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**TESTIMONY OF KARYNLEE HARRINGTON
EXECUTIVE DIRECTOR, DIRIGO HEALTH AGENCY**

BEFORE THE JOINT COMMITTEE ON INSURANCE AND FINANCIAL SERVICES

May 1, 2007

1:00 PM, Room 427

IN OPPOSITION TO LD 1716, "An Act to Ensure that DirigoChoice is Affordable"

SPONSORED BY Representative Sharon Treat

Senator Sullivan, Representative Brautigam, members of the Joint Committee on Insurance and Financial Services, I am Karynlee Harrington, Executive Director of the Dirigo Health Agency. I am here today to testify in opposition to LD 1716, An Act to Ensure that DirigoChoice is Affordable.

Our opposition to LD 1716 is not because of the notion of comprehensive and affordable benefits. I believe we share the goal of providing an affordable comprehensive benefit package. In fact, DirigoChoice is the only product in the market today that offers mental health parity for individuals. In addition there is no pre-existing condition exclusions, routine physicals are covered at 100% and pharmacy is covered under a copayment structure. Although the program covers over 14,138 members (as of April 1, 2007) and provides subsidy to over approximately 82% of our membership we hear significant feedback from current and potential members including employers that the program is still too expensive. Increasing the level of coverage will only add to what many believe is already a costly program.

Our experience in the last three years suggests that we need the flexibility in plan design to respond to the different needs of the market. It is our opinion that LD 1716 does not allow for the flexibility that we believe is critically important as we continue to refine and improve our efforts to reach more of the uninsured and underinsured populations.

LD 1716 also defines comprehensive benefits as not including deductibles within any income bracket that exceeds 10% of taxable income within that bracket and the total out-of-pocket maximum amount on any enrollee may not exceed the maximum contributions required for that enrollee. The current design of the subsidy program ties subsidy to a percentage of household income based on Federal Poverty Limits. In the current program approximately 78% of our membership has household incomes under 250% of Federal Poverty; all of these members except for Group A are currently responsible for some level of deductibles. These deductibles range from \$500-\$1125 for a single contract with out-of-pocket costs ranging from \$1600-\$3600. Eliminating all out-of-pocket costs for this group which LD 1716 requires would have a considerable impact on increasing the cost of the program.

DirigoChoice continues to evolve. As we come to better understand the needs of our target market we will need flexibility in benefit and subsidy design to achieve the goal of a comprehensive, affordable product.

I would be happy to provide any information the Committee needs and will be available at work session.