

**Dirigo Health Agency
Board of Directors
Minutes of Meeting - FINAL
August 1, 2005**

The Dirigo Health Agency Board of Directors held a meeting on Monday, August 1, 2005. Dr. Robert McAfee, Chair, convened the meeting at approximately 1:15 PM in the Dirigo Health Agency Board Room located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Trish Riley, Mary Henderson, and Christine Bruenn. Charlene Rydell joined via teleconference. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency and Kirsten Figueroa, Director of Budget and Fiscal Operations.

Dr. McAfee opened the meeting.

Meeting minutes from July 11, 2005 were approved by the Board.

Dirigo Reform Update: Trish Riley

Trish Riley gave an overview of the State Health Plan process (refer to handout). Information and ideas from communities and stakeholders will be reported to an Advisory Council. A draft of the Plan is expected by October 14, 2005, for public hearings on November 3rd and 4th.

The Maine Data Book will be complete by end of August 2005. The book contains data on the status, resources and costs of health care in Maine. A report will be prepared highlighting progress and goals over the past year.

Ms. Riley discussed the Governor's press release regarding the National Governors Association's proposal on Medicaid reform. Governor Baldacci expressed his concern about two areas in the report: those people whose incomes are below 100% of the federal poverty level and the federal matching formula, which has not been changed since 1965.

Anthem Blue Cross and Blue Shield Presentation: Sharon Roberts

Ms. Harrington introduced Sharon Roberts and Lisa Lagois from Anthem Blue Cross and Blue Shield. Overview of discussion included:

- Update on the merger of WellPoint Networks Inc. and Anthem Inc;
- Anthem BCBS sales strategies specific to DirigoChoice; and,
- Individual/self employed of one enrollment cap

Ms. Roberts distributed three enrollment packets (small employer, self employed of one, and individual) so Board members could see what each packet contains.

Ms. Roberts then distributed a presentation (refer to handout):

- **Merger:**
 - The merger was completed November 30, 2004.
 - The new holding company name is named WellPoint Inc., which is how it is traded on Wall Street.
 - Headquartered in Indianapolis, Indiana and represents 13 Blue Cross Blue Shield plans across the country.
 - There are Blue Cross Blue Shield plans in Maine, New Hampshire, Connecticut, Indiana, Ohio, Kentucky, Virginia, Georgia, Missouri, Wisconsin, Colorado, Nevada and California.

- There is also a presence through a non-Blue Cross Blue Shield insurance company called UniCare in Texas, Massachusetts, Illinois, Arkansas and Michigan.
- Overall, the plans insure approximately 28.5 million members and have grown by approximately ½ million in the last quarter.
- Because WellPoint and Anthem have no overlapping areas, the merger has had minimal impact in the northeast region and Ms. Roberts does not foresee any impacts on this region.
- The Board of Directors is a merged Board of Directors with a majority of members from Anthem BCBS and minority members from the WellPoint health networks. There is also a leadership team, which is a combination of both organizations.

Dr. McAfee asked about the anticipated expansion of this group. Ms. Roberts answered that she thinks it is unlikely that any of the nonprofit Blue Cross and Blue Shield plans that still exist would be candidates for mergers into the group. Plans like WellChoice may potentially become full profit organizations and in the future may merge.

Dr. McAfee then asked if there were any national organizations representing the remaining Blues plans. Ms. Roberts stated that they work together but are still all individual organizations and have individual Blue Cross and Blue Shield licenses.

➤ **DirigoChoice Sales:**

- Ms. Roberts indicated that Anthem BCBS continues to provide a DirigoChoice proposal to all existing Anthem small employers (50 or fewer) at renewal. DirigoChoice discount information is provided in the renewal packet. There is an electronic quoting system that is used to give basic information and the web also has information.

Ms. Riley asked Ms. Roberts what specific activities Anthem BCBS is doing to reach the uninsured. Ms. Roberts indicated that the uninsured are hard to find, but that Anthem is:

- ❖ providing a producer bonus program in addition to standard commission schedule;
- ❖ attending and scheduling community meetings around the State, seeking out as many opportunities to speak to people as possible;
- ❖ communicating with producers both formally and internally;
- ❖ working with Franklin Community Health to promote DirigoChoice;
- ❖ talking to employer associations to have the subject put in their newsletters; and,
- ❖ expanding producer network, approximately 6 have been added.

Karynlee Harrington shared with the Board the following data recently provided by Anthem BCBS:

- ❖ 66% of small group sales are through an Anthem producer
- ❖ 34% goes direct to Anthem
- ❖ Prior to Dirigo, Anthem's experience was that 5-8% went direct.

Dana Connors asked Anthem if they are encouraging producers to look at DirigoChoice and if, in their opinion, the product is as marketable as it needs to be. Anthem responded that there has been positive feedback from the producers regarding the product except about the high deductibles. DirigoChoice is competitive with other plans. People have voiced that they would like to see deductible and out of pocket maximum credits carried from their prior plan to the new plan. In general, Anthem has heard positive feedback about the DirigoChoice plan.

Ms. Harrington shared with the Board feedback from producers regarding dual offering. Currently, Anthem's policy is that no other Anthem plan can be offered alongside DirigoChoice. This creates some issues for those employers/employees not eligible for a discount. The deductibles are higher than they would like. The producers' feedback is that DirigoChoice is

loosing sales because of this policy. The Agency has requested that Anthem BCBS reconsider this policy and align it with their standard guidelines.

Mr. Connors said he was encouraged by the design originally set and, given the feedback, he is encouraged that the group can make the product even better.

Charlene Rydell asked Anthem: how much work has been done with local chambers and service clubs; if there has been any response to those producers who are outside the network, but want to be in; and, if there is any part of the state that the producers have not reached.

Ms. Roberts responded that they generally solicit from service clubs and other community groups twice a year for opportunities to go and speak to them and they work with most of the local chambers as well. They have, over the last six months, been to 36 different community meetings and they are continually working to schedule meetings with communities. They typically talk about Dirigo because that is what people are asking about the most. Anthem has recently completed a round of editorial visits, which were not exclusively about Dirigo but Dirigo was the primary subject. Producers are in a very competitive market. Anthem sits down with the producers and goes over training programs, has them come up with a business plan and they have a set of standards that the producers need to meet to be kept with Anthem.

Ms. Roberts stated that Anthem is going to do some advertising this fall that will not be brand specific.

- **Enrollment Cap:** Ms. Harrington summarized that:
 - There is no cap in year 2006;
 - There are currently over 3,000 people on the waiting list;
 - The Agency proposed doubling the cap to allow for 8,800 members in 2005;
 - To give Anthem some comfort with this doubling in 2005, the Agency proposed an enrollment cap in 2006, so that at the end of 2006 there could be no more than 28,800 individuals and self-employed of one members;
 - Anthem said they would consider opening the cap in 2005 if at the end of 2006 the number of individuals and self-employed of one members did not exceed 15,000. Additionally, Anthem would want to increase the community rating band by an additional 10%.

Ms. Harrington's recommendation to the Board did not change from the last meeting; end 2005 with the current cap and begin 2006 without a cap. Ms. Roberts said that Anthem is comfortable with enrollment starting January 1, 2006 without a cap, which is how the contract is stated now. The Board approved Ms. Harrington's recommendation.

Ms. Rydell asked what the basis was for choosing the 15,000 member cap. Ms. Roberts answered it was based around the concern of having a pool that was dominated by a groups of one.

Ms. Riley expressed her concern that enough is not being done to enroll more small groups. Ms. Roberts said that because the marketplace is extremely competitive many employers are renewing their current plan rather than changing plans.

Mr. Connors asked Ms. Harrington to present, at a later time, where the program is today and what changes need to be made. Ms. Harrington said they are talking about redesigning the subsidy program and would add that into the presentation as well.

Ms. Harrington suggested that the Board have a meeting in mid-August. If the Agency is to make changes, they need the Board's direction and vote.

The Board decided to meet Monday, August 15, 2005 at 1:00 PM.

Agency Update: Karynlee Harrington

- Ms. Harrington summarized the Agency highlights:
 - ended fiscal year 2005 with 7,300 members;
 - discount group distribution is approximately 42% in group B, 18% group C, 11% group D, 6% group E, and 22% group F;
 - average employer contributions for the time period is 65.4%;
 - average community rate adjustment is 12.5%;
 - the Agency had fiscal year 2005 expenditures of \$18.3 million, of which \$7 million was the subsidy program;
 - the Agency was under-budget in both Personnel Services and All Other;
 - the Agency's cash carryforward is \$42 million into fiscal year 2006.

The Agency is covering people that are at the lowest income. The program is assisting them with their monthly coverage costs as well as lowering their deductibles and out-of-pocket maximums.

Ms. Harrington said the Agency is spending approximately 11% more per member than what was initially planned. One project that staff is looking at is the subsidy program and potentially recommending that the Board approve an asset test.

As of August 1, 2005 there are 7,900 members enrolled in the program. 48 new small businesses were brought in for the month of August, which represents approximately 320 new members. To date, approximately 44% of the membership is small group and the remaining 56% is self employed of one and individuals.

A mailing was sent out the week of July 18th to 10,000 small businesses around the state with the goal of targeting uninsured businesses. The Agency and the Governor's Office of Health Policy and Finance worked with the Department of Labor to compile the list of small employers. (Refer to the letter from Governor Baldacci and the other mailing contents.) The goal, Ms. Harrington stated, is to reach out to small businesses that do not have health coverage. As of July 29th, over 140 replies have come back and 42% are currently uninsured. The Agency is following up with a phone call to all those who responded.

The week of August 15th a new television and radio marketing campaign is being launched.

Regarding the Muskie School survey, the agency is hoping to have a final report by the end of next week.

Ms. Harrington distributed a definition of underinsured as used by the Urban Institute. Given that 30% of bad debt is attributable to the underinsured, she stated that the Agency should adopt a definition around this subject.

Workgroup Update: Karynlee Harrington

A revised timeline specific to rulemaking as it relates to the definition of paid claims was distributed. The workgroup asked the Agency to look at possible ways to compress its original timeline. Guidelines allow for 150 days for the Agency and the Attorney Generals Office to work through the process; this has been compressed to 88 days.

The workgroup has come close to an agreement around the definition of paid claims and Ms. Harrington passed out an approved draft from the last workgroup meeting. She stated it is currently being revised with several clarification edits. One key issue that has been discussed is if a company's headquarters are located in another state, will their claims be considered in the paid claims base? Another issue being deferred to a later time is the issue of catastrophic claims.

The work group agreed catastrophic claims will be included in the paid claims base; however, the outstanding issue is which entity is responsible for the claim.

Ms. Harrington distributed the document to the Board that she reviewed with the work group specific to the subsidy program. She noted that the detailed example specific to the Experience Modification Program illustrates the mechanics of the year end settlement.

Agency Financials:

This subject will be held until the Monday, August 15, 2005 meeting.

Public Comments:

Joel Johnson from Central Maine Healthcare stated that the effort to reach out to the small businesses has been difficult and suggested that a different type of approach needs to be made to reach people like roofers, contractors, and restaurateurs.

Dr. McAfee adjourned the meeting at approximately 3:00 PM.