

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Monday, May 18, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Monday, May 18, 2009.

Dr. Robert McAfee convened the meeting at 10:05 AM in the Dirigo Health Agency Board room located at 211 Water Street in Augusta.

Other Board members in attendance: Jonathan Beal, Edward David, Mary McAleney, Joseph Bruno, Sara Gagne Holmes, Marianne Ringel, Trish Riley, and Anne Head. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency, Dr. Josh Cutler, Director of the Maine Quality Forum, and William Laubenstein of the Attorney General's Office.

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 reconvened at 10:30 AM. The Board took no action from Executive Session.

The Board unanimously approved the April 13, 2009 minutes with the following correction:

The 15th paragraph on page one should read "The Board agreed that it would be appropriate for the Chair to convey the Board's opinion to the Committee."

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

Ms. Riley reported that on the National level they are proposing market reforms nationally in the small groups, micro groups, and individual markets. It would require guarantee issue and a bigger pool and creates a national exchange. It would create a series of tax cuts that are on a sliding scale to 400% of poverty.

There is a debate about a public option within the exchange. The Democrats feel strongly there should be a public option but others feel it should be subject to same regulations as the private sector in order to create a level playing field for everyone. This proposal creates four benefit options and assigns actuarial equivalence to each option. The subsidy level is based on the actuarial equivalence.

Ms. Riley added that in the Medicaid reform they require states to cover pregnant women, children, and parents up to 150% of federal poverty level, which Maine already does. They would eliminate income disregards which Maine uses and would require states to bring their Medicaid rates up to Medicare or 80% of Medicare. It is unclear of how they want Medicaid to be treated in the Exchange.

The Children's Health Insurance Program will continue and brings eligibility up to 275% and in 2013 when the Exchange goes into effect they will require Medicaid benefits to wrap around with other benefits. Proposals specific to Medicaid are disappointing on a number of levels primarily with the continued complexity and fragmentation.

There is a considerable commitment to quality in both the Medicaid and Medicare programs. This proposal:

- increases transparency requirements
- changes the formula of federal participation by requiring a standardized federal match.
- changes the formula by which states receive their federal participation to include both the per capita income test and poverty rate test, which may help Maine.
- phases out the two year waiting period for disability (Medicare).

- requires an individual mandate meaning everyone would have to have insurance. Unclear with whether there will be an employer mandate.
- changes the requirements for homecare so it will be easier to get homecare and they have increased the federal match my 1%.

Much of the discussion is behind closed doors at this point. Senator Snowe is very engaged in the discussions.

Ms. Riley noted that the exchange is primarily for the private sector and that each state would continue to regulate locally the federal laws. Medicaid and the role of the exchange is still in question.

Ms. Riley reported that on the state level the budget deliberations have been interesting and challenging. The laid off worker program was eliminated from the budget when the latest revenue forecast was released. Appropriations approved the \$500,000.00 for the Patient Centered Medical Home demonstration, funding for scholarships for medical schools and funding for HealthInfoNet. Until the budget is finalized nothing is final.

LD 1264: Is out of committee with a divided report and a vote of 9-4. The republicans on the committee want funding for the program to come from the general fund and propose a phase in period and they want the Board to implement an asset test. The final language was reviewed on Friday, May 15, 2009 and it should be on the floor the week of May 18, 2009.

LD 1444: Is Senator Bartlett's bill to do payment reform. This bill was significantly changed through the process. It requires some transparencies with posting data on both the MHDO and MQF web sites to make sure cost and quality data is available to the public. Additionally, the bill requires ACHSD to take on the issue of payment reform.

LD 1363: Is the bill to create a new public health infrastructure with the eight health districts and creates a statewide universal wellness program. This bill passed unanimously within the committee.

Sentinel event: This bill strengthens Maine's medical error reporting requirements and aligns the requirements with the National Quality Forum. There were related bills around HAI that were negotiated with the Maine Hospital Association. To date, none of these bills have been on the floor but they have solid unanimous committee support.

LD 1358: Is Senator Peter Mills' bill to implement shared decision making. The committee felt that this bill was not ready for implementation but instead has asked the Agency to look at shared decision making with a stakeholder group and report back to the Legislature with a proposal by February 2010.

LD 1205: Is Representative Treat's bill to implement a Patient's Bill of Rights, includes transparency requirements for insurers, allowing the AG to intervene with rate hearing and request rate hearings, require explanation of benefit forms to be standardized, and require medical loss ratios to be increased by two points.

The Single Payer and Universal Childhood Immunization bills were carried over.

Ms. Riley also confirmed that the OPEGA review of Dirigo is still under consideration.

Maine Quality Forum Update-Dr. Josh Cutler

Dr. Cutler updated the Board on LD 1358 reporting that the amended version will require the Maine Quality Forum to convene an advisory panel made up of payers, hospitals, physicians, hospitals, consumers, and others to develop a plan to implement this program. Please refer to handout.

Dr. Cutler updated the Board on LD 1444 reporting that the amended version charges MQF to work with MHDO to collect public annual reports that are understandable and allow comparison of providers, physicians, and hospitals on the basis of outcomes and effectiveness and link to the cost information now on the MHDO site. Please refer to handout.

Dr. Cutler reviewed the conclusions from the Cost Driver Study. Refer to handout.

Agency Update

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

Ms. Harrington reviewed documents and correspondences submitted to Appropriations and the Insurance and Financial Services Committee regarding the Agency's budget and DirigoChoice membership projections for SFY10 and 11 assuming no changes to the SOP and assuming the passage of LD 1264. Refer to handouts.

Ms. Harrington reported that the Agency currently covers 203 HCTC members. As part of the Federal Recovery Act the government expanded the amount of federal subsidies for this program from 65% to 80%. The definition of eligibility has also been expanded to include the service sector. Refer to HCTC discussion document.

Historically, the increase in enrollment in the HCTC group has been relatively constant. However, within the last several months the Agency has seen an explosion in the number of new HCTC members. Ms. Harrington stated that her concern is that the Agency will see higher than anticipated enrollment in this group because of the economy and the expanded eligibility definition. In order to continue to subsidize this group and stay within the Agency's budgetary constraints, Ms. Harrington made the following recommendation:

In order to support the additional growth in the HCTC program we need to maximize the federal dollars so the federal subsidy applies to the premium and the Agency's subsidy will be used to buy down the deductible and out of pocket costs based on the member's income level.

Ms. Harrington stated that HCTC members will see an increase in their share of the premium from approximately 7% to 20%. She also stated that this change aligns the premium out of pocket costs for HCTC members with DirigoChoice members enrolled in the deepest subsidy level, Group B (under 150% FPL).

Ms. Harrington added that she has discussed this proposal with William Laubenstein from the Attorney General's Office and he has no legal concerns regarding the proposed change in the application of subsidy.

Ms. Harrington asked for the Board's authorization to make this change for the HCTC population effective August 1, 2009.

After a significant amount of discussion among Board members, a motion was made and seconded to let Ms. Harrington move forward with her recommendation.

Ms. Harrington stated that the primary goal of today's discussion is to detail the existing DirigoChoice program design including eligibility, benefits and subsidy structure and to get feedback from the Board so that staff can begin to develop potential frameworks and proposals for upcoming Board meetings.

Ms. Harrington reviewed in detail the following documents (refer to handouts):

- DirigoChoice Overview
- Agency Key Dates & Milestones
- DirigoChoice Comparison of Average Member Cost to Income
- LD 1264 Discussion document
- Subsidy Estimator

Ms. Harrington updated the Board on office space. The lease for 211 Water Street expires on June 30, 2009 and the Agency will become a tenant at will beginning July 2, 2009. A slight reduction in square footage cost was offered but is not acceptable. Ms. Harrington added that she is hopeful to be in a significantly smaller space as of August.

Next Meeting

The next meeting will be held on June 19, 2009 beginning at 9:00 AM.

Public Comments

There were no public comments.

Meeting adjourned at 1:10 PM.