

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Monday, March 9, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Monday, March 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, Mary Anne Turowski, Edward David, Mary McAleney, Joseph Bruno, Sara Gagne Holmes, Marianne Ringel, 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.

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

Ms. Riley stated that that the Secretary of State had ruled on the petitions for citizen referenda. The Secretary rejected the petition for an initiative that would have eliminated health reform advances over the last decade, including Dirigo. The Secretary approved the other petitions.

Ms. Riley noted that the Governor's State of the State Address was the following night. The Governor planned to discuss his plans for the funds made available through the President's Recovery Act.

Ms. Riley discussed a COBRA provision in the act. The provision subsidizes COBRA premiums by 65%. Employers pay the 65% and the Federal government reimburses them through tax credits. The subsidy is available for individuals who make no more than \$145,000 (\$290,000 for couples). Individuals who make more than \$125,000 (\$250,000 for couples) are eligible at a higher cost.

The provision allows for 9 months of subsidy. Eligibility runs from September 1, 2008 through December 31, 2009. If you lost your job after September 1st and did not previously elect to enroll in COBRA, you will have an additional 60 days to sign up for COBRA.

Ms. Riley discussed other important elements of the Recovery Act:

- \$1.1 billion for clinical effectiveness research.
- \$1 billion in the plan for prevention and wellness
- \$50 million in help with hospital acquired infections
- \$300 million for immunizations,
- \$650 million for wellness and wellness activities.

Ms. Riley added that there are also Medicaid provisions in the Recovery Act that will allow Maine to eliminate planned cuts to MaineCare. The federal match on Medicaid will be increased by 6.2% and includes another increase based on state unemployment levels. Maine qualifies for this increase.

There is a major initiative in the Act for Health Information Technology, Ms. Riley stated. This initiative is for a \$2 billion program and includes:

- Grant program(s) for health exchanges
- Loan program(s)

- Comprehensive approaches to financial assistance through incentive payments from both Medicaid and Medicare where no match is required

There is money also available for training primary care providers.

- \$300 million to upgrade the National Health Service Corp.
- \$200 million for primary care dentistry, public health prevention

Ms. Riley also noted that the Recovery Act includes two changes to the Trade Adjustment Act (TAA):

- Who is eligible
- 65% subsidy increases to 80% subsidy

A Board member asked how many are eligible in Maine for TAA assistance.

Ms. Harrington stated that the number of eligible citizens today per the DOL was approximately 500 and that Dirigo has enrolled about 143 members. Number is expected to grow with the down turn of the economy.

A Board member asked if the stimulus money will flow through the state.

Ms. Riley answered that yes, most money will flow through the state but that it is unclear exactly how this will be done.

A Board member asked if the HIT provisions in the act could be coordinated with the HIT efforts already underway in the state.

Ms. Riley answered that there is a Health Information Technology planning committee meeting on Thursday, March 12th to discuss this coordination further.

Ms. Riley added that a The Advisory Council on Health Systems Development's annual Cost Drivers Study has been helped by a grant from the Maine Health Access Foundation and by additional help from the Muskie School and the Maine Quality Forum.

The next ACHSD meeting will be held on March 27, 2009.

Maine Quality Forum Update-Dr. Josh Cutler

Dr. Cutler updated the Board on the Agency's Cost Driver Study. Health Dialog, the contractor responsible for the study, had made a presentation on the findings to ACHSD. The presentation is available on the Governor's Office of Health Policy and Finance website. Please refer to handout.

Agency Update

Mr. Kilbreth stated to the Board that the State Auditor has completed the SFY 2008 audit and that there were no findings.

Mr. Kilbreth discussed the income statements, balance sheets, and enrollment report. Please refer to handouts.

Ms. Harrington added that the Agency's current financial position will allow the Agency to complete the fiscal year without making program changes.

A Board member asked if total number of members shown on the Agency's enrollment reports represented unique people.

Mr. Kilbreth stated that if there is an individual who has enrolled in both DirigoChoice and the MaineCare Parent Expansion at separate times that individual would be double counted, as the enrollment counts from DHHS do not identify individual members but report them in aggregate.

Ms. Harrington clarified that since DirigoChoice and the Parent Expansion are two different programs she believes the reporting is appropriate. She stated that individuals who had enrolled separately in the two programs should be counted twice because they are paid for through different funding mechanisms, i.e., DirigoChoice and Medicaid.

A Board member asked if there were any new projections for HCTC enrollment given the increased TAA subsidy.

Ms. Harrington responded that the Agency is working with the Commissioner of the Department of Labor and staff to better understand the impact of the increased subsidy. She added that the Agency was continuing to explore having the federal subsidy applied first to the cost.

Ms. Harrington presented to the Board the Dirigo Health Agency Budget Material State Fiscal Years 2010 and 2011. She noted that the Agency had presented this material to the Legislature in March 2009. Please refer to handout.

Ms. Harrington made note of page 2 of the Budget Material Document. She explained the request for a reduced allocation. The current budget has a budget allocation of \$115 million in FY 2010 and a similar allocation for FY 2011. The Agency has requested a reduction of allocation of \$53.1 million for FY 2010 and a placeholder amount of \$76.8 million in FY 2011. Ms. Harrington explained that since FY 2006 budget allocations have been significantly higher than actual expenditures. These high allocations were typically the result of pending legislation.

Ms. Harrington discussed page 3 of the Budget Material Document, noting that it provided the Board with information regarding the goals of the Agency in building its budget assuming the SOP is the funding mechanism. The Agency's primary objective was to end FY 2010 without a positive fund balance. The Agency has always considered the arrangement of borrowing from the State Cash Pool temporary.

Ms. Harrington added that the Agency anticipates ending FY 2009 with a negative cash balance of \$19.6 million and a negative fund balance of \$10 million. The Agency anticipates ending FY 2010 with a \$0 fund balance. The Agency will still need to borrow monthly from the cash pool to manage its daily transactions which creates a strain on the cash pool.

Ms. Harrington discussed page 4 of the Budget Material Document. She stated that the Office of Fiscal Program Review had put together an Agency average cash balance report. Ms. Harrington explained that the Agency expanded the OFPR report to include projections for FY 2010 and 2011, and to demonstrate the effect of the People's Veto on the Agency's cash flow situation. The revised report also demonstrates that if the Legislature passes a law to change the SOP to a flat monthly collection the Agency will be able to work itself out of the negative cash balance and back to a positive cash balance.

Ms. Harrington explained that in order to meet this budget, the Agency needs to continue the cap on DirigoChoice enrollment. The Agency anticipates ending FY 2009 with 8,314 DirigoChoice members and 5,400 Expansion Parents and ending FY 2010 with 5,100 DirigoChoice members and 5,400 Expansion Parents.

Ms. Harrington reminded the Board of the findings from the Muskie disenrollment survey: most DirigoChoice members who dis-enroll do so because of cost. The health insurance market still suffers from double digit rate increases and even with subsidies the program is expensive for members. Ms. Harrington added that in Massachusetts people below 200% of poverty do not pay anything for their coverage. In Maine, on average, these members are paying around 17% of their income on premiums.

Ms. Harrington noted that Superintendent's decision regarding AMCS Year 4 is being challenged in the courts. The Agency and the Superintendent of Insurance submitted their briefs Friday, March 6, 2009.

Ms. Harrington then reviewed page 6 of the Budget Material Document: layout of the resources and expenses and other uses of the Agency. Please refer to handout.

A Board member asked what the Agency's assumption for DirigoChoice rate increases was.

Ms. Harrington responded that for individuals and sole props the Agency was estimating an 11% increase and for small groups the Agency was estimating a 5% increase.

A Board member asked if the AMCS hearings were still on schedule for July.

Ms. Harrington responded that the hearings were on schedule, and added that at the April meeting the Board should discuss if they would like to engage consulting services to support the Board during the hearing.

A Board member requested the Agency keep the Board up-to-date on Legislative action pertaining to AMCS, SOP, and Agency financing.

Board member Gagne Holmes noted that Representative Sharon Treat has submitted a bill that will change the existing financing process.

Ms. Harrington reviewed the pro forma balance sheets and income statements for FY2010 and FY2011 the Agency provided to the State Controller and to the Legislature. Please refer to handouts.

A Board member asked if the Agency had shared this information with Harvard Pilgrim Health Care. Ms. Harrington responded she has had ongoing conversations with HPHC, that HPHC is aware of the Agency's fiscal position, but that she had not had detailed discussion with HPHC regarding FY10.

Mr. Kilbreth gave a DHA website demonstration. Mr. Kilbreth demonstrated the maps on the website that show DirigoChoice population for each House and Senate district.

Next meeting

The next meeting will be held on Monday, April 13, 2009 beginning at 1 PM.

Public Comments

There were no public comments.

The meeting was adjourned at 3:45pm.

