

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Friday, June 19, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Friday, June 19, 2009.

Dr. Robert McAfee convened the meeting at 10:08 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, Trish Riley, Anne Head, and Ellen Schneider. 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.

The Board unanimously approved the May 18, 2009 minutes.

Ms. Harrington reported that, due to passage of LD 1264, the Dirigo Health Agency has moved to amend the schedule and to dismiss the AMCS Year 5 proceedings upon notice. This motion is unopposed by the other parties.

Ms. Harrington added that because Bill Laubenstein has removed himself as the Board hearing officer the Board itself must issue a decision on the unopposed Agency motion.

A motion was made to approve the Agency AMCS motion and the motion was unanimously approved by the Board.

Dr. McAfee gave a brief summary of his AMA conference in Chicago and of President Obama's speech to the conference.

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

Ms. Riley reported that the states are divided on what the national health reform initiative will look like. In the discussion of exchanges and connectors there has been growing attention paid to Maine and Dirigo Health. Many see the Dirigo plan as an example of a public plan.

Ms. Riley added that Cindy Mann, a professor at Georgetown University and a former consultant for Dirigo, has been appointed Director of the Center for Medicaid and State Operations within CMS.

Ms. Riley reported that the 124th Legislature had concluded a successful session. The session had brought key stakeholders back to the table to rework and continue efforts around cost, quality, and access. The most notable success had been the passage of LD 1264, moving the Agency away from the SOP and on to a flat monthly payment; in addition GOHPF had tracked 85 separate bills relating to health policy in the session. Please refer to handout.

Ms. Riley reported that GOHPF had applied for a Health Resources and Services Administration (HRSA) grant to increase access to health coverage in Maine for a 5 year period. The grant presents an opportunity for up to \$75 million in funding for the State. The application was a team effort between GOHPF, the Agency, Ellen Schneider, and the Muskie School of Public Health.

The proposal for the grant is to provide part-time workers access to health coverage through a voucher program. The grant would strengthen and grow the Agency's capacity to be an Exchange in a Massachusetts like model so that the Agency can identify and provide subsidies to part-time workers who have access to their employer's credible coverage. Notably, this proposal would allow direct care workers to afford coverage. The proposal also aims to design a product for the same population who do not have access to credible coverage.

The grant proposal considers the program's sustainability. The proposal seeks funding to hire a consultant to look at a Medicaid waiver and to look at risks and other issues around shared responsibility models.

Ms. Riley added that efforts under the grant will be a highly transparent. Grant activities will be reviewed and guided by the Advisory Council of Health Systems Development and a Business Advisory Group. Dana Connors of the Maine State Chamber of Commerce has written a letter of support for the proposal and has agreed, along with Joe Bruno, to participate on the Business Advisory Group.

Ms. Riley noted that there is some tough competition for this grant. Maine's existing programs are both a strength and a liability, since they demonstrate a strong track record of achievement but limit the areas where new programs can apply. Ms. Riley added that she felt it is a strong proposal and would cover 3,500 people in the first year.

Board member Ringel asked what the timeframe of the grant is.

Ms. Riley responded that the decision announcement is due September 15, 2009. She went on to explain that the applicant is GOHPF. The Muskie School will do the program evaluation. GOHPF will oversee the sustainability work with the Business Advisory Group. The Agency will oversee the coverage activities.

Ms. Harrington added that in the proposal the Agency Board of Trustees has oversight of all of the advisory bodies and grant activities undertaken by the Agency.

Ms. Harrington stated that copies of the grant proposal would be distributed to Board members.

Ms. Harrington presented to the Board the key stakeholders and initiatives that the Agency interacts with. Please refer to handout.

Maine Quality Forum Update-Dr. Josh Cutler

Dr. Cutler updated the Board on Payment Reform activities. He reported that it not the price of healthcare, but the utilization of healthcare that drives costs. The Forum has completed a report with Health Dialog concerning ways to move costs out of the system. Please refer to handout.

Ms. Harrington added that supply sensitive care is a crosswalk to potentially avoidable care. Work done with Health Dialog will help inform the Payment Reform group to look at potentially avoidable and how to infrastructure the global budgets etc. The investment that the Agency made in the Health Dialog Report will help launch the initiative.

Ms. Harrington continued that preference sensitive care is where shared decision making may have an impact. The Agency is responsible per a resolve passed in this session to create a stakeholder group that will make a final recommendation regarding the feasibility of implementing shared decision making to the Legislature in February 2011.

Agency Update

Mr. Kilbreth reviewed the Agency May 2009 enrollment report, income statement, and balance sheet. Please refer to handouts.

Ms. Harrington reviewed Agency budget documents. She pointed out that State fiscal year 2010 is one of transition. The Agency will be stabilizing financially, pay back what was borrowed by the Agency, move out of the SOP to a flat assessment for revenue, and plan and execute a new DirigoChoice product for a July 1, 2010 effective date. In SFY 2011, the Agency estimates that it will cost \$38 million to provide subsidies to cover 10,000 DirigoChoice members. Please refer to handout.

Ms. Harrington reviewed the product redesign schedule. The Board must make decisions regarding design for a new DirigoChoice product by September 1, 2009 so that the Agency can issue an RFP by October 1, 2009. It is critically important that the Agency meet these dates because the current contract with Harvard Pilgrim Health Care expires on June 30, 2010. The Agency must enter a new contract with HPHC or a new carrier by January 1, 2010. Please refer to handout.

Ms. Harrington added that the Board may want to hear public feedback concerning the redesign of the DirigoChoice product. She suggested having public sessions in Portland, Augusta, and Bangor. The Board discussed and decided that given the time constraints a survey was a more effective approach.

Ms. Harrington added that LD 1264 requires the Board to develop more affordable products and procedures that can reach uninsured and underinsured residents of the State to reduce uncompensated care. That level of specificity was not provided in the original legislation. The law also requires the Board to:

- use subsidies to maximize federal initiatives, including Medicaid and any national health reform
- determine the impact of asset tests on determining eligibility
- consider offering a voucher-based program
- redesign the DirigoChoice product or products

The Board must report to the Joint Standing Committee on Insurance and Financial Services regarding changes it implements to the Dirigo Health Program by January 1, 2010. Ms. Harrington stated that she will provide an interim progress report to the IFS Committee. Please refer to handout.

Dr. McAfee suggested a meeting on Tuesday, July 21st at 9:00 AM to discuss proposals from DHA. Another meeting will be held on Tuesday, July 28th at 9:00 AM for DHA to come back with revisions to the original proposals.

Ms. Harrington stated that they will suspend other Board activity for the July meetings other than critical items.

Ms. Harrington committed to sending a draft of the survey questions to the Board by Wednesday, June 24th for their comments. The survey will be sent to current DirigoChoice employers and subscribers, termed/former employers and subscribers, interested parties and Legislators.

Dr. McAfee stated that a Board meeting will also be needed to be in August. The group decided on Monday, August 17th at 9:00 AM.

Ms. Harrington referred to handout from the Bureau of Insurance. The handout reports the BOI's estimates of the State's insured population: Medicare population, military beneficiaries, MaineCare population, and

enrollment in private health insurance. The handout includes estimates for July 1, 2007 and December 31, 2007. The source of the information is also included. Please refer to handout.

Ms. Harrington stated that there are roughly about 118,000 people in Maine who are uninsured. Of these 118,000, about 102,000 are adults. 69% of these adults have income below 300% of poverty. 71% of the 16,000 uninsured children live in families with income below 300% of poverty. Ms. Harrington stated that 82,000 of the currently uninsured have household incomes below 300% of poverty. The median household income in the State of Maine is \$43,000.00.

Approximately 75% of the uninsured adults work. They work in a combination of large and small businesses: 70% are working for employers considered small group. 46% are working as part-time or seasonally employed.

Ms. Harrington asked the Board if it is the goal of Dirigo to cover fewer people but to have a more comprehensive set of benefits or to cover more people and potentially have a less comprehensive set of benefits.

Ms. Harrington stated that there is \$38 million in SFY 2011 to provide subsidy and if nothing changes the Agency estimates that amount can cover up to 10,000 members.

She further reported that there are about 3,000 people on the Agency waiting list. There are about 12,000 people on the Medicaid waiting list.

Board member Gagne Holmes stated that the wait list for Medicaid has gone down from 12,000.

Ms. Harrington will confirm that number for the Board.

Ms. Harrington stated that the Agency's deepest subsidy group, Group B, is made up of members who have household incomes under 150% of FPL. 53% of total membership falls in this category. The average income for this category is \$8,100.00 and 79% of the Agency's subsidy goes to these members. The average PMPM is \$556.00 and on average the Agency is paying \$431.00. Please refer to handout for information on Group C, D, and E.

Ms. Harrington went on to say that overall the Agency spends:

- 66.16% on Individuals
- 23.53% on Sole Proprietors
- 10.33% on Small Groups

The Board discussed the merits of an asset test. Ms. Harrington stated that at the next meeting the Agency would propose an asset test methodology. Ms. Harrington noted that the methodology would be the same as the proposal the Agency had brought before the board previously.

Ms. Harrington stated that discussion of Dirigo and national reform has focused on the uninsured, but that LD 1264 also included the underinsured. She asked the Board if the program should target solely the uninsured or continue to include the uninsured plus the underinsured.

Ms. Harrington presented to the Board a Harvard Pilgrim Quick Reference Guide by Service and Product. Please refer to handout.

Board member Bruno expressed his concern over the double digit increases to health insurance premiums. These increases make coverage unaffordable to many without a subsidy.

Ms. Harrington stated that the State of Maine Employee Health Plan will have a 10% increase in July. DirigoChoice Small Groups will have a 6% increase. Sole Proprietors and Individuals will have a 10% increase. DirigoChoice increases are consistent with the rate of growth in the market.

Ms. Harrington stated that LD 1264 requires the Board look at vouchers. Voucher program considerations are:

- How much the voucher is
- Income levels
- What the product needs to include
- Subsidy algorithm

Ms. Harrington believes discussions at the federal level are about both products and voucher programs.

Board member Gagne Holmes expressed her concern about voucher programs. She suggested that the voucher can be used only for certain services or groups of people.

Ms. Harrington added that if awarded the federal grant the Agency would pursue a voucher program for part-time/seasonal workers and move forward with DirigoChoice as a non-voucher type program.

Public Comments

Gordon Smith of the Maine Medical Association stated that the discussion of transition had been positive. If the Dirigo program is going to continue on a national level stakeholders have to let people know that Dirigo is in a transition and that the Board and Agency are prepared to go in different directions.

He noted that Maine and Massachusetts need to be prepared to defend themselves.

Mr. Smith stated that the AMA's position relative to reform had been misrepresented. One cannot talk about whether one is for or against a public option without knowing the details of the public option. A survey of 600 physicians done in December 2008 showed that 53% were for a single payer option.

Mr. Smith said he would get the results of the survey and send to Ms. Harrington and it is also on the AMA website.

Next Meetings

Tuesday, July 21, 2009 at 9:00 AM

Tuesday, July 28, 2009 at 9:00 AM

Monday, August 17, 2009 at 9:00 AM