

**Dirigo Health Agency
Board of Directors
Minutes of Meeting-Approved
April 9, 2007**

The Dirigo Health Agency Board of Directors held a meeting on Monday, April 9th, 2007. Dr. Robert McAfee, Chair, convened the meeting at 1:00 PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Ned McCann, Dana Connors, Anne Head, Jonathan Beal, Edward David, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, Will Kilbreth, Deputy Director of the Dirigo Health Agency.

Dr. McAfee introduced Dr. Edward David as a new board member.

The Board unanimously approved the minutes from their March 29th meeting.

Update from the Governor's Office-Trish Riley

The Governor has proposed a bill that includes:

Quality Forum

- pursuing a more aggressive strategy building primary care and prevention
- allowing the Maine Quality Forum to take grants and re-grant in a revolving loan fund.

Dirigo

- expanding coverage to about 14,500 and holding
- allowing the Board to change the employer contribution to below 60%
- asking the Board to focus on uninsured and underinsured and to move aggressively to hit the target audience
- supporting Rep. Conover's LD 431 to allow the agency to self administer.

Market Reforms

- requiring Bureau of Insurance to review and approve small group rates
- language to increase transparency about the rate setting process
- extending the medical loss ratio in the individual market to 78% to parallel that of small group
- allowing the self-employed to purchase insurance as small businesses
- requiring insurance companies to give premium discounts to people who do not smoke and to companies that have work site wellness programs.

The proposal envisions that the Maine Quality Forum will certify the wellness programs through a grant from the National Governors Association.

The proposal would also modify Rule 850 to allow the insurance companies to create pilot projects and continues voluntary hospital cost containment targets.

Reinsurance Plan

- insurers keep their members
- not lifetime limits on benefits
- guaranteed issue continues
- community rating bands are expanded
- medical criteria for entering the plan.

In the event that the reinsurance plan does not bring about more competition into the marketplace it has a sunset provision.

Shared Responsibility

Ms. Riley stated that the proposal would require employers to provide health insurance or pay a fee by 7/1/08.

Dirigo Financing

Year 1

- \$34.3 million from SOP Yr 2
- \$13 million from a tax on HMOs.

Year 2 (and ongoing)

- HMO tax is converted to cover the reinsurance plan
- \$31-\$38 million shared responsibility contributions
- \$27-\$29 million bad debt and charity care through a surcharge placed on each hospital bill.

Ms. Riley added that another proposal has been that the parent expansion of Medicaid would still be through Dirigo Health Agency but would be funded by Medicaid.

The bill is currently at the revisers.

There will soon be an update on the State Health Plan.

Agency Updates-Karynlee Harrington

Program Status-Will Kilbreth

As of March 1, 2007:

Enrollment

- 626 new members
- Total members 13,832
- 52% of the members are in the B discount level
- 48% of the members are individuals

Mr. Kilbreth stated the balance sheet will be presented once the exit interview with the audit team has been completed.

Expenses

42,184 projected member months
40,623 actual member months
\$211.81 projected PMPM
\$203.56 actual PMPM

The actual annual PMPM is within 96% of the projected PMPM

Ms. Harrington added that the rate increase for sole props and individuals went into effect March 1, 2007.

Maine Quality Forum Update

Ms. Harrington informed the Board that Dr. Joshua Cutler has taken the position of Acting Director of the Maine Quality Forum. Dr. Cutler will be serving in an acting capacity and it will be part time as he transitions out of private practice.

The next Advisory Council meeting is scheduled for Friday, April 13, 2007. There will be presentations by Jim Kupel of the Maine Health Management Coalition and David Rappoport of MeHAF.

The Advisory Council will discuss Representative Faircloth's bill to increase the safety of hospital patients.

Health Dialog has given a final report for the work done on the MHDO's Paid Claims database.

The Performance Indicator Committee will discuss the data website at their next meeting.

Agency Update

Ms. Harrington reported on the progress of the Bad Debt and Charity Care workgroup.

The group agreed to pursue a simpler way of capturing savings from bad debt and charity care, looking at actual claims from previously uninsured and underinsured DirigoChoice members.

However, the group did not reach agreement on how to adjust these claims appropriately.

Ms. Harrington commented on the recommendation from the Blue Ribbon Commission that marketing should be targeted towards the uninsured and underinsured which the Governor's proposal further supported.

She stated that the Agency would define uninsured and underinsured in rules.

Effective July 1, 2007 the Agency would limit enrollment to:

- the previously uninsured (defined as having had no health coverage in last 90 days preceding enrollment)
- those whose Cobra coverage is ending within 31 days
- individuals whose employment is terminated
- businesses with a minimum of 30% of their employees earning less than or equal to 300% of federal poverty
- Individuals whose income places them under 250% of poverty and whose current deductible exceeds 5% of their income (definition of underinsured previously adopted by the Board)

Ms. Harrington added that the Agency would grandfather those currently in the program.

Ms Harrington noted that the Agency's rules defining paid claims were routine technical in the first year of SOP operations, but that in the in the second the law requires the Agency to make them major substantive.

Ms. Harrington discussed the timeline of the RFP for DirigoChoice in 2008.

Bids for actuarial services to support the RFP development were from Navigant, Hay Group, AON, and schramm-raleigh. The selection committee plans to schedule interviews and make a decision by April 16, 2007.

Ms. Harrington noted that in the event the Agency recommends an ASO proposal to the Board and the Board approves, the Board will have 30 days to make a report to the Legislature.

Next DHA BOD meeting

The Board tentatively scheduled their next meeting for May 9, 2007 at 1:00.

Public Comments

Kristine Ossenfort stated that an alternative to restricting enrollment to the uninsured and underinsured would be altering the subsidy structure.

The meeting was adjourned at 2:30 PM.