

Dirigo Health Agency
Board of Directors
Minutes of Meeting
September 11, 2006

The Dirigo Health Agency Board of Directors held a meeting on Monday, September 11, 2006. Dr. Robert McAfee, Chair, convened the meeting at 1:05PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Ned McCann, Acting Commissioner Anne Head, Commissioner Rebecca Wyke, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency and Will Kilbreth, Deputy Director of the Dirigo Health Agency.

Dr. McAfee welcomed Acting Commissioner Anne Head to the Dirigo Board of Directors.

The Board unanimously approved the minutes of the 08/07/2006 and 08/21/2006 meetings.

Trish Riley provided the following update:

Integration of DirigoChoice and the federal program available for workers displaced by Foreign Trade, HCTC effective 9/1/06. Will Kilbreth confirmed that the DirigoChoice discount applies first and then federal discount applies to the remaining balance. The goal of combining the discounts is to create a more affordable option for these displaced workers.

Evaluation of DirigoChoice: AS part of the State Health Plan the Governor's Office of Health Policy and Finance has been working with the Commonwealth Fund to be supportive of an independent evaluation. The Commonwealth Fund, a leader in access initiatives is sponsoring an evaluation of the DirigoChoice program. The focus of the evaluation is specifically on DirigoChoice and not the other reform initiatives. Although too early in implementation to measure the program's impact on coverage cost and quality, Commonwealth believes it is possible to conduct a mid-course assessment of whether the DirigoChoice Program is helping the state to achieve its goal specific to access and affordability. Mathematica Policy Research, Inc is conducting the research.

Karynlee Harrington provided the following Dirigo Health Agency update:

Blue Ribbon Committee:

The Committee met Thursday, September 7, 2006. Two presentations were made by Muskie. The first was done by Dr. Kilbreth who presented what other states are doing in relation to access initiatives. Kim Fox made a presentation on how these access initiatives are funded in other states.

The next meeting is scheduled for September 18, 2006. The Dirigo Health Agency will present an overview of the Agency with the primary focus on the product.

Maine Quality Forum:

Ms. Harrington stated that the Maine Quality Forum Advisory Council held a meeting on September 8, 2006. The meeting was very interactive and informative. Dr. Shubert spent a significant amount of time discussing the release and posting of data. By October 10 hope to nominate and reappoint several members to the Advisory group.

Product:

Ms. Harrington stated that on September 1, 2006 she signed a Letter of Intent (LOI) with Anthem Blue Cross and Blue Shield of Maine. The LOI defines the understanding between both entities for the 2007 contract. Rating discussions are still in process.

Ms. Harrington reminded the Board that the Agency was two weeks into its fall media blitz. The creative approach with both ads was to present real like testimonials from DirigoChoice members. Primary objective is to encourage the public and small business owners to learn more about DirigoChoice.

The toll free hotline (which is being paid for by Anthem as part of a pilot) is operational as of Monday, September 4, 2006.

100 calls the first week
Additional staff added to Dirigo to handle the calls
9:00-10:00 and 3:00-4:00 highest volume
75% of callers want to be transferred to a producer
25% of callers want to be transferred to Anthem
First round of follow-up calls will begin the week of 9/12/06
Caller mix is:
53% individual
36% sole props
11% small businesses

Membership Update as of August 1, 2006:

Refer to Dirigo Health Monthly Numbers August 2006

Anticipate ending CY2006 with approximately 44% of members enrolled in the individual category.

Ms. Harrington stated that the challenge and the strategies being employed for 2007 are focused on the small employers. Anthem is sending out a statewide mailing to 30,000 small businesses. One of the sales barriers producers have raised is specific to the need

for a higher deductible as an option. There has been some positive feedback regarding the \$2,500 option that will be available effective January 1, 2007.

Ms. Harrington shared with the Board a handout that illustrated the total DirigoChoice cost of coverage (amount paid to Carrier) and of that the total amount paid for by employer and member contributions and by the Agency in the form of subsidy. Refer to handout. Of the total cost Employers/Members are paying 53% and the Dirigo agency is paying 47%.

Experience of Program and Loss Ratio:

Ms. Harrington stated that she received from Anthem a claims incurred from January 05-June 06 paid through August of 06 Report. The loss ratio for individuals: 102%, 72.7% for sole props and small group is 65.8%. Combined loss ratio is 78.9%. The prior period was 77.8%. The pricing benchmark is 80%.

Financial Update:

Ms. Harrington distributed to the Board preliminary financial statements as of June 2006. The State fiscal year 06 ended June 30, 2006. As such the Agency is working through the year end process. Based on the outcome of this process the Agency may need to restate year end financial statements. Based on the preliminary financials there is approximately \$19 million left of cash available as of end of June.

Ms. Harrington talked about the SOP assessment of 2.408%. The agency has received 2 quarters of payments: Q1 \$3.5 million and Q2 \$5.07 million. Ms. Harrington stated that the payments collected have been under what was initially projected. There are 2 quarters left of SOP payments. After several conversations with Anthem's actuary the feeling is as we move into Q3 and Q4 the claim base will be much higher given the anniversary date cycle and that it was still their feeling that 2.408% would generate the anticipated \$43.7M

Ms. Harrington stated that if by Q3 the SOP payments are not tracking where they should be then the Board will need to explore an alternative plan.

Ms. Harrington ended with asking the Board to consider a quarterly meeting schedule vs. monthly in the upcoming year.

Dr. McAfee suggested that the Board continue to meet monthly at this time in light of all the activities facing the Agency.

Public Comments

There were no comments from the audience

The Board tentatively scheduled their next meeting for October 16, 2006.

The Board adjourned at 2:10 pm.