



**DHA Board of Trustees Discussion Document  
June 13<sup>th</sup>, 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.

Based on the Governor’s proposed budget, the Agency’s anticipated cash balance at the end of the fiscal year, and historical attrition rates, capping new subsidized enrollment effective December 31, 2011 would allow the Agency to support existing enrollment through December 31, 2013. Because of federal funding, the Agency would not be able to cap the HCTC and PCIP programs.

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

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

Based on Board requests, the Agency presented more options to the Board on May 9, 2011. These options are presented again below.

The Board voted to increase DirigoChoice deductible levels by \$250 effective October 1, 2011.

The Board further requested that the Agency consider two additional options where subsidy amounts were reduced by 5% and 10%.

Option	Program Capped	Peak Enrollment
1. Drop 5% off each subsidy level  B: 80% → 75% C: 60% → 55% D: 40% → 35% E: 20% → 15%  Effective for all groups on October 1: 4.92% savings  Effective on anniversary date starting October 1: 4.29% savings	          February, 2012          February, 2012	          9,650 members, 7,150 subsidized          9,650 members, 7,150 subsidized

Option	Program Capped	Peak Enrollment
<p>2. Drop 10% off each subsidy level</p> <p>B: 80% → 70%  C: 60% → 50%  D: 40% → 30%  E: 20% → 10%</p> <p>Effective for all groups on October 1: 9.84% savings</p> <p>Effective on anniversary date starting October 1: 8.26% savings</p>	<p>March 2012</p> <p>March 2012</p>	<p>9,800 members, 7,250 subsidized</p> <p>9,800 members, 7,250 subsidized</p>
<p>Add \$250 to every deductible in all subsidy levels.</p> <p>1.03% savings when rolled in on anniversary date starting October 1, 2010.</p>	<p>January 1, 2012</p>	<p>9,500 members, 7,000 subsidized</p>
<p>3. Merge 4 subsidy levels into 3:</p> <p>B: 80% → 70%  C: 60% → 50%  D: 40% → 20%  E: 20% → 20%</p> <p>Effective for all groups on October 1: 10.68% savings</p> <p>Effective on anniversary date starting October 1: 8.86% savings</p>	<p>April, 2012</p> <p>March, 2012</p>	<p>10,000 members, 7,400 subsidized</p> <p>9,800 members, 7,250 subsidized</p>
<p>4. Merge 4 subsidy levels into 2:</p> <p>B: 80% → 70%  C: 60% → 35%  D: 40% → 35%  E: 20% → 35%</p> <p>Effective for all groups on October 1: 13.44% savings</p> <p>Effective on anniversary date starting October 1: 11.17% savings</p>	<p>May, 2012</p> <p>April, 2012</p>	<p>10,200 members, 7,550 subsidized</p> <p>10,000 members, 7,400 subsidized</p>
<p>No changes in benefits or subsidy in DirigoChoice.</p>	<p>January 1, 2012</p>	<p>9,500 members, 7,000 subsidized</p>

Option	Program Capped	Peak Enrollment
Change DirigoChoice program design to reduce Agency subsidy cost by 13% (shifting to \$2,500 deductible on October 1, 2011, effective <b>on renewal</b> )	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 <b>on renewal</b> ).	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

Notes:

Options that were presented at prior meetings have been adjusted to reflect October 1 implementation dates and revisions to the forecasting model. The forecasting does **not** include any assumptions or adjustments for take-up rates, adverse selection, or disenrollment due to subsidy changes.

**Comparison of DirigoChoice Member Fixed Premium Costs and Percent of Annual Household Income by Subsidy Level**

		Income	Current		\$250		75/55/35/15		70/50/30/10		70/50/20/20		70/35/35/35	
			annual premium	% income	annual premium	% income	annual premium	% income	annual premium	% income	annual premium	% income	annual premium	% income
<b>Sole Prop</b>														
<b>Plan 2 (1750)</b>	<b>B</b>	\$13,382.69	\$4,539.33	34%	\$4,434.93	33%	\$ 4,584.05	34%	\$ 4,715.02	35%	\$ 4,715.02	35%	\$ 4,715.02	35%
	<b>C</b>	\$21,448.22	\$5,073.36	24%	\$4,966.82	23%	\$ 5,107.94	24%	\$ 5,238.91	24%	\$ 5,238.91	24%	\$ 5,631.83	26%
	<b>D</b>	\$30,313.03	\$5,607.40	18%	\$5,495.25	18%	\$ 5,631.83	19%	\$ 6,024.75	20%	\$ 6,024.75	20%	\$ 5,631.83	19%
	<b>E</b>	\$36,900.08	\$6,141.44	17%	\$6,024.75	16%	\$ 6,155.72	17%	\$ 6,286.70	17%	\$ 6,024.75	16%	\$ 5,631.83	15%
<b>Plan 3 (2500)</b>	<b>B</b>	\$13,382.69	\$4,541.86	34%	\$4,423.77	33%	\$ 4,715.02	35%	\$ 4,715.02	35%	\$ 4,715.02	35%	\$ 4,715.02	35%
	<b>C</b>	\$21,448.22	\$5,076.19	24%	\$4,959.44	23%	\$ 5,238.91	24%	\$ 5,238.91	24%	\$ 5,238.91	24%	\$ 5,238.91	24%
	<b>D</b>	\$30,313.03	\$5,610.53	19%	\$5,481.49	18%	\$ 6,024.75	20%	\$ 6,024.75	20%	\$ 6,024.75	20%	\$ 6,024.75	20%
	<b>E</b>	\$36,900.08	\$6,144.86	17%	\$6,052.69	16%	\$ 6,024.75	16%	\$ 6,024.75	16%	\$ 6,024.75	16%	\$ 6,024.75	16%
<b>Individual</b>														
<b>Plan 2 (1750)</b>	<b>B</b>	\$11,676.38	\$1,335.10	11%	\$1,304.39	11%	\$ 1,630.49	14%	\$ 1,956.59	17%	\$ 1,956.59	17%	\$ 1,956.59	17%
	<b>C</b>	\$20,138.27	\$2,670.19	13%	\$2,614.12	13%	\$ 2,940.89	15%	\$ 3,267.65	16%	\$ 3,267.65	16%	\$ 4,247.95	21%
	<b>D</b>	\$32,236.48	\$4,005.29	12%	\$3,925.18	12%	\$ 4,252.28	13%	\$ 5,233.57	16%	\$ 5,233.57	16%	\$ 4,252.28	13%
	<b>E</b>	\$38,966.27	\$5,340.38	14%	\$5,238.91	13%	\$ 5,566.34	14%	\$ 5,893.77	15%	\$ 5,238.91	13%	\$ 4,256.61	11%
<b>Plan 3 (2500)</b>	<b>B</b>	\$11,676.38	\$1,335.84	11%	\$1,301.11	11%	\$ 1,626.39	14%	\$ 1,951.67	17%	\$ 1,951.67	17%	\$ 1,951.67	17%
	<b>C</b>	\$20,138.27	\$2,671.68	13%	\$2,610.23	13%	\$ 2,936.51	15%	\$ 3,262.79	16%	\$ 3,262.79	16%	\$ 4,241.62	21%
	<b>D</b>	\$32,236.48	\$4,007.52	12%	\$3,915.35	12%	\$ 4,241.63	13%	\$ 5,220.47	16%	\$ 5,220.47	16%	\$ 4,241.63	13%
	<b>E</b>	\$38,966.27	\$5,343.36	14%	\$5,263.21	14%	\$ 5,592.16	14%	\$ 5,921.11	15%	\$ 5,263.21	14%	\$ 4,276.36	11%
<b>Small Group</b>														
<b>Plan 1 (1250)</b>	<b>B</b>	\$18,308.03	\$413.79	2%	\$403.03	2%	\$ 503.79	3%	\$ 604.55	3%	\$ 604.55	3%	\$ 604.55	3%
	<b>C</b>	\$26,362.72	\$827.58	3%	\$808.55	3%	\$ 909.62	3%	\$ 1,010.69	4%	\$ 1,010.69	4%	\$ 1,313.89	5%
	<b>D</b>	\$35,176.38	\$1,241.37	4%	\$1,214.06	3%	\$ 1,315.23	4%	\$ 1,618.75	5%	\$ 1,618.75	5%	\$ 1,315.23	4%
	<b>E</b>	\$38,391.65	\$1,655.16	4%	\$1,620.40	4%	\$ 1,721.68	4%	\$ 1,822.95	5%	\$ 1,620.40	4%	\$ 1,316.58	3%
<b>Plan 2 (1750)</b>	<b>B</b>	\$18,308.03	\$381.59	2%	\$372.81	2%	\$ 466.01	3%	\$ 559.22	3%	\$ 559.22	3%	\$ 559.22	3%
	<b>C</b>	\$26,362.72	\$763.17	3%	\$747.14	3%	\$ 840.53	3%	\$ 933.93	4%	\$ 933.93	4%	\$ 1,214.10	5%
	<b>D</b>	\$35,176.38	\$1,144.76	3%	\$1,121.86	3%	\$ 1,215.35	3%	\$ 1,495.81	4%	\$ 1,495.81	4%	\$ 1,215.35	3%
	<b>E</b>	\$38,391.65	\$1,526.34	4%	\$1,497.34	4%	\$ 1,590.92	4%	\$ 1,684.51	4%	\$ 1,497.34	4%	\$ 1,216.59	3%
<b>Plan 3 (2500)</b>	<b>B</b>	\$18,308.03	\$381.84	2%	\$371.91	2%	\$ 464.89	3%	\$ 557.87	3%	\$ 557.87	3%	\$ 557.87	3%
	<b>C</b>	\$26,362.72	\$763.69	3%	\$746.13	3%	\$ 839.40	3%	\$ 932.66	4%	\$ 932.66	4%	\$ 1,212.46	5%
	<b>D</b>	\$35,176.38	\$1,145.53	3%	\$1,119.18	3%	\$ 1,212.45	3%	\$ 1,492.24	4%	\$ 1,492.24	4%	\$ 1,212.45	3%
	<b>E</b>	\$38,391.65	\$1,527.37	4%	\$1,504.46	4%	\$ 1,598.49	4%	\$ 1,692.52	4%	\$ 1,504.46	4%	\$ 1,222.37	3%

Notes – Annual premiums presented are based on averages, community rates, and historical data.