

Dirigo Health Agency
Board of Directors
Minutes of Meeting – FINAL
August 7th, 2006

The Dirigo Health Agency Board of Directors held a meeting on Monday, July 10th, 2006. Dr. Robert McAfee, Chair, convened the meeting at 1:00 PM 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, and Trish Riley. Also in attendance: 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 07/10/2006 meeting.

Update from the Governor's Office

Trish Riley provided updates from the Governor's Office.

The Governor's Office was working with the Advisory Council on Health Systems Development to create a PowerPoint presentation that could be used to communicate the broader issues of the Dirigo Health Reform Act. As part of that initiative the Governor's Office had received one of 13 state grants from the National Governors Association.

Ms. Riley reported that the Governor's Office was working with Maine CDC and the Agency to pilot wellness initiatives in small businesses. Wellness initiatives are usually only available to large business, and this represented an effort to bring the benefits of these initiatives to small business.

Ms. Riley communicated that the Blue Ribbon Commission was going to begin the following Wednesday (the 9th) with a meeting with the Governor and an initial session on goals and approaches.

Update from the Maine Quality Forum

Dr. Shubert provided updates on the Maine Quality Forum.

Dr. Shubert reported that the Quality Forum Advisory Council had just completed an evaluation of the Forum's five year goals. The Council had concluded that the Forum was:

- Behind on its goal of evaluating new medical technologies.
- Behind on its goal to promote healthy lifestyle decisions, in this case, because the Forum had acknowledged that there were other significant organizations in the State covering this function.

- On track with its goal to gather and make available health quality data.
- Ahead with its goal to promote electronic medical records (HealthInfoNet)
- Had achieved a positive reputation in the State and nationally on quality matters.

Dr. Shubert and Mr. McCarthy demonstrated the planned Quality Meter and Data web site. They displayed the national AHRQ website and also showed a mockup of the planned Maine site.

Dr. Shubert and Mr. McCarthy also displayed several graphical displays of comparative quality data between hospitals and explained that the hospitals were been given opportunity to review these data.

Agency Updates

Dr. McAfee reviewed Justice Cole's Superior Court decision of August 4th upholding the Superintendent of Insurance's determination of aggregate measurable cost savings in 2005. Dr. McAfee made note of the Judge's determination that the Agency's initial decision was, "reasonable and not the result of an abuse of discretion."

Dr. McAfee went on to highlight the decision's statement that, "when a dispute involves an Agency's interpretation of a statute it administers the Agency's interpretation, although not conclusive, is entitled to great deference and will be upheld unless the statute plainly compels a contrary result... The court will not second guess an Agency on areas within its area of expertise..."

Finally, the Chair noted that the Judge had agreed with the Board in its interpretation of the Dirigo statute, and had written that the law, "does not state that bad debt and charity costs are the only costs to be factored into AMCS."

Ms. Harrington reviewed July Dirigo enrollment:

- 18,714 members served
- 681 new DirigoChoice members
- 10,722 enrolled DirigoChoice members
- 5,108 enrolled expansion parents

- 49% enrolled in B
- 20 % enrolled in F
- 16 % enrolled in C
- 10% enrolled in D
- 4% enrolled in E

Ms. Harrington noted that Individuals continued to enroll at a faster rate than small groups and that Individual enrollment now exceeded Small Group enrollment

The Agency was on target relative to total actual member months compared to predicted member months, Ms. Harrington reported.

Ms. Harrington explained that June financials were not complete due to activities relating to the end of the State fiscal year. The final SFY 2006 financial statements should be available by the end of the year. The Agency will begin to look at SFY 2007 financials before SFY 2006 is finalized.

Ms. Harrington stated that, taking into account the Agency's most recent payment to Anthem for EMP (\$3.8 million) and the Agency's contribution to the general fund (\$1.125 million) there was approximately \$16 million available cash. The Agency is continuing to work with State's Controller's office regarding anticipated cash flow issues.

Ms. Harrington noted that the Agency will owe Anthem \$196,810 for the final reconciliation of the 2005 EMP. The Agency had initially paid \$8 million, Anthem had returned \$7.5 million of that in the initial reconciliation, and the Agency now had to pay \$196,810 to finalize the 2005 process.

70% to 75% of new enrollment is Individuals, Ms. Harrington reported. She noted that Agency needed to figure out how to make product more attractive to Small Group market. The Agency was working on plan design modifications with Anthem, but Anthem had not been able to provide all the data required for full plan analysis at this point. Therefore, Agency staff was not prepared to present plan design for the Board's review. Ms. Harrington requested that the Board reconvene on the 21st to discuss plan design.

The Board agreed to reconvene on the 21st at 1:00 PM.

Ms. Harrington provided an update on the work on outreach to the uninsured. The Agency planned to staff a hotline at the Agency to provide the significant one on one educational effort required to support the sales process. Anthem had agreed to this plan and had agreed to fund the project. Ms. Harrington noted this was a first step in a larger effort to build a consultative sales process in the field.

Ms. Harrington reported on DirigoChoice loss ratio for claims incurred between January 2005 and April 2006, paid through June 2006:

- Individuals: 101%,
- Sole Props: 71.5%
- Small Groups: 66.8%
- Aggregate: 77.8%.

Ms. Harrington noted that the aggregate loss ratio of 77.8% meant the group was well under the target of 80%.

As of June 2006, Ms. Harrington stated, DirigoChoice had 810 people identified with high risk pool diagnoses. In terms of the member months represented by these enrollees:

- Individuals: 40%
- Sole Props: 32%
- Small Group: 28%

The member breakout is:

- Individuals: 359
- Sole Props: 239
- Small Group: 212

Ms. Harrington also noted that from a PMPM standpoint, the Small Group members were the most expensive members of the pool.

Ms. Harrington reported that staff, in light of the establishment of the Blue Ribbon Commission and its charge, felt that it was premature and perhaps unnecessary to assess a 2nd year SOP. Therefore, pending the work of the Blue Ribbon Commission, staff's recommendation was that the Board table the second year assessment.

Mr. Beal moved to adopt the recommendation. The Board discussed the motion and passed it unanimously.

Mr. Kilbreth provided an update on the DirigoChoice HCTC implementation. He noted that the Governor's Office had sent the letter to the IRS requesting that DirigoChoice be recognized as a qualified HCTC plan, and that the Agency, the Department of Labor, and the federal HCTC administrators had been coordinating to work out the operational details.

Public Comments

Dr. McAfee opened the meeting to public comments.

Bob Downs of Harvard Pilgrim Health Care expressed concern that the Board's decision might jeopardize the cash flow of the Agency, given the timing of the Blue Ribbon Commission and the Legislative sessions.

Michael Frink, representing the Maine Association of Health Plans, reminded the Board that one of the key points of Justice Marden's decision in the Spring regarding the timeliness of the Agency's actions was the impact on insurance plans and employers.

The Board adjourned at approximately 3:15 PM.