

Dirigo Health Agency
Board of Directors Meeting
Minutes

May 2, 2005

The Dirigo Health Agency Board of Directors held a meeting on Monday, May 2, 2005 to discuss the Dirigo Health Savings Offset Payment. Dr. Robert McAfee, Chair, convened the meeting at approximately 1:30PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Carl Leinonen, Trish Riley, Mary Henderson and Charlene Rydell (joined via telephone). Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency and Kirsten Figueroa, Fiscal Operations Director for the Dirigo Health Agency.

Primary purpose of meeting is presentation of methodology and assessment strategies for the Savings Offset Payment (SOP) by Karynlee Harrington, Executive Director of Dirigo Health Agency and Trish Riley, Director of the Governor's Office of Health Policy and Finance.

Ms. Riley summarized history of SOP and assessment/savings methodology efforts:

- The savings offset payment is the ongoing funding mechanism of the Dirigo Health Agency. The SOP has 2 components: an assessment of up to 4% of gross premium revenues on fully insured and an assessment on employers that self insure through third party administrators.
- The assessment cannot be more than those system savings attributable to Dirigo initiatives.
- A SOP work session was held April 15, 2005 with self-insured employers, health insurance carriers, third party administrators, and other interested parties. To date DHA has received written feedback from one entity.

Ms. Harrington clarified that a decision must be reached in the very near future regarding the assessment methodology for third party administrators; language change to Chapter 469 must be submitted to and approved by the Board and then forwarded to and approved by the Legislature. She emphasized that there remains time in the process to continue dialogue around the other components: savings methodology and amount, as well as assessment amount and timeline.

Ms. Riley and Ms. Harrington then walked through 45 slide PowerPoint presentation (See attached).

There was discussion about the presentation and then numerous comments and questions from the Public and the Board, including:

- Calculate savings as a result of preventive care coverage and quality initiatives?

- What about savings from the underinsured? \$87 per member per month estimate for bad debt/charity care cost shift avoidance seems low.
- Need to include the group that would have been uninsured if DirigoChoice weren't an option.
- How to flow savings that are in system through to the premium payors.
- What about transparency of the negotiations between providers and carriers?
- What about making assessment on fully insured based on paid claims as is suggested for third party administrators?
- Concerns that savings measurement methodology may double count.
- Need for clarification around technical issues of assessment.
- Timeline for various SOP decisions.
- That the methodology be clear, understandable, and credible, and that there be a balance and equity.
- Applying inflation factors to each measure.

Dr. McAfee acknowledged the progress to date, the concerns and outstanding issues, and indicated that the staff would continue to work to address satisfactorily the specifics as the SOP process continues to unfold.

Other Business:

Ms. Harrington addressed public notice of Dirigo Board meetings. She stated that the process will now be that interested parties are notified by email the same day as the Legislative Calendar and the websites are updated, which is the Tuesday prior to the scheduled meeting.

Ms. Harrington informed the Board that the 4,400 cap on sole proprietors and individuals will likely be reached by June 1 effective date. Ms. Harrington indicated that she would like to converse with Anthem about increasing the cap, noting that she feels a cap is still necessary for all the same reasons it was originally put in place. The Board authorized unanimously (Carl Leinonen moved, Mary Henderson second) that Ms. Harrington could initiate conversation with Anthem about increasing the cap.

The next Board meeting will be May 9, 2005 at 1pm at the Dirigo Health Agency, 211 Water Street, Augusta.

There were no other matters discussed, and there were no other questions or comments from the public. Dr. McAfee motioned, the Board seconded and voted to adjourn at approximately 3:00.

