

Dirigo Health Agency
Board of Directors
Minutes of Meeting - Final
April 14th, 2006

The Dirigo Health Agency Board of Directors held a meeting on Friday, April 14th, 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: Mary Henderson, Carl Leinonen, and Trish Riley. Also in attendance: William Laubenstein from the Attorney General's Office, Karynlee Harrington, Executive Director of Dirigo Health Agency and William Kilbreth, Technical Director of Dirigo Health Agency.

The Board unanimously approved the minutes of the 02/23/2006 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.

Ms. Harrington stated that she would recuse herself from the Executive Session given the Agency's position in relation to the Board during the upcoming Adjudicatory Hearing.

The motion passed unanimously.

The Board reconvened at approximately 1:45 PM.

Mr. Leinonen moved that the Agency find out from the Hearing Officer when the Adjudicatory Hearing should be held in order to comply with the Kennebec County court order and that the Board direct Mercer to comply with the Agency's subpoena forthwith.

The motion passed unanimously.

Ms. Riley provided Legislative Updates:

- The Legislature had not yet acted on LD 1845 (self insurance bill) and planned to do so when it reconvened.
- The bill that would have provided for a bonding mechanism to support HealthInfoNet did not include the bonding in the Majority Report out of Committee.
- The Legislature had also not yet acted on LD 1935 (no pass-through) and planned to do so when it reconvened.

Ms. Riley noted that negotiations with leadership were continuing.

Ms. Riley also noted that the Governor had sought guidance from the Attorney General regarding the current case in Superior Court and had agreed with the other parties to expedite the hearing on the 2006 savings determination.

Ms. Riley finally thanked Ms. Henderson and Mr. Leinonen for their service to the Board, and noted that the Governor had nominated their replacements, Jonathan Beale and Ned McCann.

Ms. Harrington provided Agency Updates:

Ms. Harrington gave enrollment and membership updates, noting that as of March 1st:

There were 9473 members enrolled in DirigoChoice
There were 4907 parents enrolled in the MaineCare expansion

DirigoChoice current Discount Level distribution is:

B 44%
C 16%
D 11%
E 6%
F 22%
A 1%

DirigoChoice current Employer Type distribution is:

Small Group 38%
Individuals 32%
Sole Proprietors 30%

Ms. Harrington noted that the DirigoChoice loss ratio for claims incurred through December 2005 and paid through February 2006 was:

Sole Proprietors and Individuals: 84.6%
Small Groups 63.8%
Total 76.5%

Ms. Harrington noted that there continued to be growth in the B Discount Level and the Individual population, as well as growth in the loss ratio for Individuals and Sole Proprietors. She stated that the growth in Individuals was expected due to the lifting of the cap on Individual enrollment.

Ms. Harrington stated that she hoped to have discussions with Anthem after the legislative session to discuss the growth in the Individual and Sole Proprietor loss ratio but also noted that the overall program loss ratio (76.5%) was positive.

Ms. Harrington drew the Board's attention to the High Risk Pool identification report. She noted that for claims through March 2006 there 687 distinct members identified using the legislated diagnosis and high dollar claims. High Risk pool members' claims paid represented 11% of paid claims

Ms. Harrington requested that the Agency postpone the financial presentation until Mr. Connors could be present.

Ms. Harrington provided an update on the Agency's role in the SOP negotiations with leadership. She noted that the Agency has not been a part of the negotiations but had been asked to provide information regarding the Agency's budget.

Earlier in the week, Ms. Harrington stated, she had met with Anthem's actuary as well as legislative staff to discuss Anthem's incremental cost projections. Anthem had shared their calculation factors and had projected 2.4 million dollars less than the Agency. Ms. Harrington had agreed to examine first quarter actuals and re-forecast the Agency's costs until the end of the year.

Ms. Harrington noted that the Agency's goal, under direction from the Board, had been to produce a budget based on a SOP of 43.7 million dollars. The negotiations involved changing various parameters of that budget, but the Agency had made no commitments.

Ms. Harrington pointed out that while the budget splits out EBT and incremental costs, the Agency's financial modeling does not. She acknowledged that incremental costs might be less than originally projected, however, due to the population enrolling, She estimates EBT costs being slightly higher. Ms. Harrington concluded that she is more confident that the overall costs of the program will be consistent with the original Agency projections. Lastly, Anthem's projections for membership demographics and member months closely matched those of the Agency.

Ms. Harrington concluded by passing out the MQF final product insert that was scheduled to be released in the coming weekend's Sunday paper. The insert provided information on what to do if one felt one was having a heart attack.

The Board adjourned at approximately 2:45.