

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Tuesday, July 21, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Tuesday, July 21, 2009.

Dr. Robert McAfee 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: Dr. Edward David, Jonathan Beal, Sara Gagne Holmes, Joseph Bruno, Mary Anne Turowski, Marianne Ringel, David Lemoine, and Ellen Schneiter. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency.

Dr. McAfee informed the group that with the passage of LD 1264, the purpose of the Board meeting was to consider possible changes to the DirigoChoice product and procedures. This includes but is not limited to how to maximize federal initiatives and programs, the possibility of an asset test and voucher program.

Dr. McAfee reviewed the AMA's Board of Directors position as it relates to a public option. He added that there is some opposition with the AMA membership with the Boards position. "These are interesting times as the debate continues nationally and locally".

DirigoChoice-Re design

Karynlee Harrington introduced Bela Gorman of Gorman Actuarial. Bela is assisting the Agency with the actuarial work associated with the modeling of various options specific to the DirigoChoice product and its redesign. Bela is a Fellow of the Society of Actuaries as well as a member of the American Academy of Actuaries. Ms. Gorman has worked with Massachusetts, Rhode Island, New York, and Wisconsin on their health care reform initiatives. Prior to starting her own actuarial consulting firm she was the Director of Actuarial Services for Harvard Pilgrim Health Care.

Ms. Harrington outlined the goals of the meeting as follows:

- Level set specific to the implications of status quo in SFY11
- Review in detail the document labeled "Options for Dirigo Board of Trustees Consideration" and the supporting documentation;
- Document Boards reaction to the options and
- Document Boards alternative scenarios that staff will model out for next meeting

In an effort to understand some of the implications of the initial health care reform proposals that are being discussed nationally and how they may impact or help inform the task before the Board regarding the DirigoChoice product, Ms. Harrington referred the Board to the summary of the health care proposals prepared by the House Committees on Ways and Means; Energy and Commerce and Education and Labor, to provide affordable healthcare for all Americans. Refer to handout.

Ms. Harrington referred the Board back to the handout labeled Reforecasted DHA revenue and expenses for SFY 2010 and 2011 and made the following points:

- SFY10 is a transition year for the Agency where the SOP has been eliminated and replaced with a flat assessment. This allows us to move away from the cash flow problems created by the SOP, pay back the advance in full and implement the new funding mechanism;
- DirigoChoice remains capped in SFY 2010 in order to address the payback.
- In SFY 2011 the Agency plans on re-opening the program.
- In SFY11 There will be approx. \$38 million dollars to provide subsidies for up to 10,000 DirigoChoice members assuming the DirigoChoice product does not change. .

Ms. Harrington asked the Board to consider the question asked at the last board meeting “what are we trying to achieve?” Do we want to maintain 10,000 members with a very comprehensive set of benefits or modestly grow the program by throttling back on the benefits? This is an important question to answer as it will help guide future designs.

Ms. Harrington reminded the Board of the requirements in Public Law 359 specific to Changes to Dirigo Health. The Dirigo Board of Trustees is required to develop more affordable products and procedures, maximize federal initiatives, and look at an asset test and a voucher program. Refer to handout.

The Board decided at the last meeting to test the voucher program through the Grant (if awarded).

Ms. Harrington reviewed in detail the document labeled “Options for Dirigo Board of Trustees Consideration.” Which starts with a summary of the survey (that was sent out to current employers and subscribers, termed/former employers and subscribers, and interested parties and legislators) results. Refer to document.

The coverage options presented in the document are summarized below:

- **Status Quo:** No changes to existing DirigoChoice medical benefits or subsidy structure.
- **Deductible Subsidy Plan with HSA Option:** A plan with similar core benefits to DirigoChoice, but where the Agency would use subsidy to primarily pay for members’ medical claims (at certain levels) as opposed to subsidizing premiums.
- **Maximum Benefit Plan:** A plan with similar core benefits to DirigoChoice, but that included increased member cost sharing and a maximum on total annual insurance coverage.
- **Reinsurance:** A plan with similar core benefits to DirigoChoice, but where the Agency would pay 90% of claims between \$5,000 and \$75,000. The Agency would provide no premium subsidy.
- **Public Plan:** A plan with similar core benefits to DirigoChoice, but where the Agency would partner with DHHS to provide claims processing and payment services and to negotiate reimbursement with providers.

Additional documents provided in the Boards packets include letters from Anthem, Consumers for Affordable HealthCare and the Maine Medical Association regarding the DirigoChoice survey.

Board asked staff to consider a number of variations to the options above. Staff will work through the revisions and present at the next meeting.

Public Comments:

Joe Ditre asked the Board if there is any consideration to expand group size from small group to groups up to 100 employees? Ms. Harrington responded that if awarded the Grant the target is large employers.

Dr. McAfee convened the meeting at 12:48 PM.

