

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Monday, February 14, 2011**

The Dirigo Health Agency Board of Trustees held a meeting Monday, February 14, 2011.

Chair Beal 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: Joseph Bruno, Mary McAleney, Marianne Ringel, Dr. Edward David, Gary Reed, Sara Gagne Holmes, Frank O'Hara, and Mary Mayhew. Also in attendance: Karynlee Harrington, Executive Director of the DHA and William Kilbreth, Deputy Director of the DHA and Ellen Schneider, Acting Director Maine Quality Forum.

Pursuant to PL 2003, Chapter 469, Section 6904 the Governor has appointed Joseph Bruno as the new chair of the DHA Board of Trustees.

Chair Bruno thanked Jonathan Beal for his work as the former chair and welcomed Mary Mayhew the Commissioner of the Department of Health and Human Services.

The Board unanimously approved the minutes from the January 10, 2011 meeting with one board member abstaining.

Agency Business

Ms. Harrington presented to the Board a preliminary overview of the initiatives in the Governor's proposed budget and the potential impact on the Agency. Please refer to handout.

Ms. Harrington stated that in Part A of the budget bill the access payment is reduced by approximately \$8 million in SFY12 and by approximately \$18 million in SFY13. In part BBB of the budget, there is language that addresses the levels of the access payments beginning July 1, 2011. The amount of the access payment is currently 2.14%. The proposal is to transition the payment down to 1.75% beginning July 1, 2011 through June 30, 2012. July 1, 2012 through June 30, 2013 the assessment drops to 0.075%. The language in Part BBB is not consistent with the budget numbers in Part A of the budget. Ms. Harrington stated that she would be following up with the budget office to work through the inconsistencies and will provide the Board with any clarification as it is provided.

Chair Bruno confirmed that there are a number of drafting errors in the budget bill and that it is his understanding that there will be a change package submitted correcting the errors. Chair Bruno suggested that we should wait for that revised information before the Board engages in detailed conversations.

Board member Beal asked if there is clarity around what the overall plan is for the Agency from the administrations perspective. Chair Bruno believes that the plan is to transition Dirigo to whatever it is as of January 1, 2014 and to look at what is happening at the national level.

Ms. Harrington reported that the Agency plans to end this fiscal year with cash in the bank. The Board will need to decide how they want to use the equity as it re builds the SFY12-13 budget.

Board member Beal raised the question as to why the Agency is being targeted when the Agency does not impact the general fund and that there are no savings to the State with the proposed reductions. Board

member Beal asked for an explanation as to the purpose of the reductions and ultimately the elimination of a program that costs the general fund nothing?

Commissioner Mayhew explained to the Board that she has taken on a new role as the Commissioner of DHHS but for today she would comment on behalf of the Governor's office. Dirigo is a line item in the budget and the Governor felt strongly that he wanted to start a discussion regarding the future of Dirigo in the context of the overall state budget. Commissioner Mayhew stated that there will be other pieces of companion legislation from the Governor's office and most likely other parts of the Legislature in terms of a broader discussion about commercial health insurance reform and the views of the Governor's office on how best to improve the affordability of commercial health insurance.

Board member Beal asked Commissioner Mayhew if it was possible for the Board to get some insight on what the Governor's concerns are with the program. Commissioner Mayhew responded that fundamentally the Governor does not support the current funding stream for the program and that the administration is looking at the issues more broadly as it relates to other requirements under the Affordable Care Act to develop the Exchange and wanted to see whether or not this could be structured in such a way to transition from Dirigo into the Exchange.

Board member O'Hara asked Commissioner Mayhew to confirm his understanding of Chair Bruno's earlier comments that the Governor's office does see this as a possible transition to the Exchange. Commissioner Mayhew confirmed.

Chair Bruno stated that there are going to be many challenges ahead and that the Board should be prepared at the March meeting to discuss the change package and the transition as we move forward. Chair Bruno reaffirmed his belief that overall the Agency is in a good position to become the Exchange.

Board member David asked for information on what an Exchange might look like. Chair Bruno believes that the Governor's position is that the Dirigo assessment has done nothing to hold the cost of health insurance coverage down in the State. The Governor wants to look at a different way to lower health care costs in the State. He added that his employees that pay the assessment have less rich benefits than DirigoChoice, question, is this morally right. Chair Bruno wants to think about a plan design change because he questions why DirigoChoice should be better and more costly than what his employees receive.

Board member David requested that there be information provided at the next meeting regarding contract implications with HPHC specific to plan design changes.

Board member Beal stated that he feels that it would be helpful if the administration has input or a stated goal on how to move the program forward that information would be helpful to know. Chair Bruno reminded the Board that the Agency is independent and needs to work within the rules that are established and those rules have been defined in the proposed budget.

Board member Gagne Holmes reiterated the importance of working closely with HPHC through this process. Ms. Harrington confirmed that she has a meeting with HPHC in the afternoon to talk through the proposed budget and next steps. Ms. Harrington raised the timing issues associated with making changes to the DirigoChoice insurance product.

Board member David stated that it would be helpful to have input from the ex officio members. Chair Bruno acknowledged the importance of their participation.

A motion was made and approved for the Agency to conduct a survey of the new small business that joined DirigoChoice since the program re-opened in August 2010.

There were no questions from the Board members on the DHA SFY 2011 operating budget and projected membership, income statement, balance sheet, and enrollment report.

Ms. Harrington reviewed with the Board LD 267 and LD 58. Please refer to handouts.

Ellen Schneiter the new Acting Director of Maine Quality Forum reported that the HAI report was going out the week of February 14th for comments and the final report will be going to the Legislature within the next two weeks.

Public Comments

Mitchell Stein from Consumers for Affordable Health Care stated that Governor LePage signed a letter to HHS indicating his hesitation to forming an exchange and possible interest in having the federal government come into Maine to lead the Exchange if certain conditions were not met. Mr. Stein wanted to bring this to the Boards attention as it is not a foregone conclusion that Maine will develop its own Exchange.

Ed Kane of Harvard Pilgrim Health Care reiterated their support of the Agency and the DirigoChoice program.

Next Meeting

The next meeting will be held on Monday, March 14, 2011 beginning at 9:00 AM. Chair Bruno asked everyone to block out a three hour period for this meeting.

The meeting was adjourned at 10:21 AM.