

**Dirigo Health Agency
Board of Directors
Minutes of Meeting
Monday, February 9, 2009**

The Dirigo Health Agency Board of Trustees held a meeting on Monday, February 9, 2009.

Dr. Robert McAfee convened the meeting at 1:04 PM in the Dirigo Health Agency Boardroom located at 211 Water Street in Augusta.

Other Board members in attendance: Jonathan Beal, Edward David, Mary Anne Turowski, Mary McAleney, Joseph Bruno, Sara Gagne Holmes, Marianne Ringel, David Lemoine, Anne Head, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, William Kilbreth, Deputy Director of the Dirigo Health Agency, and Dr. Josh Cutler, Director of the Maine Quality Forum.

The Board unanimously approved the minutes from their November 17, 2008 meeting.

The Board unanimously approved the minutes from the December 17, 2008 after the following changes were made:

- Correction to typo on page one, paragraph two, giving to given
- Board Member Bruno asked to be identified in the minutes as being opposed to the amount of SOP assessed for Year 4.

Dr. McAfee reminded Board members that if they wish to be recorded in the minutes to please state so at the time of comment or a vote.

Governor's Office of Health Policy and Finance Update-Trish Riley

Ms. Riley stated that the State Children's Health Insurance Program has been reauthorized. There is a small group working on reviewing the language to get a sense of implications for Maine. The cap has been lifted which will allow the relatively few children who are uninsured to get coverage. State's have the opportunity to expand to 300% of federal poverty as long as the state provides a 25% match.

Ms. Riley proceeded that the one drawback of this package is that it is funded through the federal tobacco tax. This includes a tax on cigars and some other small products that Maine just added a tax to last year. Revenue services anticipates a decrease in tobacco revenue over the biennial of \$25 million.

Ms. Riley stated that she was in Washington DC the week of February 9th for the National Quality Conference. It appears that the enhanced Medicaid Bill will go through which is good news for Maine. The Governor has put a placeholder in the budget in anticipation of a stimulus package.

There are also some provisions for the unemployed and health coverage. In both the House and Senate there is a provision that follows the Health Care Tax Credit model that applies to COBRA coverage. Ms. Riley added that health information technology funding is in the bill along with the

creation of national standards through Medicaid and Medicare. It is still unclear if there will be funds for the Maine programs. Additionally there is money in the bill for comparative effectiveness.

Board member asked when the 300% of poverty will go into effect.

Ms. Riley responded that a policy decision would have to be approved for Maine to go to 300% from 200% and with the budget challenges this may not be possible in the near future.

Ms. Riley added that Rep. Priest has a bill in for Maine to create a Technology Assessment Board to look at technology assessment using the Maine Quality Forum. This is a good idea but may be more effective on a federal level. The recommendation has been to table this bill until the cost driver study has been done to help focus the direction of the bill.

Bob Downs from Harvard Pilgrim HealthCare commented that payers and providers are not in opposition to the concept but question if it should be done at the state level. The question that arises is if the Maine Quality Forum is able to carry out the technology assessment because of resources.

Ms. Riley added that we continue to work through the process to find a stable funding source for Dirigo and we acknowledge that people want change. Ms. Riley commented that we are not in a position to change the program design until we stabilize the funding.

The morning of February 27th, the Advisory Council on Health Systems Development will meet to review the ED and Cost Driver Study.

Maine Quality Forum Update-Dr. Josh Cutler

Ms. Harrington presented to the Board a copy of the Maine Quality Forum Advisory Council members. There are a number of members up for reappointment and they have all agreed to serve another term. The Joint Standing Committee of Health and Human Services is responsible for confirming appointments and reappointments. Sue Henderson has been recommended to fill the open RN position on the Advisory Council. The small business position is still open and the Agency is working on recruitment. Members do serve until reappointment.

The HealthCare Associated Infection Report was submitted to the Joint Standing Committee on Health and Human Services on January 30, 2009. Copy of report was provided to Board members.

Ms. Harrington added that the cost driver study will bring us one step closer to understanding what drives our costs and why. There will be a second phase of this analysis which we are in the process of defining and planning for.

Dr. Cutler stated that the cost driver study will identify areas of disease management and geographical data that will give a better position to ask questions of how to bring costs down.

Dr. Cutler viewed the "Patient Centered Medical Home document, the Dirigo Health Agency's Maine Quality Forum Progress Report" specific to the medical home pilot and the "Health Care Associated Infection Annual Report to the Joint Committee on Health and Human Services." Please refer to handouts.

Dr. Cutler discussed the Primary Care Medical Home Pilot: 15 applications have been received to date from Primary Care Practices. Important to have a distribution of rural, urban, large and small practices. Key issue the pilot is facing is physician community is looking for additional resources in order to make the transition to a medical home; payers are concerned with investing additional resources at this time and believe that there is money in the system. Within the next few months practices for the pilot will be selected.

Ms. Harrington described what the Agency does now relative to technology assessment as it relates to the Certificate of Need review process.

Agency Update

Ms. Harrington summarized the Legislative activities that are scheduled as it relates to the Dirigo Health Agency:

February 19th-Joint Standing Committee on Health and Human Services will review programs that receive allocations from the fund for a Healthy Maine.

February 24th –Pre budget briefing with the Joint Standing Committee on Insurance and Financial Services.

March 4th-Budget hearing with the Joint Standing Committee on Appropriations and Financial Affairs SFY10 and 11:

Ms. Harrington stated that the build up of the next biennium budget is underway but that we are anxious for a bill that will address our cash flow challenges that we will build the budget around. If the timing does not work out we will build a budget based on the savings offset payment.

Ms. Harrington reminded the Board that the \$5 million allocation from the fund for a Healthy Maine per PL 2007, Chapter 629 was not part of the People's veto. However, there has been a revision in the revenue forecast in this fund. As such we have been told we will receive \$4.7 in SFY10 and \$4.6 in SFY11. We will take this reduction into account in the build up of our budget.

Ms. Harrington went on to explain that if there is a bill to eliminate AMCS, \$1 million will be taken out of the operating cost line of the budget.

Ms. Harrington stated, that relative to program growth, the Agency will be able to maintain enrollment but not open to new enrollment. More will be known once a bill is advanced or we build a plan based on the status quo.

Ms. Harrington will e-mail the Board copies of all material provided to the Committees.

FY09 budget:

Ms. Harrington reminded the Board that in September of 2008 the budget was reforecasted based on the first six months of actuals and the status of the economy. We anticipated higher off-cycle disenrollment and lower persistency due to the economy. What we have actually experienced is our members are hanging on at a higher rate and that our average age has increased over the last several months.

Ms. Harrington added we will continue to monitor closely and that if things continue in this direction I will come back to the Board with recommendations on how to close the gap.

Ms. Harrington stated that as part of the Agency's expense management initiatives the contracted staff that does the programs subsidy determination has been cut to 35 hours a week from 40, we have made changes relative to phone lines and she continues to look for smaller office space.

Mr. Kilbreth discussed the December and January enrollment reports, income statements, and balance sheets. Please refer to handouts. Mr. Kilbreth added that HCTC membership went from 91 in December to 236 in January and 78% of these are level B (80%).

Board member asked if HCTC members could be refused.

Ms. Harrington answered that no, they cannot be refused entry to the program, but that there is no requirement that we provide the state subsidy.

Board member commented that the trend the Agency is on right now may not be a good trend. Will 3 months be enough to fix the problem?

Ms. Harrington stated that it is not enough time to fix the problem. If the experience continues to play out the Agency will have to come back to the Board with an aggressive recommendation to close the fiscal year at projections.

Board member asked that if drastic changes have to be made how much of a notice is required.

Ms. Harrington responded contractually they must get at least a 60 day notice.

Board member asked the status of the reinstatement policy.

Ms. Harrington responded Harvard Pilgrim HealthCare has agreed to the terms and as scheduled the new reinstatement policy go into effect April.

Ms. Harrington confirmed the following:

The Agency and HPHC have reached agreement on the extension of the contract through CY2009.

The Superintendent of Insurance reported to the Joint Standing Committee on Insurance and Financial Services regarding the work of the direct care workers work group last summer. The recommendation of the work group is to develop a pilot for this group through Dirigo. A copy of the full report will be sent to the Board electronically. Most likely there will be a legislative bill regarding this issue. The Agency will continue to monitor.

The AMCS consultants for year 5 have been selected. The Agency received 1 response to the Request for Proposal that was sent out and is moving forward with this vendor. The value of the contract is up to \$977,000. The AMCS Year 5 proposed scheduled is in the Board packet. Please refer to handout.

Ms. Harrington added she is prepared to send an RFP out to secure consultant services for the AMCS year 5 if that is the Boards desire. Ms. Harrington also added there is no money in the current budget for this service.

Board member asked what the cost of this may be.

Ms. Harrington responded not sure until we send it out to bid.

Public Comments

There were no public comments.

Next Meeting

The next meeting will be held on Monday March 9, 2009 beginning at 1:00pm.

Other Business

Ms. Harrington recommended that pursuant to MRSA Title 1, Section 405, Paragraph 6, Subgroup E that the Board go into Executive Session for a briefing from attorney on pending litigation.

Board moved to go into Executive Session.

Board came out of Executive Session. Dr. McAfee stated for the record that the Board was briefed by Assistant Attorney General Laubenstein on pending litigation. No action was taken.

The meeting was adjourned at 4:00pm.