

Dirigo Health Agency  
Board of Directors  
Minutes of Meeting – Approved  
October 23rd, 2006

The Dirigo Health Agency Board of Directors held a meeting on Monday, October 23rd, 2006. Dr. Robert McAfee, Chair, convened the meeting at 1:00 PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Ned McCann, Jonathan Beal, Acting Commissioner Anne Head, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, Dr. Dennis Shubert, Director of the Maine Quality Forum, and Will Kilbreth, Deputy Director of the Dirigo Health Agency.

The Board unanimously approved the minutes of the September 11<sup>th</sup>, 2006 meeting.

### **Updates from the Governor's Office**

Ms. Riley provided updates from the Governor's Office.

Ms. Riley reported that the Commonwealth Fund evaluation was underway. The focus of the evaluation would be on the DirigoChoice product, not the larger reform effort. She noted that representatives from the evaluation team would be coming to interview stakeholders in the State in late November or early December. Debra Lipson from Mathematica is leading the evaluation team.

Ms. Riley passed out a map of the United States from the Commonwealth Fund that demonstrated the rates of uninsured. She pointed out that the map illustrated that Maine was one of the four states with lowest rate of uninsured in the country. Ms. Riley noted that Maine has high medical costs, but is succeeding in keeping the rate of uninsured low through many efforts including DirigoChoice and MaineCare expansions.

Ms. Riley reported that the Blue Ribbon Commission was still in an information gathering stage. She noted that there was a survey of members on appropriate strategies on financing underway.

### **Updates from the Maine Quality Forum**

Dr. Shubert provided updates from the Maine Quality Forum. He discussed:

1) The Forum's participation in the State's Certificate of Need (CON) process. He noted that the Commissioner of DHHS ultimately had to certify that a proposal would:

- insure high quality outcomes
- not result in inappropriate increases in service utilization
- be undertaken by an entity fit and able to carry it out

Dr. Shubert said that one critical role that the Forum played in this evaluation process was to explain provider point of view to CON staff.

Further, Dr. Shubert explained that Quality Forum and Advisory Council had built a framework to evaluate these certification criteria, and that this build had necessitated defining quality and safety and specific criteria for quality metrics.

The Forum looked both at the CON application and examined additional data, including population and geographic metrics, such as the HealthDialog examination of the Paid Claims Database, during the evaluation process. Dr. Shubert provided several CON applications as examples and discussed them with the Board.

Dr. Shubert noted that the program of review was new, and would be modified as the Forum and the CON staff gained experience.

2) An update on the Voluntary Practice Assessment project. Gordon Smith from the MMA reported that about 100 physicians had signed up, and that the team was in place to do the reviews.

3) The “In A Heartbeat” project was sponsoring a conference in Augusta (with four remote sites linked in) to discuss the project. James Jollis, a physician from North Carolina, is to be the keynote speaker. He will present on North Carolina’s experience with a similar program.

4) The Forum’s scheduled presentation to Blue Ribbon Commission on October 24th.

5) The new nominees for the Advisory Council:

- Jim Case
- Steve Gefvert
- Kathy Boulet
- Maureen Kenny
- David White
- Jim Morrison
- Laureen Biczak

### **Updates from the Agency**

Karynlee Harrington provided Agency updates. She discussed:

1) Enrollment updates from September. Ms. Harrington noted that the membership discount level distribution remained constant, and that Individual enrollment continued to grow. She stated that the Agency expected to end 2006 with approximately 44% of membership in the Individual category

2) Anthem has recently sent a mailing about DirigoChoice to approximately 30,000 small businesses in Maine. Anthem identified the businesses from a Dunn & Bradstreet list and

removed existing Anthem clients. Anthem sent the mailing in three batches, the first in early October and the third on October 18<sup>th</sup>. To date the Agency had received 121 contacts (of which 63 were direct calls) due to the mailing.

Ms. Harrington noted that the Call Center would now allow the Agency to track the activity of distribution channels, measure close ratios, and in general provide better metrics around initiatives such as the mailing.

3) Anthem filings and contract status. Ms Harrington reported that the Superintendent of Insurance had ordered a hearing on Anthem's filing of DirigoChoice individual rates on November 28th. She pointed out that the hearing and filing were distinct from Anthem's BlueChoice individual product.

Ms. Harrington discussed the current status of the Anthem contract. She reminded the Board that the Agency had signed a Letter of Intent with Anthem indicating that the contract would be executed as soon as rates were available.

4) Muskie report on the uninsured to the Blue Ribbon Commission. Ms. Harrington brought the Board's attention to key points from the report:

- Among employed adults in Maine, the highest rate of uninsurance is among workers with incomes below poverty who work for businesses of less than 25 employees – with more than 1 in 4 uninsured
- The rate of being uninsured is higher for very small business employees (businesses of less than 25) with low to moderate incomes (100% to 300% of poverty) than it is for very poor workers in medium to large firms
- In terms of age, the highest rate of being uninsured is among 18 to 29-year olds with incomes between 200 and 300 percent of the federal poverty level, with over 26 percent of this group lacking coverage.
- Part-time workers in Maine have much higher rates of being uninsured than do full-time workers. Close to 27,000 of the uninsured adults in Maine work fewer than 35 hours per week.

5) Agency Financials. Ms. Harrington reported that the Agency was still working through the State end of fiscal year process and therefore was not producing a balance sheet. She supplied the board with the Agency's income statement as of September 2006.

Ms. Harrington reported that DHHS had provided the Agency with an estimate of \$2.7 million (state and federal) for the cost of the MaineCare Parent expansion for the period May 2005 to June 2006. The Agency has already paid \$891,000 of this cost, leaving a \$1.8 million liability. Ms. Harrington stated that she wished to continue to reserve an additional \$1.3 million until DHHS had determined the final cost of the expansion.

- DirigoChoice member months YTD 2006 were 90,844. The Agency had forecast 91,000 (99.8%).
- DirigoChoice subsidy cost YTD 2006 was \$17 million. The Agency had forecast \$17.8 million (95%).

- The per member per month (PMPM) was \$187, compared to a forecast of \$195 (95%).

Ms. Harrington stated that financial forecasting remained challenging without knowing the exact demographic mix of future enrollment.

Ms. Harrington reiterated that there would be no EMP in 2007 and no morbidity load built into the rates.

6) Experience of DirigoChoice. Ms. Harrington emphasized that the Agency was conservative in looking at the experience of the group, as DirigoChoice had not yet completed two full years with the same members. However, with an aggregate 78.9% loss ratio, the experience looked positive. Ms. Harrington suggested that the Agency needed six to eight more months of data to begin looking at the severity of group.

The Agency had estimated that EMP payments to Anthem in 2006 would be \$13 million. Actual payments in 2006 will be closer to \$14 million. Based on the group's experience, the Agency expected to see a portion of that payment returned, similar to the experience in 2005.

Ms. Harrington noted that the Agency did not have a specific analysis of the PCP/HRA incentive program, but that she felt the program had helped with the program's positive experience, as had the elimination of co-payments on preventative care.

7) Review of presentations to the Blue Ribbon commission. Ms. Harrington noted that the cost information she had presented to the Board during the September meeting had not included the 2005 EMP cost, but that the corresponding figure in her Blue Ribbon Commission report had included that amount.

Ms. Harrington brought the Board's attention to the Agency's operating costs and discussed the trend downward as DirigoChoice membership increased while Agency staff remained constant.

Ms. Harrington noted several highlights from the Agency's report on utilization to the Blue Ribbon Commission, based on information from Anthem for the period September 2005 through August 2006.

- DirigoChoice member average age is 40.4 years. Ms. Harrington noted that Anthem's actuaries estimated that the group utilization was 10% higher than Anthem's norm based on this average age (Anthem's norm being 35 years).
- The group is 55% female and 45% male.
- Payments by category are consistent with Anthem's experience with comparable groups.

- During this period Anthem paid out \$38.6 million in claims.
- During this period the top 1% of claimants was responsible for 28% of the plan costs.

Ms. Harrington noted that none of the experience was significantly out of line with Anthem's comparable business; that the payment categories, annual costs per member, top five disease categories, and top claim amounts were all in line with Anthem's other experience.

Ms. Harrington brought the Board's attention to the portion of the report that demonstrated that the group's top utilization categories did not always correspond with top cost categories.

Finally, Ms. Harrington emphasized that the report presented the data, not an analysis or plan for change.

### **Other Business**

The Board tentatively scheduled their next meeting for Monday, November 20<sup>th</sup> at 1:00.

Ms. Riley added that the Governor's Office was working on Wellness grants for small business.

There were no comments from the public.