

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Monday, August 17, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Monday, August 17, 2009.

Dr. Robert McAfee convened the meeting at 9:10 AM in the Dirigo Health Agency Boardroom located at 211 Water Street in Augusta.

Other Board members in attendance: Dr. Edward David, Sara Gagne Holmes, Joseph Bruno, Mary Anne Turowski, Marianne Ringel, Mary McAleney, David Lemoine, Anne Head, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency and Bela Gorman of Gorman Actuarials.

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

Ms. Riley reported that she, Dr. McAfee, and Ms. Harrington attended the President's Healthcare Forum in New Hampshire last week. She felt that while the meeting was quite contentious it was also very informative.

Ms. Riley then reported that Governor Baldacci has been actively involved with the National Governor's Association. The Association is discussing Medicaid and health reform financing.

Ms. Riley discussed the ongoing activities of the payment reform workgroup. At the August 28th ACHSD meeting Cathy Schoen from the Commonwealth Fund, Sara Iseman from the Commonwealth of Massachusetts, and David Wennberg from Health Dialog will be on a presenting panel. Jonathan Bloom, Director of Medicaid Management, will also participate.

Ms. Riley stated that the Senate Minority Leader had nominated a candidate for the Board of Trustees. The nominee is former State Representative Gary Reed from Falmouth. The Governor will wait until January to post Mr. Reed's nomination since he is the only nominee at this time.

DirigoChoice Redesign-Karynlee Harrington

Ms. Harrington informed the Board that their meeting had not been placed on the Legislative Calendar due to an error at the legislative office. The office will add a notice to their page announcing the meeting and taking responsibility for the error.

Ms. Harrington stated that if meetings extend over 2 hours the Agency can purchase parking passes for the Board members at a cost of \$2.50 each.

Ms. Harrington presented the handout titled "Discussion Document, Dirigo Board of Trustees, August 17, 2009."

Ms. Harrington stated that as of July 28, 2009 the Board had considered using the Agency's 2006 proposed asset test. The asset test is on a sliding scale, excludes retirement and educational accounts, and is based on self declaration with an audit. The Board had also approved eligibility changes such that without proof of Medicaid denial, the greatest premium subsidy an applicant is eligible for is 60%. Please refer to page 1 of handout.

The Board unanimously accepted the asset test.

Ms. Harrington recommended that the DirigoChoice subsidy not be available to Medicare eligible members as of the first of the month the member is eligible for Medicare effective October 1, 2009. The Agency would notify all potentially affected DirigoChoice members of the pending changes relating to Medicare eligibility by August 24, 2009. Please refer to handout page 9.

There are DirigoChoice members who are currently on DirigoChoice and have Medicare (parts A, B, D). Their subsidies would end October 31, 2009. There are members that are currently on Medicare (parts A and B but not D). The Agency suggests that because these members have credible coverage allowing the member to enroll in part D outside the general open enrollment period that their subsidies would also end October 31, 2009.

Board member Bruno asked: if the enrollment period for part D is November 15th-December 31st, would money really be saved starting October 31st?

Ms. Harrington responded that implementing in October as opposed to January would not represent a large savings.

Ms. Harrington clarified that Board member Bruno was suggesting the Agency hold off making the transition for members who needed to enroll in part D in October. Instead, the Agency would let the members go through the normal enrollment process for part D and the discount changes would be effective January 1, 2010. Ms. Harrington reiterated that this change did not represent a significant amount of money from a savings standpoint.

Those members over 65 who are not on Medicare part B must enroll in Medicare part B during the general enrollment period (January 1, 2010-March 31, 2010). Their coverage would begin July 1, 2010. DirigoChoice subsidies would end June 30, 2010.

The Agency would notify those members who are turning (or turned) 65 between July 1, 2009 and June 30, 2010 that they are eligible to enroll in Medicare 3 months prior to their birth date through 3 months after their birth date. Subsidies will no longer be available to them from the 1st of the month following their birth date.

Those people who are not eligible for Medicare because of not having enough working credits will remain eligible for subsidies if they meet the other criteria.

The Board unanimously approved these eligibility changes, including Board member Bruno's suggested change relative to those members requiring part D being effective January 2010.

Board member David asked what part of DirigoChoice the Agency was subsidizing for members with coverage from Medicare parts A, B, C, or D.

Ms. Harrington responded that if a member has Medicare part B then Medicare is primary and the HPHC/DirigoChoice product is secondary. Those members are using DirigoChoice as a supplement for the prescription drug benefit. Members that have don't have Medicare part B but do have part A use DirigoChoice for the physician network and other gaps that part A does not cover.

Ms. Harrington assured the Board that the Agency will be working very closely with the members when transitioning them to Medicare.

Dr. McAfee asked about the status of Medicare part C.

Ms. Riley responded that the President is targeting to take \$113 billion over 10 years away from Medicare Advantage to pay for health reform.

Ms. Harrington added that HPHC has a Medicare Advantage plan for Maine but it is not statewide. The Agency will serve as a connector to let people know what is in the market but HPHC administers the program.

Ms. Harrington stated that it is her understanding that the Board has agreed to count Social Security as income in the Agency's income determination. The Agency recommends that this change be effective October 1, 2009 (as accounts renew). Please refer to page 2 of handout.

The Board unanimously approved to count Social Security as income.

Ms. Harrington stated that they have been looking at eligibility relative to prior insurance status, whether they are underinsured or uninsured prior to Dirigo. In the current law there is nothing that specifies that the program is limited to uninsured. The program specifies that the Agency will provide subsidies to people under 200% of poverty but there is nothing that states limiting to people that are uninsured.

Ms. Harrington asked if the program should be restricted to people that are uninsured.

Board member David asked what the definition of underinsured was in Maine.

Ms. Harrington responded that the Commonwealth definition is people under 300% of poverty where more than 5% of their income goes towards health care. In the Maine that definition would apply to a significant portion of the state. Commonwealth had worked with the Agency and suggested it was probably more reasonable for Maine to set the threshold at 200% below poverty with 5% of income going towards health care.

Ms. Harrington stated that the Agency's ending membership for 2009 was higher than anticipated. The Agency had initially anticipated ending SFY10 with around 5,500 members. The Agency now expects that number to be higher. Ms. Harrington reminded the Board that under the current budget with no program changes then in SFY11 the program can cover up to 10,000 members. Of these, approximately 7,000 would be current members. Roughly 60% will be underinsured and 40% will be uninsured.

Board member Lemoine asked if the program were limited to the uninsured would the requirement force people to drop their current insurance in order to qualify for the program.

Ms. Harrington stated that such dropping is a concern. Historically, the Agency has counted the uninsured as those who did not have coverage at any point in the past 12 months.

Ms. Harrington noted that in Maine there are 118,000 people that are considered uninsured and of these 118,000 people 80% are under 200% of poverty and 80% are working. Under the current Board definition of underinsured there are hundreds of thousands of people that qualify. Unfortunately, it is impossible to cover all the people in Maine that need help with only the \$38 million that the Agency receives each year for subsidies.

Ms. Harrington added that the average household income of Dirigo members is just under \$17,000.00 a year.

Board member Bruno expressed that he feels Dirigo should be solely for the uninsured.

Board member David expressed that he feels Dirigo should subsidize the uninsured and if there is more money then the underinsured could be subsidized.

Ms. Harrington suggested that the Agency put together an overview of the uninsured and underinsured to clarify definitions and come back with some proposals regarding definitions for the next meeting.

Ms. Harrington referred to page 3 of the handout. This page refers to designs to lower costs and increase membership. There are 8 options with the categories of maximum annual benefit, deductible/coinsurance, benefit structure, Rx benefit, actuarial value, estimated premium savings, estimated membership projection, and growth over status quo.

Ms. Harrington suggested using a similar strategy as Massachusetts and put in the RFP a target premium per member/per month cost and outline some guiding principles around the PMPM and let the market come back with figures.

The Agency would like to accomplish 2 things:

- ❖ Hold premiums consistent for members with what they pay today
- ❖ Explore the creativity of the industry

Ms. Harrington stated they would put guiding principles in the RFP and add a status quo proposal. The Agency's goal is to award a contract by December 31, 2009.

Board member Lemoine asked if the process would establish a clear winner and/or loser.

Ms. Harrington responded that the Agency had been working with Purchases to develop a scoring metric and the Agency will score each response on the value the bidder brings to the state.

Dr. McAfee asked Dr. Cutler his opinion on the guiding principles relating to quality.

Dr. Cutler responded that principles 4, 5, and 6 all relate to quality. Principle 4 (Reduce over-use and under-use of health care) relates to the work the Forum is doing with payment reform. Number 5 (Adhere to evidence-based best practices) is astigmatic (axiomatic), and number 6 (Do not pay for "never" events), in fact, goes beyond what CMS has implemented for Medicare.

Dr. Cutler went on to report that the Legislature has expanded the list of reportable events around regulatory licensing issues but not around reimbursement.

Ms. Harrington requested that the Board authorize Ms. Harrington to submit a RFP to the market for asking rates and plans for 2 options:

- ❖ Status quo
- ❖ A plan based on a target PMPM that would grow the DirigoChoice program membership between 30%-40% based on the guiding principles established by the Board.

Ms. Harrington stated that she would return to the Board with more information around the potential uninsured and underinsured and with recommendations around scoring criteria the RFP. The sales distribution language will also be presented at the next meeting.

The Board unanimously approved giving Ms. Harrington the authority she had requested.

Next Meeting

The next meeting will be held on Monday, September 14, 2009 at 9:00 AM.

Public Comments

There were no public comments.

Meeting was adjourned at 11:01 AM.