

Dirigo Health Agency
Board of Directors
Minutes of Meeting - Final
January 10, 2006

The Dirigo Health Agency Board of Directors held a meeting on Tuesday, January 10, 2006. Dr. Robert McAfee, Chair, convened the meeting at approximately 1:00 PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Mary Henderson, Commissioner Christine Bruenn, and Trish Riley. Joining by telephone were Carl Leinonen and Charlene Rydell. Also in attendance: William Laubenstein from the Attorney General's Office, Karynlee Harrington, Executive Director of Dirigo Health Agency, Dennis Schubert, Director of the Maine Quality Forum and William Kilbreth, Technical Director of Dirigo Health Agency.

The Board unanimously approved the minutes of the 12/07/2006 meeting.

Ms. Henderson moved that, pursuant to Title 1, Section 405 6E, which allows the Board to consult with its attorney regarding pending litigation, the Board adjourn to Executive Session.

Mr. Connors stated that he would recuse himself from the Executive Session and from any future vote the Board might take regarding the pending legislation in question. The voting members passed the motion unanimously and the Board adjourned to Executive Session.

The Board reconvened at approximately 2:15 PM.

Ms. Henderson moved to reject the Request for Stay submitted by The Maine Association of Health Plans, The Maine Automobile Dealers Association Trust & Bankers Health Trust and The Maine State Chamber of Commerce.

Mr. Leinonen seconded. The voting members of the board unanimously passed the motion.

Savings Offset Payment Methodology and Determination for 2006

Ms. Harrington brought to the attention of the Board the requirement that, per the existing Dirigo Legislation, the Board was responsible for establishing a methodology to determine savings in 2006 for the second year of the Dirigo Program by April 1st, 2006. This requirement further necessitates that the Board establish guidelines for and hold an Adjudicatory Hearing prior to April 1st, 2006. Refer to memo distributed to Board dated January 6, 2006 Re: Second Year SOP.

The Board agreed that Ms. Harrington and Mr. Laubenstein would propose a timeline and process for the Adjudicatory Hearing. The Board also agreed that the Governor should introduce emergency legislation on behalf of the Agency to change the April 1st date specified in Section A-10. 24-A M RSA Section 6913, sub-1 to a later date.

Dr. Shubert presented to the Board information on a new initiative of the Maine Quality Forum to improve heart care coordination in the State. Refer to presentation. Other states (notably North Carolina) have made efforts to speed treatment of Acute Myocardial Infarction (AMI) through a combination of patient education, EMS and care provider training and coordination, and equipment/technology distribution. MQF has put together a project team to define goals and gather data in order to promote similar efforts in Maine.

Agency Updates

Ms. Harrington noted that the Agency is responsible for submitting an annual report to the legislature and will also be providing a 2005 Year in Review report to the Board.

In the interim, 2005 highlights specific to the program:

- 8676 members served
- 7436 members enrolled at the end of the year
- 4040 parents enrolled in MaineCare expansion
- 750 Small Businesses enrolled
- Membership is statewide
- Membership type breakout
 - 48% Small Group
 - 30% Sole Proprietors
 - 22% Individuals

The Loss Ratio for DirigoChoice, including claims incurred though August and paid through October:

- 73.2% Total
- 78.4% Individuals and Sole Proprietors
- 64.5% Small Groups

Ms. Harrington noted that this loss ratio was better than had been projected for 2005, but cautioned that the data was still immature.

Ms. Harrington noted that she had recently provided to the Legislature a report as required by PL. 469 on those DirigoChoice members who qualified for the “High Risk Pool” designation as defined in PL. 469. Additionally, she provided the following information:

- 68 cases in proactive care management
- 7 admission based case management
- 6 joint replacement program

Ms. Harrington reviewed experience and cost information related to DirigoChoice for the period January – September 2005:

5 practice categories approximately 50% of the plan costs:

- Endocrinology
- Orthopedic Conditions
- Behavioral Health
- Cardiology
- Neurology

1% of DirigoChoice claimants drive 34.1% of plan costs (compared to Anthem norm of 29.7%).

23.3% DirigoChoice members had not incurred any claims (compared to Anthem norm of 17.8%).

Members cost share (amount members pay through deductible and/or co-pay) represented 25.4% of costs (compared to Anthem norm of 15.4%).

DirigoChoice costs by type of claim:

- 31% Outpatient
- 28.2% Inpatient
- 24.8% Professional Services
- 16% Rx

(Compared to Anthem norm of 23% Outpatient, 30% Inpatient, 30% Professional Services, and 17% Rx).

Ms. Harrington cautioned against assigning too much significance to the comparison to the Anthem norms as the DirigoChoice experience data is still immature.

Ms. Harrington reported on the status of the 2005 Experience Modification Program (EMP). Dirigo Health paid \$8.2 million to Anthem in 2005 for the 2005 EMP. Based on the plan's experience through the end of December, Anthem will return in the initial settlement approximately \$7.5 million and retain \$659,000. A final settlement is due at the end of June 2006.

Ms. Harrington reported on the status of the contract with Anthem, and touched specifically on two key initiatives the Agency is working through with the assistance of both the Governors Office of Health Policy and Finance and Anthem Blue Cross and Blue Shield of Maine:

- Developing a lower cost product
- Sales distribution strategy to specifically reach the uninsured

Ms. Harrington noted that the current contract with Anthem ends December 31, 2006. Ms. Riley commented on the key initiatives, and further indicated that discussions with Anthem have taken place, however, Anthem is unwilling to begin negotiations or state a desired outcome until the end of the Legislative session.

Ms. Harrington reported on the status of enrollment for 2006. She noted that the Agency did not have firm numbers at this point due to late quotes from Anthem resulting in late paperwork throughout the process. To date, however, 88% small groups are renewing 8% not going to renew, and the rest are in process or have not contacted the Agency. Similarly, 84% of Sole Proprietors are renewing.

The Agency is moving forward with the ongoing activities to streamline operations. Effective March 1st, 2006, Ms. Harrington stated, the existing eligibility determination, enrollment, and customer service operation will be housed in the Dirigo Health Agency office on Water St. There will no longer be DirigoChoice operations in Skowhegan.

Ms. Harrington noted that as part of a grant Muskie will be conducting further surveys on members who have either left the program or who applied and decided not to enroll. Also, Muskie will be conducting a focus group with Small Groups that left the program or who chose not to renew.

The Agency provided an update on the prior insurance status of DirigoChoice members enrolled in the program Q205 and Q32005 to the Insurance and Financial Services Committee. Muskie's final report to the Agency is due at the end of month. In the interim, Muskie has indicated that in the second and third quarters of 2005 approximately 44.6% of enrollees were previously uninsured at some point in the 12 month period prior to joining DirigoChoice (compared to the first quarter, which was 40%). Refer to memo dated 1/10/06 Re: Prior Insurance Status.

Ms. Harrington noted that the Agency had prepared a memo on the financial impact of offering a Health Savings Account (HSA) in the DirigoChoice plan for the HSA subcommittee of IFS. By using a standard filed unadjusted community rate from Anthem and comparing it to the unadjusted rate for the DirigoChoice \$1750 plan the Agency concluded that the high discount groups (B,C) would ultimately be more expensive to the plan assuming the same level of out of pocket costs. Members in lower discounts (D,E) or no discount (F) would benefit from lower premiums. The Board was copied on the memo.

Ms. Harrington further noted that through October 2005 Anthem has reported sales in their HSA product as follows: 866 members in HSA programs; 285 individual contracts and 210 group contracts.

Ms. Harrington reported that the Agency had compiled with 5 MRSA 12005-A and submitted details of the Agency's Board meetings and the Advisory Council meetings during 2005 to the Secretary of State. These details were:

- The Board met 20 times in 2005
- There were an average of 7 Board members present at the meetings
- The meetings took an average of 150 minutes (2 and ½ hours)

The Maine Quality Forum's Advisory Council meetings:

- The Advisory Council met 9 times in 2005
- There were an average of 10 Advisory Council members present at the meetings

- The meetings took an average of 3 hours

The January 2006 IFS Committee Schedule was distributed to the Board.

Ms. Harrington noted that the Agency was continuing work on forming a Business Advisory Group made up of employers. This work is meant to build on the success of the Blaine House event with employers and the Governor. She reported that invitations to join the group have gone out and that the first meeting is planned for the middle of February.

Ms. Harrington reported that the Agency was submitting this week the final version of the Paid Claims rules to the Secretary of State and that the Agency anticipated their approval and finalization. She further reported that the Agency's Program rules were in a public comment period that ended on January 27th.

Ms. Harrington noted that the Agency was in the process of making the appropriate changes to systems and reports to reflect the change to an Enterprise fund. She indicated that the Agency would now be producing an Income Statement and a Balance Sheet in place of the funds flow reports.

There were no public comments.

The next meeting was tentatively scheduled for January 25th at 1:00pm.

Dr. McAfee adjourned the meeting at approximately 3:00 PM.