

Dirigo Health Agency
Board of Directors
Minutes of Meeting- FINAL
October 5, 2005

The Dirigo Health Agency Board of Directors held a meeting on Wednesday, October 5, 2005. Dr. Robert McAfee, Chair, convened the meeting at approximately 1:10 PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Mary Henderson, Commissioner Christine Bruenn, Commissioner Rebecca Wyke, and Trish Riley. Joining by telephone was Charlene Rydell. Also in attendance: Karynlee Harrington, Executive Director of Dirigo Health Agency and Kirsten Figueroa, Fiscal Operations Director.

The Board approved the minutes of the August 15 and 29, September 6, 13 and 14 meetings. Charlene Rydell did ask for a correction to be made to the September 14 minutes, the third to last paragraph should be Mr. Shiels not Mr. Lewin.

Dirigo Health Reform Update: Trish Riley

Ms. Riley stated that the Governor's Office of Health Policy and Finance has been actively engaged in public sessions talking about the State Health Plan. They have been meeting with stakeholder groups to get perspectives about what should be priorities in the State Health Plan.

The Tough Choices Forum has been followed up with focus group meetings in Portland and Bangor. The groups wanted to spend more time talking about cost containment. At several meetings the concept of single payer was raised. Ms. Riley stated it is clear that people do not have a clear definition of single payer.

Ms. Riley confirmed that the Data Book is complete. It looks at data from across the state and divides the state into three regions. There are differences in the regions and it is noticeable that economic status matters in healthcare. Ms. Riley stated that there is new data from the Maine Health Data Organization specific to hospital costs that is now available for the first time.

Ms. Riley described a series of seven listening tours that she and others attended. They went to Calais, Presque Isle, Brewer, Lewiston, Augusta, Saco and Portland. Ms. Riley said it is clear that there is general agreement in the state about the importance of dealing with the issue of high utilization of healthcare and taking a more aggressive approach around prevention and health promotion. There was general agreement from the listening tour, that the two areas people are concerned about are obesity and substance abuse.

Ms. Riley stated that her staff will be drafting, over the next month with the Advisory Council on Health Systems Development, a draft State Health Plan. The release date has been moved to accommodate the Joint Committee on Health and Human Services. They want to make sure they get their review in during the formal period of review and

comment. They will not be meeting until November 30th so the formal hearings have been moved to around November 20th and 21st.

Dr. McAfee asked if the Capitol Expenditure Budget for the coming year will be dependent or linked upon the plan.

Ms. Riley stated that the Advisory Council looked at the methodology of the Capital Investment Fund. This will be coming forward as part of the State Health Plan as well as criteria for CON. The department just released its letters of intent that came in for this round of review. The State Health Plan will become guidance for the CON program.

Ms. Riley stated that the Medicaid Commission was formed and is chaired by Senator Brennan and Representative Walcott. Their first meeting will be October 11th.

Agency Update: Karynlee Harrington

Ms. Harrington provided the agency update:

1. Maine Quality Forum-
 - Safety Star Program-Successful launch of the program. Several hospitals have already indicated that they are going to apply. MaineGeneral Medical Center has state publicly that they are interested. The educational campaign has begun. Shared copy of print ad. Additionally, Anthem Provider Relations Representatives will be distributing to their network providers (with an emphasis on DO offices) our Safety Star Brochure. We are mailing the brochure to MD offices.
 - All Payor Claims Database- Health Dialog Analytical Services is the vendor (the lead will be Dr. David Wennberg) that has been awarded the contract to partner with MQF. We are in the process of finalizing the contract. Health Dialog will determine whether or not and how effectively we can measure quality with this data. First task is to extract data from the paid claims database to test specific measures of healthcare quality. Then the measures will be tested. Concurrently, we plan on running variation analysis on advanced imaging procedures across the state.
 - The MHINT project funding- Anthem and several hospitals have agreed to help fund round II. There is solid progress to selecting a vendor for this project. Ms. Harrington stated there are five candidates and the selection committee will be meeting and selecting a candidate.

2. DirigoChoice:
 - Enrollment for DirigoChoice, as of October 1st, is now a little over 8,300 members; 711 small groups. 31% Sole Props; 23% Individuals; 46% Small Groups.

- Ms. Harrington reminded the Board that the enrollment numbers provided do not adjust for retroactivity. Additionally, as of 8/1 there are over 3,000 parents.
- As of October 1st the group distribution continues to be consistent with where it has been running. There has been a slight decrease in the level of group B participation.
 - 2% Group A
 - 40% Group B
 - 17% Group C
 - 11% Group D
 - 7% Group E
 - 23% Group F
- The employer contribution continues to consistent with where it has been running. As of September 1st it is 65%.
- The community adjustment factor is at 9.65% as of October. In the budgeting assumptions the agency assumed that the average community adjustment would be 10%.
- The most recent DirigoChoice Loss Ratio Report provided by Anthem to the Agency is for claims incurred January 2005 through June 2005, paid through August 2005. Individuals/sole props are running at a 76.9% loss ratio and for small group it is 65.3%. Combined loss ratio is 72.6%. The program is priced at an 80% loss ratio. Ms. Harrington reiterated that this data is immature and should not be used to draw any conclusions specific to the EMP.
- Ms. Harrington explained that if the loss ratio is 80% or lower (once reconciled based on terms of the contract), the Agency gets the full payment back. If the loss ratio is greater than 80% Dirigo shares a portion of or all of the payment with Anthem based on the terms of the contract. Ms. Harrington reminded everyone that the run out is six months after the end of the calendar year.
- As of August 1st there have been 310 members identified for our high risk pool. These members are flagged if they have one of the diagnoses as defined in the legislation and/or have incurred \$100,000 in claims over a 12 month period. Most have been identified because they have one of the diagnoses that are listed in the law; the majority mental health related.
- The Dirigo Health Agency continues to participate in a variety of events including Chamber events and business events.

- The latest television ad was played for the Board. This ad will run through the fall. Ethos and Dirigo are continuing to look at other ways to reach potential members.
- Ms. Harrington discussed the tracking of the 10,000 letters sent out to small businesses. There is a process in place to follow up with those businesses and then to match up new sales of small groups with that list. Once we are able to quantify the ROI we will determine whether it makes sense to do a second mailing to another group of 10,000 businesses.
- Several strategic initiatives that are being worked on:
 1. Operation streamlining
 2. Ways to improve the application process
 3. Distribution channel-relative to sale of product
- Update on Agency Rules. Notice will be running in next week's paper for a public hearing on November 1st for both the definition of paid claims and the rules of the agency relative to the product.
- Adjudicatory Hearing- five interveners, the Maine Auto Dealers Health Trust and Bankers Trust, Maine Association of Health Plans, Consumers for Affordable Healthcare, Anthem Blue Cross and Blue Shield and the Maine State Chamber of Commerce. Two motions to dismiss have been received. The two motions to dismiss have been denied by the Superintendent.
- This morning there was a conference at the Bureau of Insurance to discuss procedural issues that Bill Laubenstein attended. Mr. Laubenstein informed Ms. Harrington that the group is very interested in procedural issues. It is likely the Superintendent will be sending out another order shortly in response to requests that were made in the meeting.
- The workgroup has been reconvened. There have been a couple of meetings since the Savings Offset Plan methodology. The issues they are handling now are:
 - Definition of subsidy
 - Implementing and invoicing a SOP assessment (if there is one)
 - Funding strategies around how the agency will fund the administrative expenses excluding the Maine Quality Forum

Ms. Harrington stated there has been good progress towards reaching consensus relative to implementing and invoicing the SOP assessment. There are a couple of issues to work out around the mechanics of it. There has been a good discussion around the definition of subsidy. There continues to be, on the payer side, split opinions to whether or not the experience modification program should be part of the assessment.

Ms. Harrington shared with the Board the concern the workgroup has relative to the interpretation of the Dirigo Legislation Section 6913 #3, B, #1 and 3. It specifically deals with the issue around policies issued pursuant to the laws of this state. The Assistant Attorney General from the Bureau of Insurance has interpreted the language to say that a policy that is not written under the jurisdiction of the superintendent of the state is not subject to the Savings Offset Payment assessment. Ms. Riley added that this interpretation is consistent with insurance regulations and how the premium tax is applied in the State. Commissioner Bruenn is reviewing this issue and will follow up with possible options to consider.

Dirigo Health Agency Financials: Kirsten Figueroa

Ms. Figueroa stated that work is starting on the audit process for FYend05 of the Dirigo Health Agency. The Controller's Office made the decision to make the Dirigo Health Agency an enterprise fund. The Dirigo Health Agency is working with the Controller's Office and the Department of Audit. The Department of Audit is hoping to finish with the audit by the end of the calendar year.

July, August and September have been put on funds flow. July and August financials were prepared late enough that the payment to the carrier had been made; that is not the case for September. This impacts the sliding scale deductible.

The personnel services and all other for the agency is running at 19% of the estimated budget for these items. For this fiscal year Dirigo has expended \$11 million dollars. There is still roughly \$38 million dollars remaining in the Dirigo Health Agency account.

Christine Bruenn asked if the agency is fully staffed. Ms. Figueroa stated that the agency is approved for 13 positions and 2 project positions. The two project positions end in April 2006 and the 13 agency positions are limited status until June 2007. At this time there are 12 of the 13 positions filled although David Sinclair is leaving October 7, 2005. They are now conducting interviews for his position.

Ms. Harrington stated that in fiscal year 2005 the Dirigo Health Agency sent over to the Department of Health and Human Services approximately \$2 million dollars with the understanding that that would be reconciled at the end of the year. Only about \$400,000 was spent. The remaining \$1.6 million is carried over to fiscal year 2006.

Ms. Harrington wants to delay the implementation of the asset test based on feedback from the market. It is critical that the role out of the asset test is done correctly. The feedback has been to role it out the beginning of the third quarter.

Ms. Riley stated that the producers are having a hard time understanding the asset test and she would like to have the producers understand the testing fully before moving ahead.

Ms. Harrington shared with the Board that with much regret she has accepted the resignation of Kirsten Figueroa the Fiscal Operations Director. Ms. Figueroa is moving on to the Department of Health and Human Services as the Deputy Commissioner of Finance. Ms. Figueroa's last day with the Dirigo Health Agency will be November 11, 2005.

Public Comments:

It was asked if someone could explain more about the implications with companies not subject to the premium tax. Christine Bruenn said she stated roughly what she had heard about the premiums. It is hard to say who is not subject to it. It is being researched and they are trying to understand the mechanical aspects of it and what places would be impacted by it.

The next meeting will be held Thursday, November 10, 2005 at 1:00 PM.

Dr. McAfee adjourned the meeting at approximately 2:50 PM.