

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Monday, April 12, 2010**

The Dirigo Health Agency Board of Trustees held a meeting Monday, April 12, 2010.

Jonathan Beal, Chair, convened the meeting at 9:08 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, Ellen Schneiter, and Anne Head. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency, Dr. Josh Cutler, Director of the Maine Quality Forum, and William Laubenstein of the Attorney General's Office.

The Board unanimously approved the March 8, 2010 minutes.

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

Ms. Riley reported that the Governor was forming a Steering Committee to provide direction for implementing national health reform. The Governor's Office of Health Policy and Finance will be the coordinating office for the Steering Committee. Ms. Harrington will serve on the Committee. All relevant state agencies have been asked to provide a first cut of what the reform means for their respective organizations.

On April 23rd the ACHSD meeting will include a seminar on health reform. The meeting will be held in the HHS Committee room and will be streamed online.

Ms. Riley added that the State Health Plan will have a chapter focused on implementing health reform.

Ms. Riley reported that additionally a Joint Select Committee on Health Care Reform Opportunities and Implementation has been established by the Legislature. This committee will consist of 17 members:

- Five members of the Senate appointed by the President of the Senate, including members from each of the 2 parties holding the largest number of seats in the Legislature and with preference to members of the Joint Standing Committee on Insurance and Financial Services, Joint Standing Committee on Health and Human Services, and Joint Standing Committee on Appropriations and Financial Affairs
- Twelve members of the House of Representatives appointed by the Speaker of the House, including members from each of the 2 parties holding the largest number of seats in the Legislature and with preference to members of the Joint Standing Committee on Insurance and Financial Services, Joint Standing Committee on Health and Human Services, and Joint Standing Committee on Appropriations and Financial Affairs

This committee will report no later than November 3, 2010 its findings and recommendations, including suggested legislation.

Ms. Riley reported that the country will be close to universal coverage in four years. Medicaid will expand nationally to 133% of poverty. Currently each state has discretion as to who is available for Medicaid. Under the reform law, every state will have the same eligibility requirements. Maine currently covers parents

and children up to 200% of the poverty level and childless adults to 100%. These groups will be now be eligible for federal match. The federal government will pay 100% of these costs for three years and then will phase down so the state will pay no more than 10% at full implementation.

Ms. Riley added that there are also some options for revenue. If the State continues to keep children on the children's health insurance program (CHIP) until 2019 it will be eligible for a 23% match from the federal government.

Ms. Riley reported that in 2014 the Exchange will be in place. In the Exchange there will be two options available. One must be a non-profit and the other would be another plan with no abortion coverage. Once the Exchange is in place there will be subsidies for those whose income is under 400% of the federal poverty level. At this point states could choose to take children and parents above 133% of poverty and put them in the Exchange to create additional savings.

Ms. Riley reported that small business tax credits will be in effect this summer. The tax credits are for businesses of 25 or fewer employees and that have an average salary of \$50,000. There will be a sliding subsidy of up to 35% of the cost of the premium if the employer pays 50% of the employee's premium. If the business has 10 or fewer employees it qualifies for the highest subsidy. If the business is a non-profit it qualifies for a subsidy of 25%. These credits will be a significant help to small business.

Ms. Riley added that children can be covered until the age of 26 if they are an eligible dependant starting immediately.

Ms. Riley stated that there are requirements like Maine's for medical loss ratios in all markets in the Exchange. It is 80% for individuals, 80% for small group, and 85% for large group. Maine's are 68%, 75%, and 0%, respectively.

The Exchange will also have reinsurance program for retirees, coverage for preventative services, and wellness initiatives.

Ms. Riley reported that the reform act contained \$5 billion to create programs to cover the uninsured through high-risk pools. In Maine there is no high risk-pool due to guaranteed issue. The Governor's Office is working with the White House to ensure that these funds would still be made available to the State. Ms. Riley reported that a letter went out to all the Governors last week from DC that said the Federal Government wanted to make the money available to every state. Maine's goal is to get funds as fast as possible to people who need it.

Ms. Riley shared that her office has been working with the State Health Access Data Assistance Center at the University of Minnesota. The data shows that most people get coverage from their employers and Maine's healthcare costs are high. The data goes on to show that since 2003 Maine has bent the cost curve. Please refer to handouts.

Ms. Riley reported on the status of the HRSA grant voucher program. She noted that the Business Advisory Group met last week. The group discussed what to do with the direct care workers. The group agreed that the program can include a demonstration program for up to 500 direct care workers where the Agency would pay the 5% employer share if the company could not. These employers would be responsible for reporting any cost savings associated with the program to the Agency.

Board Chair Beal shared with the Board an advertisement from a current gubernatorial candidate. The advertisement states that Dirigo is a failure and has cost \$155 million to insure 3,400 people. Mr. Beal stated that while the Board had always attempted to maintain non-partisan positions, he felt it was important to

make clear what the facts were when they were being misrepresented in a public forum. He added that he was considering writing an op-ed to state the facts concerning the Agency and its programs. The Chair asked the Board for their opinions regarding this approach and for any feedback regarding what should or should not be included in an op-ed. Several Board members expressed their support for the Chair submitting an op-ed and no Board members offered any objections.

Agency Update

Ms. Harrington began by discussing the subject of abstentions. Bill Laubenstein of the Attorney General's Office stated that there are no state laws that require all Board members to vote. However, other agencies have adopted policies relative to abstentions.

Board member Bruno stated that the Board has never adopted any rules while he has been on the Board. He stated that Robert's Rules are clear that members must vote if the member is present unless the member has a conflict.

The Board Chair suggested that Board members form an interim committee regarding the rules and bring back suggestions to the Board. Board members Bruno, David, and Reed will meet to discuss.

Ms. Harrington stated that the Superintendent of Insurance had approved an AMCS Year 4 amount of \$78.9 million. The Agency recommends that the Board set the Year 4 SOP at 2.14% of paid claims.

Board Chair Beal made the motion to accept the Agency's recommendation. Board member Gagne-Holmes seconded.

The Board approved a Year 4 SOP of 2.14% of paid claims with Board member Bruno opposing.

Ms. Harrington reported that the Agency returned an additional \$2 million to the State on April 1, 2010. The Agency's current debt is \$10.5 million. DirigoChoice remains capped and the eligibility changes in the program are taking effect. If those strategies do not allow the Agency to fully resolve the cash advance, the Agency will implement its cash management program with HPHC.

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

Mr. Kilbreth added that since December of 2009 the percentage of members who received the highest subsidy has declined from 54% to 48%.

A Board member asked for clarification of the \$1.7 million account receivable balance noted on the balance sheet.

Mr. Kilbreth responded that the \$1.7 million is a remnant of an issue with Anthem from 2008 when the Agency transitioned to HPHC and does not represent actual funds owed to the Agency. The Agency is working with the State Controller to remove the amount from the balance sheet.

Ms. Harrington reported that State Controller's Office recently completed a seven month audit of the Agency's financials and operations. Based on the auditor's draft report there are no issues of substance to report.

Ms. Harrington began the discussion around the DirigoChoice product. In previous meetings the Agency had presented the HPHC status quo and alternate plans. The alternate plan has higher deductibles and out-of-

pockets cost than the status quo plan. The Board established the guiding principle that premium contributions be consistent with the status quo. Please refer to discussion document.

Ms. Harrington stated that there is an annual budget of about \$38 million for subsidies for the DirigoChoice product. The Agency projected that if no eligibility or plan design changes had been made the subsidy PMPM would be about \$342 and the Agency could cover about 9,200 members in FY11.

Option 1, status quo, takes into account the eligibility changes and the results of a competitive bid. The Agency believes it could cover 11,725 members under this option. The monthly Agency subsidy cost PMPM will be \$270.

Option 2, alternate plan, projects membership goes up to 12,925 with an Agency subsidy cost PMPM of \$245. This option has higher deductibles and out-of-pocket cost.

Option 3, alternate plan/modified subsidy, projects membership of 12,175 with an Agency subsidy cost PMPM of \$260.

Ms. Harrington expressed concern that the alternate plan is not competitive. If the program is to grow small group enrollment it needs to be competitive in that market.

Therefore Ms. Harrington stated that the Agency's recommendation was that the Board approve the status quo plan (Option 1), reminding the Board that an asset test will go into effect on July 1, 2010.

Board member Gagne-Holmes made a motion to accept the Agency's recommendation and Board Chair Beal seconded the motion.

The Board unanimously approved the motion.

Ms. Harrington presented to the Board a handout regarding part-time worker coverage voucher program Q & A. Please refer to handout.

Ms. Harrington added that a broker breakfast will be held on April 15th in Portland to announce the program. About 30 participants have registered for this event. The breakfast is open to brokers and insurance companies. Agency staff will do in-house presentations for those who cannot make it to the breakfast.

Ms. Harrington stated that the Agency's goal is to launch the program formally the week of April 12th. Systems are in process to receive applications with the first subsidy payments as early as May 1, 2010. The Agency assumes more people will come into the program in July and January since these are big months for employers. This program is limited, however, because the Agency thinks employers will want to sync up on their anniversary dates, the Agency has budgeted slots for each month.

Ms. Harrington presented to the Board a handout regarding key statistics of Dirigo Health since its inception of January 1, 2005. Please refer to handout titled "Dirigo at a Glance."

A Board member asked how the Agency would verify the reported assets after implementation.

Ms. Harrington responded that the assets are self-declared. The Agency will provide a form for members to complete and will perform random auditing. For income determinations the Agency requires tax returns or pay stubs.

Quality Update-Dr. Josh Cutler

Dr. Cutler reported to the Board regarding the Agency's Heart Failure and Readmission Summit held on March 30, 2010. Please refer to handout.

Dr. Charles Williams from Boston Medical Center was the key speaker at the summit.

Ms. Harrington stated that the Agency will be working on the annual report. Ms. Harrington added that the Agency is formatting a monthly newsletter.

Public Comments

There were no public comments.

Next Meeting

The next meeting will be held on Monday, May 10, 2010 beginning at 9:00 AM.

The meeting adjourned at 11:13 AM.