

**Dirigo Health Agency
Board of Directors
Minutes of Meeting - FINAL
June 27, 2005**

The Dirigo Health Agency Board of Directors held a meeting on Monday, June 27, 2005. 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 (left meeting at 2:10 for other obligation), Trish Riley, Mary Henderson, Christine Bruenn and Rebecca Wyke. Charlene Rydell joined via teleconference. Also in attendance: Karynlee Harrington, Executive Director of Dirigo Health Agency; Kirsten Figueroa, Director of Budget and Fiscal Operations; and Dr. Dennis Shubert, Director of the Maine Quality Forum.

Dr. McAfee opened the meeting.

Meeting minutes for May 9, May 16, May 20, May 24 and May 25, 2005 were approved by the Board.

Maine Quality Forum:

Dr. Shubert discussed the attached PowerPoint slides with the Board. He outlined the Maine Quality Forum Safety Star Program. He discussed the underlying safety practices and the principle of recognizing leaders and innovators as a technique for promoting change. He discussed the use of a survey tool to establish the culture of safety within a healthcare organization. He pointed out the excellent evidence of how an organization's culture impacts patient safety. MQF supports a survey on the web for use by all Maine providers. Dr. Shubert outlined the efforts to share cost with private Maine organizations and seek foundation funding. He pointed out that the project fit within the MQF budget if the effort to share costs failed.

Dr. Shubert updated the Board on ongoing MQF projects.

- o The proposals to analyze the paid claims database are due the end of June.
- o The effort to create activated healthcare consumers is proceeding in collaboration with the Maine Health Management Coalition and MQF collaborative community health coalitions.
- o July 1st start collecting data on acute MI, congestive heart failure, pneumonia and surgical infection prevention. Actual reports not due out until the first of next year.
- o Nurse sensitive indicator micro-specifications, having a meeting Wednesday, June 29 with Chief Nursing Officers.

Overview of an Adjudicatory Hearing:

Bill Laubenstein of the Attorney General's office described to the Board the process of an adjudicatory hearing. Below are highlights of the overview:

- o The Superintendent of Insurance will hold an adjudicatory hearing on the issue of whether or not the Board's determination of savings is reasonable.
- o Once in front of the Superintendent of Insurance it will proceed like a courtroom proceeding. Dirigo Health Agency will go first to present evidence that has already been filed with the Superintendent of Insurance.
- o Then other parties are allowed to present their case.
- o At the end of the process the Superintendent makes his decision.

The process can be found on the Secretary of State website, Chapter 31.

Ms. Harrington reviewed the continuation of the current contract with Mercer specific to the Savings Offset Payment. The contract amendment is a three-phase approach with a low and high end cost projection. The high end is based on the expectation that the adjudicatory prep work and hearing testimonial phase of hearing will be time intensive.

LD 1577:

Ms. Riley summarized LD 1577. Board members were provided copies of the new legislation (PL 2005, Chapter 400).

The law creates more transparencies; there is a workgroup comprised of business leaders and Dirigo leaders, appointed by the Bureau of Insurance. The working group will work on a number of issues and will provide the Board with recommendations.

There is clear oversight of the program. The IFS Committee has asked for regular work group meeting reports, agendas, board minutes, meeting lists and two annual reports.

There is a delay of the first savings offset payment to April. There is a requirement that the Savings Offset Payment not be used to fund general administrative.

The workgroup has 4 primary tasks:

- What is a paid claim? Should prescriptions claims, retirees costs and people out of state be included in paid claims was part of the discussion.
- What does subsidy cover?
- Methodology to create savings.
- Funding strategy to determine how to deal with administrative costs if the SOP cannot pay for it.

Based on the law, the deadline is no later than September 20, 2005 that the Board has to submit its recommendation to the Bureau of Insurance in order for the Superintendent to make a final determination to plea the adjudicatory hearing and make a final decision no later than November 1, 2005.

There are 3 issues in the minority report (a written summary of the report was provided to the Board) that were not addressed in the bill and were not agreed upon:

- Experience Modification Program
- Asset test to limit eligibility
- Delay the timetable of the SOP payment to November 06

The BOI has convened the first meeting of the workgroup to be held June 30, 2005. The 5 Dirigo appointees are Beth Kilbreth, of USM Muskie School, Patrick Ende an attorney in the Governor's Office, Karynlee Harrington of Dirigo Health Agency, Joe Ditre of Consumers for Affordable Healthcare and Trish Riley of GOHPF. The nominees from the Business sector are Dan Roet of Bath Iron Works, Frank McGinty of MaineHealth, Jim Reid of AETNA, Sharon Roberts of Anthem and a fifth appointee that is not yet been identified. Ann Gosline has been hired by the BOI as the independent facilitator.

Program Update:

As of June 1, 2005, Ms. Harrington stated, there are approximately 7,300 members. Over 1,800 are employers that are enrolled in the program. The wait list for individuals and sole proprietors of one has approximately 2,000 members on it. Dirigo Health Agency is currently in discussion with Anthem to double the cap in 2005. This would increase the cap from 4,400 to 8,800 in 2005.

Anthem's position is that they are concerned around the volatility of the group. A suggestion from Anthem was to commit to an EMP in 2007 and to increase the firm size load for the individual and sole proprietor of one groups. Ms. Harrington suggested to Anthem that because the current contract ends 12/31/06 the Agency could not commit to an EMP in 2007. The Agency did propose an enrollment cap in 2006 of 20,000 new individual/sole prop of one members. By the end of 2006 the total number of individuals and sole props of one that could be enrolled would be 28, 800. Anthem is in the process of responding to the cap and detailing what the increase in the firm size load would be.

Ms. Riley stated that people are discouraged by wait lists and there is an urgency to resolve this issue as quickly as possible.

Ms. Harrington will follow up with the Board as soon as Anthem responds with the details.

The Muskie survey for Q1 membership should be available within the next few weeks. Muskie was able to reach 76% of members. Of the 24% they were unable reach, only 9% were unwilling to answer the questions and the other 15% were wrong numbers or addresses.

Agency Financials:

Ms. Harrington stated that Part II of the budget has authorized Dirigo Health Agency to keep the 13 positions that are filled; these positions will remain limited period. The Legislature authorized 2 project positions. The request to move to an Enterprise Fund was granted. This provides the appropriate financial reporting for this type of agency.

Ms. Harrington explained the agency's funding pool and what was budgeted and the actual expenditures (refer to financial reporting handouts).

There has been much discussion of Dirigo Health Agency's funding and the savings offset payment.

Ms. Harrington stated that the agency has reforecasted ending SFY05 with 7,500 members and carrying over into SFY 2006 a balance of about \$39 million.

LD 1691 requires a contribution to the general fund in fiscal year 2006 and 2007 of \$1.125 million.

Assuming 1,000 new participants a month with the same demographics to date, the agency will run out of dollars in March 2006. The first SOP, assuming there is a SOP, is April 1, 2006. At some point staff may need to recommend to the Board that enrollment close.

Now that the Agency has more data, discussions about possibly restructuring the discount program will start; the Board may need to consider capping the enrollment, as well as, restructuring the discount program.

The Board discussed times for the next meetings and tentatively scheduled Monday, July 11 and Monday, August 1 (would also like to schedule another meeting for mid-August) and Tuesday, September 6.

Dr. McAfee adjourned the meeting at approximately 3:45.