

Dirigo Health Agency  
Board of Directors  
Minutes of Meeting  
July 10<sup>th</sup>, 2006

The Dirigo Health Agency Board of Directors held a meeting on Monday, July 10th, 2006. Dr. Robert McAfee, Chair, convened the meeting at 1:00PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Jonathan Beal, Dana Connors, Ned McCann, Acting Commissioner Lloyd LaFountain III, Commissioner Rebecca Wyke, and Trish Riley. Also in attendance: Bill Laubenstein from Attorney General's Office, Karynlee Harrington, Executive Director of the Dirigo Health Agency, Dr. Dennis Shubert, Director of the Maine Quality Forum, and Will Kilbreth, Deputy Director of the Dirigo Health Agency.

The Board unanimously approved the minutes of the 06/06/2006 meeting.

Ms. Harrington advised that, pursuant to Title 1, Section 405 6E, which allows the Board to consult with its attorney regarding pending litigation, the Board adjourn to Executive Session to discuss the upcoming Adjudicatory Hearing in front of the Superintendent of Insurance.

The Board adjourned to Executive Session.

The Board reconvened at approximately 2:15 PM.

Ms. Riley provided an update on the Governor's Blue Ribbon Commission. She noted that there had been an initial meeting with Dr. Sandra Featherman, chair of the Commission. At this point the Governor's Office was working with the Agency to pull together a plan of action, a staffing plan, and a presentation to consider other state program financing mechanisms.

Ms. Riley noted that the Governor wanted to Commission's work to be complete in time for the next Legislative session.

Dr. Shubert presented updates on the Maine Quality Forum.

Dr. Shubert gave a revised version of the Forum's presentation to the Health and Human Services Committee. The presentation consisted of an illustration of care ("Aunt Ina") incorporating the quality goals that Forum is currently working on, including:

- Planned care model
- HealthInfoNet – statewide EMR functionality
- Patient centered care
- Patient safety

Dr. Shubert further presented examples of comparative quality data, including:

- Hip surgery - Infection rate with/without antibiotics administered prior to surgery
- Antibiotics given within four hours of admittance
- Nursing indicators

The Board discussed the importance of the presentation of the data. Dr. Shubert described the conversations that MQF had had with AHRQ regarding AHRQ's quality "speedometer" and the efforts of the Forum to replicate this functionality.

Ms. Harrington provided Agency updates.

Ms. Harrington informed the Board that Anthem had provided written notice that it was interested in pursuing a contract extension for 2007.

Ms. Harrington provided the membership report and updates on enrollment:

- Total members served 18067
- New DC members 522
- New parents 17
- Total DC enrollment 10365
- Total parent expansion enrollment 5108

Ms. Harrington noted that the discount distribution continued to weigh toward the higher discounts, with almost half of membership receiving either 100 or 80% discounts. She also noted the increase in Individual enrollment, which now accounts for 37% of membership, while Sole Props represent 34%, and Small Groups 29%.

Ms. Harrington stated that she hoped to have the final Muskie report on uninsured by the end of the month. She pointed out that the program continued to see a higher percentage of previously uninsured in the higher discount groups

Ms. Harrington provided the Board a copy of the Agency's' quarterly report to the Legislature.

Ms. Harrington distributed the Agency's May Income statement and Balance Sheet. She noted that to date the Agency was within 2% of forecasts in terms of member months (forecast 58,459, actual 57,514) and 5% in terms of program costs (EBT + incremental) (forecast \$10.9 million, actual \$10.4 million).

Ms. Harrington mentioned that the results made her feel confident in terms of member months and budgeting but that ongoing financial performance was still contingent on what type of enrollment the program saw for the remainder of the year. She noted that the program's PMPM had gone up 15% over 2005, and that this was due to a combination of Community Rate increases, demographic adjustments, and the proportion of Individuals in the program.

Ms. Harrington reported that the Agency was working with Anthem's actuary to predict 2006 EMP costs. The Agency's current estimate is that the 2006 EMP will be just under \$13 million.

In terms of the 2005 EMP settlement, Ms. Harrington reported that the Agency was reviewing the costs for claims incurred in 2005 paid through May 2006. In these reports Individuals were running at 104% loss ratio, Sole Props running at a 74.7% loss ratio, and Small Group members running at a 64.7% loss ratio. The loss ratio for the total group was 77%. Given these loss ratios, the Agency would probably owe approximately \$200,000 back to Anthem for the Individuals.

Ms. Harrington stated that the Agency had received approximately 90% of first quarter SOP payments, representing \$3.5 million.

Ms. Harrington explained the timing of the SOP payments. Claims incurred in January, but not be paid until April would appear in the second quarter SOP. This run out makes it difficult for the Agency to predict how much of the assessment will appear in each quarter's payments. Ms. Harrington noted that this difficulty may raise cash flow challenges for the Agency. The Agency has just made a \$1.12 million contribution to general fund and had \$18 million cash left from original \$53 million, but the next SOP payment is not due until the end of August. The Agency is working with DAFS to ensure that it can manage cash flow.

Ms. Harrington noted that the Superintendent of Insurance was scheduled to make his decision on aggregate measurable cost savings on the 21<sup>st</sup> of July. The Board next has to establish the amount of the assessment. While recognizing the work of the Blue Ribbon Commission, Ms. Harrington expressed concern that if the Board did not address the amount of the assessment the Agency might face additional court challenges.

In response to a question from Mr. McCann Ms. Harrington provided an update to the outreach project that Anthem had been negotiating with CEI. She reported that the discussions between Anthem and CEI had broken down, but that the Agency and the Governor's office were continuing to explore ways with Anthem to provide the outreach to the uninsured.

In response to a question from Mr. Beal Ms. Harrington reported that the Agency was not developing an RFP at this point and that the recommendation from staff was that the Agency focus on extending the contract with Anthem.

Next meeting tentatively scheduled for August 7<sup>th</sup>.

There were no public comments.

The Board adjourned at approximately 3:15 PM.