

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Tuesday, July 28, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Tuesday, July 28, 2009.

Dr. Robert McAfee convened the meeting at 9:00 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, Mary McAleney, Anne Head, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency, and via conference call, Bela Gorman of Gorman Actuarial.

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

Trish Riley described Senator Snowe as being very engaged in the national health care reform debate and stated that Maine was fortunate to have her leadership in Congress. Additionally it was reported that Senator Collins was quoted in the New York Times expressing her concern about Dirigo as a public plan. Mitch McConnell made negative comments about Dirigo on the floor of the Senate. Senator Collins office assured Ms. Riley that those comments did not come from her but rather from Mr. McConnell after reading an article in the Bangor Daily News.

Ms. Riley stated that her office has clarified for both Senators that Dirigo is not a public plan but is a small plan that has a small market share that is run by a private insurance company. While it is publicly established and created, it is not fair to say it is a public plan.

Ms. Riley added that she was invited to attend a meeting with Atul Gwande, Elliott Fischer, Don Berwick and others in Washington to talk about what it takes to get high quality low costs. The Maine team included Peter Bates-MMC, Bill Caron-Maine Health, David Howe's-Martins Point and Elizabeth Mitchell-Maine Health Management Coalition. Discussion was constructive.

A national health care bill most likely will include some sort of state or regional exchange or gateway, requirements on small group and individual segments consistent with Maine's regulations.

Ms. Riley informed the Board that there will be an Advisory Council on Health Systems Development meeting on August 28th from 9-12 at the Augusta Civic Center. Agenda: "An Introduction to Payment Reform: Issues and Options". In September there will be a meeting on Maine payment reform. On October 8th, in Portland, there will be a summit on payment reform co-sponsored with Maine Health Management. Ms. Riley will send out the meeting information.

Dirigo Health Agency-Karynlee Harrington

Ms. Harrington summarized the objective of the meeting as follows:

- Review key issues and options discussed at last meeting regarding DirigoChoice redesign
- Address outstanding questions Board members raised at last meeting and in subsequent e-mails.
- Review revised options

- Begin to make decisions specific to eligibility recommendations and construct options for plan design for Request for Proposal.

Before Ms. Harrington started with DirigoChoice she noted the following in follow up to Ms. Riley's comments regarding payment reform. The Agency continues to work with Health Dialog on cost/quality analysis to help inform the payment reform initiatives. The Agency has drafted a Memorandum of Understanding with the Maine Health Management Coalition specific to payment reform analysis.

Ms. Harrington highlighted some of the key points from last week's meeting all detailed in the "Options for the Dirigo Board of Trustees Consideration" document dated July 21, 2009:

- Survey results
 - Survey received 15% return rate
 - Premium affordability is most important to respondents
 - Premium costs are the greatest area of concern
 - 59% want lower premiums, 17% want lower deductibles, and 24% want both
 - 645 respondents would accept higher co-pays to make more affordable vs. 64 respondents willing to lower the benefits
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- The Agency proposed
 - asset test options
 - Medicaid Proof of Denial
 - Medicare eligibility changes
 - including Social Security as income
- The Agency estimates the above eligibility changes would generate approximately \$4-\$5 million in cost savings over a 12 month period.
- Redesign options

The estimated eligibility savings include:

- 10% of group B would move to Medicaid and 20% of group B would go to group C with the asset test.
- Eliminate subsidy for the 274 people enrolled in DirigoChoice and eligible for Medicare

Ms. Harrington reviewed with the Board the document labeled Revised DirigoChoice options, July 28, 2009. Please refer to handout.

Ms. Harrington reviewed the maximum benefit option. The revised version asked for by the Board includes a maximum benefit of \$150,000 and \$200,000. Refer to document.

Ms. Harrington stated that the maximum benefit does not drive the real reduction in premium. The deductible is what drives the real reduction in premium. A \$50,000 maximum benefit reduces your rate by about 12% and \$100,000 maximum benefit by about 7%.

A document was passed out showing the impact of premium decreases as it relates to member growth. Refer to document.

Ms. Harrington continued that to grow the program to 20,000 members the premium would have to be reduced by 39% and to grow the program by 30% the premiums would have to be reduced by 13%.

Ms. Harrington reported that under HPHC the product is priced at a 90% loss ratio with \$0.90 of each dollar going towards claims and \$0.10 towards the administrations with ½% built in for profit.

Ms. Harrington responded that Ellen Schneider looked into the spend-down and her response was that it was unable to be done.

Ms. Riley stated that another issue is that for a significant number of members they are ineligible for uncompensated care costs would it be a possibility to share with hospitals. The Agency would cover for catastrophic and the hospitals would continue to cover a lower cost. This would need to be built around a medical home type model.

Ms. Harrington responded that there have been very preliminary discussions with a health system specific to possible risk sharing or a different type of reimbursement models.

Board member Bruno stated he likes the \$100,000 max, scenario 2 plan because it has affordable premiums and it will bring more people into the plan and the out-of-pocket is reasonable.

Ms. Harrington stated that the RFP can include multiple scenarios.

Ms. Harrington suggested that one approach to the RFP might be that the Board give the Agency a membership growth target along with guiding principles, staff will translate that target into an estimated pmpm and then allow the bidders to build the plan design.

Board member asked when the Agency will need decisions from the Board.

Ms. Harrington responded that the Agency can be flexible if the Board needs more time. The RFP will need to be out by October 1, 2009. This will require the Board to provide the Agency with final direction by the end of August or the first of September. Multiple scenarios can be placed in the RFP.

Public Comments

Senator Peter Mills suggested that with the option with a \$100,000 maximum perhaps there is an opportunity to allow the member to buy a rider for services beyond the maximum.

Next Meeting

Monday, August 17, 2009 at 9:00 AM

