	5%	\$ 4,541.86	34%	39%
	C	\$ 21,448.22	\$1,000	5%	\$ 1,400	7%	\$ 5,076.19	24%	30%
	D	\$ 30,313.03	\$1,500	5%	\$ 2,100	7%	\$ 5,610.53	19%	25%
	E	\$ 36,900.08	\$2,000	5%	\$ 2,800	8%	\$ 6,144.86	17%	24%
Individual									
Plan 2 (1750)	B	\$ 11,676.38	\$500	4%	\$ 1,600	14%	\$ 1,335.10	11%	25%
	C	\$ 20,138.27	\$800	4%	\$ 2,600	13%	\$ 2,670.19	13%	26%
	D	\$ 32,236.48	\$1,125	3%	\$ 3,600	11%	\$ 4,005.29	12%	24%
	E	\$ 38,966.27	\$1,450	4%	\$ 4,600	12%	\$ 5,340.38	14%	26%
Plan 3 (2500)	B	\$ 11,676.38	\$500	4%	\$ 700	6%	\$ 1,335.84	11%	17%
	C	\$ 20,138.27	\$1,000	5%	\$ 1,400	7%	\$ 2,671.68	13%	20%
	D	\$ 32,236.48	\$1,500	5%	\$ 2,100	7%	\$ 4,007.52	12%	19%
	E	\$ 38,966.27	\$2,000	5%	\$ 2,800	7%	\$ 5,343.36	14%	21%
Small Group									
Plan 1 (1250)	B	\$ 18,308.03	\$250	1%	\$ 800	4%	\$ 413.79	2%	7%
	C	\$ 26,362.72	\$500	2%	\$ 1,600	6%	\$ 827.58	3%	9%
	D	\$ 35,176.38	\$750	2%	\$ 2,400	7%	\$ 1,241.37	4%	10%
	E	\$ 38,391.65	\$1,000	3%	\$ 3,200	8%	\$ 1,655.16	4%	13%
Plan 2 (1750)	B	\$ 18,308.03	\$500	3%	\$ 1,600	9%	\$ 381.59	2%	11%
	C	\$ 26,362.72	\$800	3%	\$ 2,600	10%	\$ 763.17	3%	13%
	D	\$ 35,176.38	\$1,125	3%	\$ 3,600	10%	\$ 1,144.76	3%	13%
	E	\$ 38,391.65	\$1,450	4%	\$ 4,600	12%	\$ 1,526.34	4%	16%
Plan 3 (2500)	B	\$ 18,308.03	\$500	3%	\$ 700	4%	\$ 381.84	2%	6%
	C	\$ 26,362.72	\$1,000	4%	\$ 1,400	5%	\$ 763.69	3%	8%
	D	\$ 35,176.38	\$1,500	4%	\$ 2,100	6%	\$ 1,145.53	3%	9%
	E	\$ 38,391.65	\$2,000	5%	\$ 2,800	7%	\$ 1,527.37	4%	11%

Comparison of Current Deductible and Premium with increased \$250 Deductible and Premium

		Current Deductible	Deductible + \$250	% Increase in Deductible	Current Annual Premium	% Reduction in Premium	New Annual Premium	\$ Reduction in Premium
Sole Prop								
Plan 2 (1750)	B	\$500	\$750	50%	\$4,539.33	2.3%	\$ 4,434.93	\$104.40
	C	\$800	\$1,050	31%	\$5,073.36	2.1%	\$ 4,966.82	\$106.54
	D	\$1,125	\$1,375	22%	\$5,607.40	2.0%	\$ 5,495.25	\$112.15
	E	\$1,450	\$1,700	17%	\$6,141.44	1.9%	\$ 6,024.75	\$116.69
Plan 3 (2500)	B	\$500	\$750	50%	\$4,541.86	2.6%	\$ 4,423.77	\$118.09
	C	\$1,000	\$1,250	25%	\$5,076.19	2.3%	\$ 4,959.44	\$116.75
	D	\$1,500	\$1,750	17%	\$5,610.53	2.3%	\$ 5,481.49	\$129.04
	E	\$2,000	\$2,250	13%	\$6,144.86	1.5%	\$ 6,052.69	\$92.17
Individual								
Plan 2 (1750)	B	\$500	\$750	50%	\$1,335.10	2.3%	\$ 1,304.39	\$30.71
	C	\$800	\$1,050	31%	\$2,670.19	2.1%	\$ 2,614.12	\$56.07
	D	\$1,125	\$1,375	22%	\$4,005.29	2.0%	\$ 3,925.18	\$80.11
	E	\$1,450	\$1,700	17%	\$5,340.38	1.9%	\$ 5,238.91	\$101.47
Plan 3 (2500)	B	\$500	\$750	50%	\$1,335.84	2.6%	\$ 1,301.11	\$34.73
	C	\$1,000	\$1,250	25%	\$2,671.68	2.3%	\$ 2,610.23	\$61.45
	D	\$1,500	\$1,750	17%	\$4,007.52	2.3%	\$ 3,915.35	\$92.17
	E	\$2,000	\$2,250	13%	\$5,343.36	1.5%	\$ 5,263.21	\$80.15
Small Group								
Plan 1 (1250)	B	\$250	\$500	100%	\$413.79	2.6%	\$403.03	\$10.76
	C	\$500	\$750	50%	\$827.58	2.3%	\$808.55	\$19.03
	D	\$750	\$1,000	33%	\$1,241.37	2.2%	\$1,214.06	\$27.31
	E	\$1,000	\$1,250	25%	\$1,655.16	2.1%	\$1,620.40	\$34.76
Plan 2 (1750)	B	\$500	\$750	50%	\$381.59	2.3%	\$ 372.81	\$8.78
	C	\$800	\$1,050	31%	\$763.17	2.1%	\$ 747.14	\$16.03
	D	\$1,125	\$1,375	22%	\$1,144.76	2.0%	\$ 1,121.86	\$22.90
	E	\$1,450	\$1,700	17%	\$1,526.34	1.9%	\$ 1,497.34	\$29.00
Plan 3 (2500)	B	\$500	\$750	50%	\$381.84	2.6%	\$ 371.91	\$9.93
	C	\$1,000	\$1,250	25%	\$763.69	2.3%	\$ 746.13	\$17.56
	D	\$1,500	\$1,750	17%	\$1,145.53	2.3%	\$ 1,119.18	\$26.35
	E	\$2,000	\$2,250	13%	\$1,527.37	1.5%	\$ 1,504.46	\$22.91

Deductible and Out-of-Pocket Maximum Analysis (CY 2010)

- 9,192 distinct members in this period
- \$38,755,211 in claims
- Members paid \$6,315,718
- HPHC paid \$32,439,493

These costs are not evenly spread across the population:

- 9% of members had no claims
- 33% of members met their deductibles
- 15% of member met their out-of-pocket maximum limits
- The 33% of members who met their deductibles are responsible for 87% of the total claim costs.
- The 15% of members who met their out-of-pocket limits are responsible for 69% of total claim costs.

Members who met deductible and proposed deductible increases

Subsidy level	% of members who met deductible (2010)	Average amount HPHC paid for members who hit deductible (2010)
B	41%	\$7,701.05
C	30%	\$10,896.68
D	27%	\$8,914.79
E	26%	\$16,097.13
F	21%	\$13,981.61

- Amount that HPHC pays includes preventative care and other services subject to co-payments that are not applied against the deductible.

