

Dirigo Health Agency
December 17, 2008

Recommendation to Dirigo Health Board of Directors regarding the amount of the Savings Offset Payment to be applied beginning July 1, 2009.

- September 23, 2008 the Superintendent of Insurance approved \$48.7 million of Aggregate Measurable Cost Savings for the fourth assessment year.

Agency recommendation based on two factors:

- 1) Recoverability of savings
- 2) Subsidies and the Maine Quality Forum

Recoverability

Agency recommends not including the \$6.6 million of savings due to the medical loss ratio (MLR) initiative because these savings have already been returned to policy holders.

Subsidies and the Maine Quality Forum

- 1) Legislative action will address cash flow situation
- 2) Maintain enrollment (DirigoChoice and MaineCare Expansion Parents)
- 3) Continue to support the Quality Forum

Agency Recommendation for SOP 4: \$42.1 million

A \$42.1 million assessment translates into a 2.14% assessment on paid claims.

Based on the information above it is the Agency's recommendation that the fourth savings offset payment be:

- For health insurance carriers, 2.14% of annual paid claims for health care policies as provided in 24-A M.R.S.A § 6913 (3)(B) (1).
- For 3rd party administrators, 2.14% % of annual paid claims for health care for residents of this State as provided in 24-A M.R.S.A § 6913 (3)(B) (2).
- For employee benefit excess insurance carriers, 2.14 % of annual paid claims on employee benefit excess insurance carriers as provided in 24-A M.R.S.A § 6913 (3)(B) (3).