

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
May 20, 2008**

The Dirigo Health Agency Board of Trustees held a meeting on Monday, May 20, 2008.

Dr. Robert McAfee, Chair, convened the meeting at 1:10 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, David Lemoine, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency, and Dr. Josh Cutler, Director of the Maine Quality Forum.

The Board unanimously approved the minutes from their April 28, 2008 meeting.

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

Trish Riley reported that the State Health Plan workgroups are beginning to be formed. The workgroups will first look at emergency room use and the continued efforts of the State Health Plan to make coverage affordable for all. Currently soliciting nominees from a variety of stakeholder groups.

The two lists for the DHA Board appointments have been received from the Speaker and the President. The list from the minority leadership has not been received as of yet. Anticipate an August or September Senate confirmation.

The People's Veto is going forward. The Secretary of State has authorized the question. Refer to handout with question. The group sponsoring the effort has formed a PAC and has contracted with an out of state company who will be running the signature campaign. They are moving aggressively. The group has until July 17, 2008 to collect 55,000 signatures. Ms. Riley added that it is a violation for an out of state firm itself to come in and collect signature.

Dr. McAfee reminded the group that the Agency will be proceeding with the Saving Offset Payment in anticipation that the People's Veto is successful.

Ms. Riley added that the press has not adequately reported that the surcharge is not new; the fact is that the surcharge is not as high as the current SOP can be per the current law. The 1.8% surcharge is lower than the current 2.1% and lower than the 4% that it can be under current law.

Ms. Harrington clarified that the 2.1% Ms. Riley referred to is a two year average of SOP years one and two. The current year two assessment is 1.85%.

Maine Quality Forum Update-Dr. Josh Cutler

Dr. Cutler reviewed with the Board the tasks that the State Health Plan has assigned to the Maine Quality Forum. Refer to handout.

Dr. Cutler added that the Agency is trying to identify initiatives where there may be calculable savings from the activities of the MQF.

Ms. Harrington reported to the Board that the Agency has requested the position of Research/Project Manager be exempted from the hiring freeze.

Dirigo Health Agency Update-Karynlee Harrington

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

Mr. Kilbreth reminded the Board that there is a cap on enrollment and the only people who can come in with a discount are employees of an existing small group, dependents of an existing subsidized family and HCTC eligible persons. Mr. Kilbreth explained the HCTC program in more detail.

Board member asked if the descriptions in the monthly numbers report can be expanded.

Mr. Kilbreth noted that the CY subsidy PMPM has gone down back below 100% of projections.

Mr. Kilbreth distributed a handout titled Dirigo Health Agency Actual Expenses Compared to Projected (October 2007 Reforecast) for Fiscal Year 2008. Refer to handout. As of April 2008 the Agency is tracking to its reforecasted (as of October 2007) budget.

Board member asked if this included the new hire that is expected.

Ms. Harrington responded that the new hire is in the Agency's personnel line.

Ms. Harrington addressed how much the Agency has spent from its inception. She distributed to the Board a handout titled Dirigo Health Financing (1/1/05-12/31/07). Refer to handout.

Ms. Harrington stated that it is inaccurate to say the Agency has spent \$163 million. It is accurate to say the Agency has spent \$95.6 million of which \$80 million was for Subsidy and \$15 million for MQF, Parents, and Operating costs. The majority of the revenue used in this time period was the original funding as well as \$43.6 million in SOP receipts to date. Ms. Harrington confirmed that the Agency has only fully collected SOP 1

Dr. McAfee asked if there are any major insurers or 3rd parties which have not paid SOP 1.

Ms. Harrington responded that those payors required to pay have paid. The Agency hired a consultant to conduct an unofficial audit of the top 10 SOP payors and the consultant found that the payors were paying the SOP correctly.

Board member asked what the loss ratio was during the time period (1/1/05-12/31/07).

Ms. Harrington responded that the loss ratio during that time period was approximately 82%.

Board member asked about the program not recognizing some of the federal dollars from Medicaid and what were the early projections and potential risks associated with that.

Ms. Riley responded that early projections I included a number of assumptions that were not realized. For example, the Agency would get 60% of employer and employee contributions and the 4% surcharge

could not be passed on. Another assumption was that the State could expand MaineCare for both parents and childless adults up to 125% of FPL. However, after implementation the State learned from DHHS that it had hit the federal cap on the childless adults and therefore could not expand eligibility to this group to 125% of FPL. Finally, the State anticipated it could obtain federal match for Group A. Unfortunately, this effort ran into resistance from the federal government. However, the Agency now has a partner with a significant amount of Medicaid background and the State is challenging the federal interpretation of the rules. A lot of original assumptions that the program was based on did not become part of the final law.

Ms. Harrington re-distributed to the Board two handouts titled Dirigo Health Agency SFY09 (July 1, 2008-June 30, 2009) Revised and Comparison of Projected DHA Fiscal Year 2009 Expense and Revenue with a few updates. Refer to handouts.

Ms. Harrington stated that she is managing the program assuming scenario 1. The Carrier sends rates to members 60 days before renewal dates. The program will continue renewing but will not open the program to new enrollment.

If the veto is not successful then the Agency will come back to the Board with ideas of how to re-open the program. The earliest the program will likely open assuming the signatures are not collected is October or November of 2008.

If the law does go to the ballot in November and is unsuccessful then the earliest we may be able to re-open is January 2009.

Ms. Harrington spoke about the contract with Harvard Pilgrim Healthcare. Discussions have just begun concerning year 2 renewal with HPHC. Now that the \$8.6 million is available, regardless of the veto, the Agency is in a better place to negotiate the contract. The options will be presented to the Board regarding renewal design changes or co-pay levels, if those discussions are required in order to stay within budget.

The Agency has started to plan for analysis around some of the issues we continue to take criticism for i.e., benefit design, subsidy structure, eligibility criteria etc for 2010. We will revisit these items and bring them back to the Board.

Ms. Harrington distributed to the Board a handout of the Order of Intervention and Procedures. Refer to handout.

Ms. Harrington suggested that the Board members should tentatively hold July 24, 2008 as the date for AMCS deliberations.

Ms. Harrington stated that she was notified by William Laubenstein that the appeal for SOP year 2 has been dismissed and there is no appeal for SOP year 3. At this point it looks like we have no pending litigation.

Ms. Harrington reported that she is still looking for alternative office space and will report at the next meeting with a potential change.

Public Comments

There were no public comments.

Next Meeting

The next meeting will be June 9, 2008 at 1:00 PM. (This was discussed at the April 28, 2008 meeting)