

Dirigo Health Agency
Board of Directors
Minutes of Meeting- FINAL (corrected)
November 22, 2005

The Dirigo Health Agency Board of Directors held a meeting on Tuesday, November 22, 2005. Dr. Robert McAfee, Chair, convened the meeting at approximately 9:15 AM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Mary Henderson, Commissioner Christine Bruenn, Commissioner Rebecca Wyke, Carl Leinonen and Trish Riley. Joining by telephone was Charlene Rydell. Also in attendance: Karynlee Harrington, Executive Director of Dirigo Health Agency, Kirsten Figueroa, Fiscal Operations Director, and William Laubenstein of the Attorney General's Office.

The Board approved the minutes of the 11/10/2005 meeting.

Dr. McAfee opened, stating that the main objective of the meeting was to discuss the size of the Savings Offset Payment.

Dr. McAfee mentioned that the full compliment of the voting members were present.

Dr. McAfee outlined how the meeting was to be conducted.

- Overview from Karynlee Harrington of the Dirigo Health Agency
- Open to members of the public for additional comments
- Discuss with the Board the SOP recommendation

Dr. McAfee further remarked on (LD 1577), the state Legislature's amendments to the original Dirigo Law, the formation and work of the Savings Offset Payment Workgroup, and recognized the parties who had submitted comments on the assessment subsequent to the last Board meeting.

Dirigo Health Agency: Karynlee Harrington

Ms. Harrington addressed specific concerns interested parties had raised to the Board.

Concerns of the Maine Automobile Dealer's Association, the Banker's Health Trust, and the Maine Chamber of Commerce:

1) Reports – the Agency has not completed, or has completed late, reports specified in the legislation that the Board requires for assessment determination.

The Agency's position is that it has supplied all pertinent information to the Board, and that the Agency's staff is continuing to work with the board and with the relevant legislative committees to establish a schedule for formal reporting. Furthermore, some of the specified reports rely upon the assessment being in place and are meant to serve as

measurements of the appropriateness of the assessment and are, hence, only relevant after the Board has made the initial assessment.

2) Rules (definition of Paid Claims) – The Agency has not yet formally established in Rules the definition of Paid Claims, upon which the assessment is to be levied.

Ms. Harrington had asked the SOP workgroup to work on this definition during early meetings, but the determination of the group was to postpone this effort. The group had established a definition, which Ann Gosline presented to the Board, the Board has approved, and this definition is written in the current proposed Agency Rules. A public hearing on these rules will be held on November 29th, 2005.

3) Use of SOP for Medicaid Expansion – the Dirigo legislation does not support use of the SOP assessment for the State’s Medicaid program.

Ms. Riley addressed this concern. She indicated that there was confusion around the intent of the revisions to the Dirigo Law (LD 1577) but that it had always been the intention that the SOP would be used to help fund the Medicaid expansion to parents of eligible children. Ms. Wyke further addressed the issue by indicating that the expansion would cover more of the uninsured, thereby reducing bad debt and charity care, and was, thus, consistent with the goals of the legislation and the SOP.

4) Timing of the assessment – there is some confusion regarding the timing of the assessment in relation to the time period being assessed and the state fiscal year.

The assessment is on paid claims incurred in 2006 by groups beginning or renewing coverage from January 1, 2006 to December 31st, 2006. The Agency will begin the assessment on April 1st, 2006, for claims incurred in January 2006. After three monthly assessments, the schedule is quarterly, thus:

Incurred / Paid	Assessment
January 2006	April 2006
February 2006	May 2006
March 2006	June 2006
April – June 2006	October 2006
July – September 2006	January 2007
October – December 2006	April 2007

5) Use of 2004 claims base – the Agency is making a determination of a percentage assessment based on 2004 paid claims. This claims base will result in an inaccurate assessment in 2006.

The Agency will reconcile (through refund or future offsets) any amount collected in 2006 that exceeds the amount of the assessment the Board determines. If the amount collected is less than the amount of the assessment, there will be no supplemental assessment.

6) Possibility of lawsuit – the Agency should not move forward with an assessment when there is a strong possibility that interested parties intend to bring suit contesting the amount and methodology of the Superintendent’s decision of savings.

The Agency is not aware of any lawsuits that have been filed and must move forward with its legislative duty to determine the amount of the assessment.

Questions from the he Maine Association of Health Plans:

Q: Do you have an average subsidy per member, per family during 2005 and on what day did you base these numbers?

A: At the end of fiscal year 05 the average subsidy was \$322.00 per member per month.

Q: Of the \$53 million of one-time money, how much has been spent for subsidies through July 1 and then October 31?

A: At the end of fiscal year of 05, the Agency had spent \$7 million. From the beginning of fiscal year 06 to October 31, the Agency had spent \$11 million.

Q: Does the subsidy level include the EMP?

A: Yes

Q: What funds has the Agency transferred to DHHS for MaineCare? Are these funds for administrative costs?

A: The Agency initially transferred approximately \$2.08 million to DHHS for administrative expenses (including the Skowhegan office, systems development efforts, and claims administration). \$1.6 million is unused and DHHS will apply this balance towards FY06.

Q: Why have over 1,000 people disenrolled from DirigoChoice?

A: The Governor’s Office of Health Policy and Finance has received a grant and is partnering with the Muskie School to explore disenrollment. The Agency notes that every plan has disenrollment but acknowledges that disenrollment from DirigoChoice seems high. Part of this is dealing with a population already struggling with the cost of health care.

Comments from Anthem:

Anthem expressed concern that the Agency had proposed an enrollment cap based on an assessment of \$31 million. The carrier noted that there are over 3000 individuals on a waiting list who have expressed interest in enrolling in DirigoChoice.

Based on a \$31 million assessment, there would not be sufficient cash flow to cover all the individuals on the waiting list. Ms. Harrington has discussed this with Anthem's actuary. However, assuming the full saving amount of \$43.7 million is assessed, the Agency could take on 2,500 members in the 1st quarter and approximately 400 members a month subsequently. This assessment would also expand the total 2006 enrollment to 23,371 from the 20,507 originally proposed (including MaineCare expansion enrollees).

Dr. McAfee then added that individuals had written the Board in support of the program and in favor of a larger assessment.

Public Comments

The Board then heard public comment.

Several members of the public expressed support for the program and spoke in favor of a larger assessment. These speakers pointed to the successes of the program in offering low cost insurance to those who could not afford it, to how the program supports the quality and character of life in Maine, and some indicated their concern that they would not be able to enroll in the future if the Board assessed a lesser amount.

Ms. Wyke made note that such expressions from the public in this type of forum are rare.

The NFIB asked the Board to keep a lower assessment amount. David Clough expressed his members' concern that a higher assessment would result in increased premiums on their existing insurance policies.

Consumers for Affordable Health Care expressed support for a higher assessment. Joe Ditre further commented that the legislation was clear in allowing the SOP to be used for the Medicaid expansion.

Discussion of SOP

The board began their deliberation concerning the Savings Offset Payment based on comments from interested parties, staff responses, and public statements.

Ms. Henderson moved to assess the full extent of the determined savings (\$43.7 million). Mr. Leinonen seconded the motion. The Board approved the motion 4 in favor (McAfee, Henderson, Leinonen, Rydell) and 1 against (Connors).

The Board further discussed how to prohibit payers from passing the assessment onto employees through premium increases.

Mr. Leinonen moved to acknowledge the problem of the assessment being passed through to employees and to work with the appropriate parties to address the issue.

Ms. Henderson seconded the motion.

The Board approved the motion unanimously.

Dr. McAfee adjourned the meeting at approximately 2:00 PM.