

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
April 28, 2008**

The Dirigo Health Agency Board of Trustees held a meeting on Monday, April 28, 2008. Dr. Robert McAfee, Chair, convened the meeting at 1:08 PM in the Dirigo Health Agency Boardroom, located at 211 Water Street in Augusta. Other Board members in attendance: Jonathan Beal, Mary McAleney, Mary Anne Turowski, Edward David, Anne Head, Rebecca Wyke, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency and William Kilbreth, Deputy Director of the Dirigo Health Agency.

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

Trish Riley summarized the key components of PL 2007, c. 629. PL 2007, c. 629 provides stable financing to the Dirigo project and implements the recommendations of the Blue Ribbon Commission which was that the General Fund should be part of the solution in replacing the SOP. The Commission recommended that the financing from the General Fund be through a variety of health behavioral related taxes and that the General Fund not be the sole source of the financing. The SOP will be replaced by a tax at the distributor level on beer, wine, and syrup and a 1.8% surcharge, on paid claims. The payors of the SOP will be the payors of the surcharge.

Ms. Riley reported that for some there is a renewed interest in the SOP now that it is going away, including a few of the editorial boards. Their comments go back to the original intent of Dirigo which was to recognize the inefficiencies in the healthcare system and that through cost containment efforts, expanded access would be self sustaining. So while PL 2007, c.629 delinks savings with increased access Ms. Riley stated that we are re-doubling our efforts regarding savings in the system which is ultimately how we make health care affordable for everyone. It all needs to work together, MaineCare, subsidized DirigoChoice, market reform, cost containment and public health investments.

The individual market reform contained in PL 2007, c. 629 is for the 40,000 people that are in this market. The reform is a compromise and it includes a change in the community rating bands and a reinsurance model for claims between \$75,000-\$250,000.

Ms. Riley reminded the Board that the funding in 629 is pooled funding and that the resources support both individual market reform and Dirigo. She also stated that the 1.8% surcharge in 629 is less than the two year SOP average of 2.1%. In fact, the surcharge is a reduction in the potential liability of the SOP which could be as high as 4%.

Ms. Riley added that to help lure younger people into the market place the Bureau of Insurance will regulate a pilot project to bring them in. They will be offered an affordable insurance and provide an incentive to buy the product and get them into the habit of buying health insurance.

Ms. Riley passed out a handout that summarized the pooled funding in 629. Refer to handout.

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Ms. Riley went on to explain that there is a threat of a People's Veto. Karynlee will provide a timeline later in the meeting.

State Health Plan was released the week of April 21, 2008.

There are 19 people on the Advisory Council on Health Systems Development Council (ACHSD) with 5 members representing the Legislature. The ACHSD will become an oversight committee and the State Health Plan will be revised every 2 years.

Ms. Riley explained that the Legislature has asked ACHSD to do a study on what drives health care costs in Maine and to make recommendations to the Legislature to bring it down to the cost of living. To achieve this goal Ms. Riley stated that they would need to do a McKinsey like study in Maine. GOHPF will be putting together a proposal to secure outside financing for this work.

Dirigo Health Agency Update-Karynlee Harrington

Karynlee Harrington distributed and reviewed with the Board a timeline regarding PL 2007, c. 629 and the potential People's Veto. Refer to handout.

Because of the uncertainty associated with the People's Veto and the timing, Ms. Harrington's recommendation to the Board was that the Board move forward with determining aggregate measurable cost saving for year four by August 1st and as such the Board's March 7, 2008 Notice of Pending Proceeding and Hearing stands. The Board agreed.

Additionally, Ms. Harrington reported that the Agency will be sending the SOP three notices to SOP payors end of week reminding them that for plan years beginning July 1, 2008 and there forward SOP 3 will go into effect at 1.74%.

Ms. Harrington stated that the Agency and Harvard Pilgrim Health Care will work together on a marketing strategy to target small business assuming the program has the funds to re-opens enrollment.

Board member asked if there needs to be a hearing in July no matter what happens.

Ms. Harrington responded that the only way out of the hearing is if signatures are not submitted July 18th.

Dr. McAfee stated that historically it has cost the agency about \$1 million in costs for the SOP consultants.

The Board authorized Ms. Harrington to move forward with the consultants regarding AMCS for year 4.

Ms. Harrington presented the Board with 2 budget scenarios for SFY09. Refer to handout.

Board member asked if there was any likelihood of additional revenues sources for the program.

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There is some funding in 629 that, if not repealed, can be accessed such as the revenue from the fund for HealthyME which would be available July 18, 2008.

Board member asked if there are benefit changes, would the Board need to be involved.

Ms. Harrington stated that staff would bring to the Board any recommendations for benefit and design changes.

Ms. Harrington distributed a handout titled DirigoChoice Member Payment Cycle. Refer to handout. She also confirmed that per the Board's request the reinstatement form has been eliminated by Harvard Pilgrim Health Care.

William Kilbreth presented the monthly numbers to the Board. Refer to Dirigo Health Monthly Numbers, March 2008 handout.

The PMPM is actually higher than expected for the past 3 months. The agency will be looking into this to find out the cause.

Ms. Harrington noted that Mr. Kilbreth is going to add to the report fiscal year numbers because on a fiscal year the agency's PMPM is not over budget. The agency is tracking right where they should be. Ms. Harrington indicated that she believes once they drill down into the numbers that the increase in the first three month of CY08 is due to some noise in the transition.

Ms. Harrington added small business is leaving DirigoChoice to purchase a higher deductible plan. Employers are looking at what they can afford which are not always what employees can afford as far as out of pocket costs. This continues to be a balancing act. Ms. Harrington will be following up with small business that has recently left DirigoChoice to better understand why and what they are doing now.

Public Comment

Gordon Smith of the Maine Medical Association shared with the Board a copy of his editorial that he wrote regarding his organization's support of PL 2007, c. 629. He encouraged the agency and Board to be engaged in the discussions surrounding this issue.

Katherine Pelletreau of the Maine Association of Health Plans stated that her organization has not taken a position on this bill.

Katie Fullam-Harris of Anthem stated that they support the soda, beer, and wine tax and will continue to do so but they do have concerns regarding the 1.8% on paid claims.

Bob Down of Harvard Pilgrim Health Care stated that HPHC supports PL 2007, c. 629.

Next Meetings:

May 20, 2008 at 1:00

June 9, 2008 at 1:00

July 7, 2008 at 1:00

August 18, 2008 at 1:00

The meeting was adjourned at 2:48 PM.

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