

**Dirigo Health Agency  
Board of Trustees  
Minutes of Meeting  
Monday, March 8, 2010**

The Dirigo Health Agency Board of Trustees held a meeting Monday, March 8, 2010.

Jonathan Beal, Chair, convened the meeting at 9:05 AM in the Dirigo Health Agency Boardroom located at 211 Water Street in Augusta.

Other Board members in attendance: Sara Gagne Holmes, Joseph Bruno, Mary Anne Turowski, Marianne Ringel, Frank O'Hara, Gary Reed, Dr. Edward David, Mary McAleney, Trish Riley, and Anne Head. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency, and Dr. Josh Cutler, Director of the Maine Quality Forum.

**Governor's Office of Health Policy and Finance-Trish Riley**

Ms. Riley reported that the ACHSD discussed the study on the emergency departments and the payment reform work that the Legislature asked the group to take on at their last meeting. The Council concluded after an intense year of studying payment reform there needs to be a fundamental redirection of what and how we pay for services and outcomes. The notion of payment reform has taken hold nationally. Ms. Riley reported that the Maine Health Management Coalition reported to the Council that there are activities under way within the private sector that they don't want the government to disrupt. Additionally, the State Employees Health Plan is in the process of structuring a pilot payment model with MaineGeneral.

The ACHSD recommended to IFS to continue the Council's role as an oversight entity and to let the various pilots and demonstrations flourish with a report back to the legislature every six months and no later than January 2011 with a recommendation of next steps.

In January 2011 the Council will go to the IFS Committee with two recommendations:

- Are there rules, laws, and regulations in place that insurers need help with to make payment reform a reality, and if so, make those recommendations to the Legislature
- If models have not taken off then to make recommendations to the Legislature of what models should look like

Board Chair Beal asked for an overview of the Council membership.

Ms. Riley responded that the ACHSD is a 20 member council created by the Legislature and appointed by the Governor, with 5 members appointed by the Legislature. Brian Rines is the chair.

Ms. Riley added that the State Health Plan is in the development stages and a series of meetings with the public health districts are being planned. The focus is on cost drivers and bringing down the cost of health care.

Ms. Riley reported on the Hospital Cooperation Act that was amended as part of Dirigo to encourage hospitals to collaborate with each other. Hospitals are challenged to do this because anti-trust concerns from the federal government.

Ms. Riley reported that the HRSA Grant is an \$8.5 million grant to build a voucher program and begin to transition into an exchange like function. The voucher is for uninsured, low wage, part-time/seasonal workers in large firms and direct care workers. The Agency is preparing to launch the voucher program early spring.

Two things that are envisioned in the grant:

- Create the Dirigo Health Exchange
- Restructure the subsidy program

In the current program the Agency has asked the federal government for a waiver of the 20% match (approx \$1.5M) for the first year. As discussed with the Board in the past the Agency will budget for the 20% match in SFY11 and in each subsequent year of the grant.

The renewal paperwork for the grant is due March 19, 2010. Ms. Riley asked the Board if all agreed we need to move forward with the renewal. Board agreed.

Ms. Riley added that if national reform does not pass we will work with consultants funded from the HRSA grant to develop sustainability plans focusing on the following:

- Medicaid waiver
- If national reform does not pass, how to do a shared responsibility program

Ms. Riley added that if just went out to bid for consultants to help with sustainability options and bids are due within the next couple of weeks.

- Ms. Riley added that if national reform passes we will work with consultants on how to make the transition. There are several provisions if passed that will impact Maine almost immediately; small business tax credits and funding for a high risk individuals.

Ms. Riley will keep the Board informed as developments unfold.

### **Maine Quality Forum Update-Dr. Josh Cutler**

Dr. Josh Cutler gave the Board an update on the Patient Centered Medical Home project. Refer to handout.

Dr. Cutler reported that based on the Boards approval to submit a letter of intent to the Sam Cohen Foundation, the Agency has officially applied for a grant from the Sam Cohen Foundation to help support the formal evaluation of the Patient Centered Medical Home pilot.

### **Dirigo Health Agency Update**

Ms. Harrington stated that the Agency now owes \$12.5 million of the original \$25 million

Ms. Harrington reported that the selection committee has chosen NL Partners as the Agency's marketing vendor funded by the HRSA grant.

William Kilbreth presented to the Board the SFY 2010 Cash Balances, income statement, balance sheet, and enrollment report. Please refer to handouts.

Board member asked if the SOP was done collecting and if not when will it be completed.

Ms. Harrington responded that the Agency is in the process of resolving a final SOP payment with one company and that amount is equal to about \$6,000.00.

Ms. Harrington added that the assessment for Year 4 will be discussed at the next Board meeting and that most SOP 4 payers have already paid.

Ms. Harrington stated that small groups are still enrolling in the program unsubsidized. A company with 30 employees has just joined the program. The DirigoChoice rates appear to be more competitive within the market even unsubsidized. The BOI reported that the average small group rate increase for 2010 outside of DirigoChoice is 21% and for DirigoChoice it is closer to 10%.

Board member asked about the difference between enrolled and served as stated on the enrollment report.

Ms. Harrington stated that the 31,000 includes the DirigoChoice membership and the Medicaid parent expansion population which is around 5,000-6,000 members. In the early beginnings the program was open and at the peak had around 15,000 in a year and then the program started to ramp down with the cap. Since January 1, 2005 the program has provided coverage to 31,000 members overall, subsidized and unsubsidized. In 2007 the Agency put a cap on membership and that is why the membership numbers have gone down. Muskie was engaged in a disenrollment survey and people used it until they got a job that provided health care, left the state, were college kids, or terminated because of the cost.

Mr. Kilbreth added that the maximum amount of people covered under Dirigo at one time was 15,000 members and 5,000 parent expansion for a total of 20,000.

Ms. Harrington added that the Agency has a 98% retention rate which is higher than the commercial retention rates are.

Chairman Beal inquired about targeting small businesses and brokers.

Ms. Harrington responded that at the peak DirigoChoice had over 720 small groups enrolled compared to the now 529 enrolled.

Ms. Harrington presented to the Board the Agency Projections/Considerations for SFY 2011. Please refer to handout.

Ms. Harrington stated that the Agency projected an annual \$38 million DirigoChoice subsidy budget and a \$342 subsidy PMPM in absence of any eligibility or plan changes. Under Status Quo, the Agency estimates eligibility changes cause subsidy PMPM to go down 12%-14%, to approximately \$294. Under the Alternate Plan, the Agency estimates the subsidy PMPM will go down an additional 7%-9%, to approximately \$270.

Ms. Harrington added that the Board, based on the survey results, decided that the focus was on premiums and subsidizing the premiums and not the deductibles and out-of-pockets. By subsidizing premium only it would allow the program to expand by 30%-40%.

There are no changes in the core benefits, the changes occur in the out-of-pocket amounts.

Ms. Harrington stated that under status quo for Group B, member's premiums reflect 12% of their income. If you add into that their portion of the out-of-pocket cost, that cost reflects about 16% of their income.

In the alternate plan for Group B, for someone under 150% of poverty their cost will go from 12% to 18%. The Board's goal of keeping the premium consistent with the status quo premium contributions was not accomplished.

Ms. Harrington proposed another option for the Board to consider which is to use some of the Agency savings to offset some of the increases in the premium, for the non-group market, we can keep them closer to where they are on the status quo.

Board member asked if the new rates were given to the Board.

Ms. Harrington responded the unadjusted community rates are in the proposal and they can provide them to the Board. These are not rates that the members would pay as they are unadjusted for specific demographics.

Ms. Harrington stated that because of the appeal with Centene and the delay with moving forward with HPHC, in the event that the Board moves to the Alternate plan design the start date of a new contract will September 1, 2010.

Ms. Harrington added that she would like to explore the possibility of carving out pharmacy and modeling the change in the application of subsidy for individual/Sole Props B&C in the alternate proposal. If the Board agrees she will come back at the next Board meeting with a recommendation. Board agreed.

Several Board members voiced their displeasure in the lack of creativity in the insurance plans quoted.

Ms. Harrington reported that the Business Advisory Group has met and defined a number of policies in regards to the voucher program. Please refer to handout.

Ms. Harrington's recommendation is that the Board adopts the recommendations from the Business Advisory Group to move forward with implementation.

Board member Bruno made a motion to accept and Board member Gagne-Holmes seconded.

Board member asked if there was a discussion between a citizen and a resident of Maine.

Ms. Harrington responded that the group did discuss the issue and decided on the definition presented in the handout.

The motion was passed with Board members Reed and David opposing after the issue of abstaining from a vote was discussed between members.

Ms. Harrington stated that she will invite Bill Laubenstein to the next meeting to discuss when a Board member can abstain.

Ms. Harrington presented to the Board the proposed subsidy structure for the voucher program. Please refer to handout.

Ms. Harrington recommended using this subsidy structure.

Board member David motioned to accept with Board member Gagne-Holmes seconding.

The motion was passed unanimously.

**Public Comments**

There were no public comments.

**Next Meeting**

The next meeting will be held on Monday, April 12, 2010 beginning at 9:00 AM.

The meeting was adjourned at 12:00 PM.