

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Friday, October 30, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Friday, October 30, 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: Jonathan Beal, Sara Gagne Holmes, Joseph Bruno, Mary McAleney, Ellen Schneider, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency and William Kilbreth, Deputy Director of the Dirigo Health Agency.

The Board went into Executive Session pursuant to MRSA Title 1, Section 405, Paragraph 6, Sub-paragraph E to discuss pending litigation with their attorney.

The Board came out of executive session at 9:54 AM. The Board took no action from Executive Session.

William Laubenstein stated that the Maine Superior Court overturned the Superintendent of Insurance's decision on AMCS Year 4. The Board is now required to hold a new proceeding. The Agency will need to file a new report on Tuesday, November 3, 2009. The hearing will be held on December 16, 2009.

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

Ms. Riley reported that the Payment Reform Subcommittee must report to the Legislature by January 2010 with recommendations on how to pay for healthcare and how the state can achieve efficiencies and effectiveness and support more primary care. There have been 3 summits. There is a meeting on October 30, 2009 with MHDO and physicians to explore data issues. Ms. Riley expects the Subcommittee to provide its recommendation to the Legislature in January. That recommendation will establish frameworks for a series of pilot projects through the Bureau of Insurance.

Ms. Riley noted the State Health Plan is due in April. However, due to national reform and the work on payment reform, the Governor's Office is going to recommend the Council delay the Plan until June 2010.

Ms. Riley added that, even in the context of the requested delay, the Quality Forum has begun important work has begun on the State Health Plan using the Cost Driver Study to identify potentially avoidable hospitalizations district by district.

Ms. Riley reported that the Business Advisory Group for the HRSA Grant met.

Ms. Riley stated that the Legislature passed a Resolve requiring the Maine Health Data Organization and the Governor's Office of Health Policy and Finance to create a workgroup to examine hospital costs. GOHPF, MHA, MHDO, DHHS (MaineCare), and Senator Marrache held an organizational meeting in early October. This group will expand to include consumer representatives and others.

As a result of the Dirigo reform and the work of the Hospital Study Commission there is now a template for regular hospital reporting. In addition, by federal law, hospitals now have to complete a standard tax file that includes salaries of highest paid workers and health cost data.

Senator Marrache is particularly interested in hospital systems, as opposed to individual hospitals, and understanding how money transfers between individual hospitals and their associated systems.

The report from this group is due in January 2010.

Ms. Riley stated that she spent some time in Washington DC with Senators Snow and Collins. Senator Snowe has proposed that she will accept the public plan but only as a fallback. The Senate Majority Leader, Senator Reid, has moved forward with a public option. Both Senators are concerned about the affordability of health care.

Ms. Riley added that even if a national plan passes by December the projected implementation period is long. Changes will not go into effect until 2013 or 2014. Some proposed provisions provide start up funds immediately, for example, tax breaks for small businesses and funds for states with high risk pools.

Ms. Riley reported that these provisions would not significantly help Maine. She discussed with the Senators the need to provide additional money to Dirigo to fund subsidies until the national reforms take effect.

Dirigo Health Agency Update

Ms. Harrington presented to the Board a comparison of the subsidies in the Senate Finance Committee bill to those in DirigoChoice. Please refer to handout.

Ms. Harrington reported that the Agency issued the DirigoChoice RFP. To date the Agency has received intent to bid forms from multiple carriers. Proposals are due November 16, 2009.

Ms. Harrington presented to the Board a memo from the Acting State Controller to the Joint Standing Committee on Appropriations and Financial Affairs regarding the Dirigo Health enterprise fund cash position. The Controller's report is required by Public Law 2009 Chapter 213, Section KK-2. Please refer to handout.

Ms. Harrington added that the AFA Committee is monitoring the Agency's cash position. The law requires the Agency to pay back on a periodic basis, beginning no later than April 2010, the \$25 million transferred to the Agency by the state. Ms. Harrington mentioned that one area the Agency is watching closely is membership: DirigoChoice ended FY09 with 12% more members than the Agency had anticipated. The Agency will reforecast its projected cash balance after receiving two months of access payments. The Board had recently approved eligibility changes that should have a positive net effect on the Agency's financial position.

Ms. Harrington shared with the Board complaints from members and individuals relative to the eligibility changes.

Board member Bruno noted his employees had recently experienced a 35% rate increase and pointed out that health care cost increases were affecting everybody in the state.

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

Ms. Harrington referred to a recent statement from the Maine Heritage Policy Center to the effect that the DirigoChoice program encourages members to cycle on and off and that the program experiences adverse selection. Ms. Harrington clarified that there is no evidence that the program is experiencing adverse selection. Further, the program experiences 92% retention, and if a member terminates off DirigoChoice he/she is not eligible for a subsidy for a 12 month time period.

Ms. Harrington presented to the Board the memo she had sent to the Joint Standing Committees on Insurance and Financial Services, Appropriations and Financial Affairs, and Health and Human Services on the DirigoChoice eligibility changes approved by the Board. Please refer to handout.

Ms. Harrington presented to the Board the agendas for the Business Advisory Group and Shared Decision Making Workgroup. Please refer to handouts.

Ms. Harrington added that Business Advisory Group has agreed to adopt the Agency's definition of income, asset testing, and uninsured.

Ms. Harrington reported that the Agency has released marketing and actuarial RFPs to support HRSA Grant activities. A number of marketing and actuarial firms have sent questions. Proposals are due November 16, 2009. Ms. Harrington clarified that the marketing proposals outlined more of social marketing campaign than a traditional marketing approach.

Public Comments

There were no public comments.

Next Meeting

The next meeting is tentatively scheduled for Monday, November 16, 2009 beginning at 1:00 PM.