

**Dirigo Health Agency
Board of Trustees
Minutes of Meeting
Monday, April 13, 2009**

The Dirigo Health Agency Board of Trustees held a meeting Monday, April 13, 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: 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, Dr. Josh Cutler, Director of the Maine Quality Forum, and William Laubenstein of the Attorney General's Office.

The Board went into Executive Session pursuant to MRSA Title 1, Section 405, Paragraph 6, Sub-paragraph E to discuss pending litigation with their attorney.

The Board reconvened at 1:37 PM. The Board took no action from Executive Session.

The Board unanimously approved the February 9, 2009 minutes.

The Board unanimously approved the March 9, 2009 minutes with the following correction:

The 9th paragraph on page one should read "the federal match on Medicaid will be *increased by 6.2%* and includes another increase based on state unemployment levels."

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

Ms. Riley reported that the Insurance and Financial Services Committee has reviewed high-risk pool and single-payer bills. She noted that the Legislature passed a resolution to encourage the President and Congress to support single-payer.

The Appropriations Committee is still considering a laid-off workers proposal. This proposal would provide \$15 million in Recovery Act Funds to help laid-off workers buy into DirigoChoice and/or COBRA.

The Insurance and Financial Services Committee will review the Governor's Bill (LD 1264) on April 14, 2009. This bill converts the SOP to a fixed monthly assessment of 2.14%. The 2.14% assessment would bring in approximately \$42 million in annual revenue.

LD 1264 also requires the Board to explore a more affordable product, the value of an asset test, the feasibility of a voucher program, and generally plan how the program should work going forward.

Ms. Riley noted that that when the program has stable funding the new federal administration may be able to provide some sort of additional funding for the program.

Dr. McAfee asked if there were feelings or suggestions from the Board regarding the above mentioned bills that should be conveyed to the Committee.

The Board discussed the appropriateness of offering an opinion to the Committee and what opinion should be conveyed.

The Board agreed that it would be appropriate for the Chair to convey the Board's opinion to the Committee.

The Board agreed that they supported alternative, adequate, stable financing that allows the program to

continue and grow.

Most of the Board agreed that LD 1264 met these criteria but that they deferred to Legislature in determining the final source of the funding. Board member Bruno stated his opposition to the 2.14% assessment on paid claims and his feeling that the funding should come from an alternative source.

Ms. Riley added that the Insurance and Financial Services Committee is considering a resolve sponsored by Representative Lewin asking the Office of Program Evaluation and Government Accountability to do a performance evaluation and cost benefit analysis of the Dirigo Health program.

Maine Quality Forum Update-Dr. Josh Cutler

Dr. Cutler updated the Board on the EHR Demonstration Project and Healthcare Associated Infections. CMS has discontinued the second phase of the EHR Demonstration Project as the ARRA has effectively superseded it. The ARRA however, allows the Quality Forum to work with any willing provider and obtain matching federal funds for EHR implementation. The Quality Forum is working on a strategic plan for Maine.

The Healthcare Associated Infections project is ongoing. The Health and Human Services Committee has passed two bills requiring public reporting and examination of HAI and MRSA infections (LD 960 and LD 3038).

Agency Update

Ms. Harrington shared an email from a business owner in Freeport.

Ms. Harrington presented the Board with a packet of letters in support of the Dirigo program.

The Agency has become a place people call for help when they lose their jobs. Ms. Harrington shared a list of the Maine companies whose former employees had contacted the Agency.

The Agency is preparing for its COBRA assistance program. The infrastructure to manage the plan should be in place May 1.

Ms. Harrington reported to the Board that the IFS Committee had made a unanimous recommendation to Appropriations to approve the Agency's proposed budget, including language to allow the Agency to borrow from the State's cash pool in order to balance at the end of the fiscal year. The Agency anticipates ending FY09 with a negative \$19.6 million cash balance. If the Legislature passes LD 1264 or if the Agency has to continue with the SOP, the Agency plans to end FY10 with a \$0 fund balance. However, if the SOP stays in place there will still be a monthly cash flow problem requiring the Agency to continuing borrowing from the cash pool - a situation not acceptable to many.

If the Legislature passes LD 1264 the flat assessment would go into effect September 1, 2009. There would not be a gap in the transition from the SOP to the flat assessment. The flat assessment would apply to paid claims in September 2009 and the first payment would be due October 15, 2009. There would be no further SOP assessments after August 2009.

The Agency's plan to keep enrollment capped for FY10 to eliminate its deficit would still be in effect under the flat assessment. However, at the end of FY10 the Agency would be operating with a positive cash balance and would be able to pay its bills with revenue received.

This scenario would ultimately allow the Agency to ramp up to 10,000 members in FY11. Refer to handout.

Ms. Harrington stated that Appropriations has received the unanimous recommendation from the IFS Committee relative to the budget but has not voted on the proposal. The Controller has made one revision - to change the year ending amount from \$19,642,855.00 million to \$20 million. Refer to handout.

Responding to public questions regarding enrollment, Ms. Harrington explained that the decline in membership is due to enrollment being capped since September 2007. She noted that if the Agency had not capped the program enrollment would be approximately 30,000 members.

Ms. Harrington presented to the Board Agency key dates and milestones of SFY 2009-2010. Please refer to handout. Ms. Harrington made note of the ongoing Office of the State Controller Audit.

Ms. Harrington reported the Agency has hired an actuary to help model project redesigns. The Agency plans to provide the results of its analysis to the Board no later than October 2009. This timing would allow the Board to think about options and scenarios, listen to feedback, and then make a final decision. At that point the Agency would begin the RFP process.

The state purchasing office has granted the Agency six month contract extension with Harvard Pilgrim Health Care. This extension is due to the Agency's concern around the timing of an RFP while the program financing has not yet been stabilized.

The RFP would be for a new contract with an effective date of 01/01/2011.

Ms. Harrington suggested the 1st new contract period be 18 months instead of 12. This longer period would then carry through to the end of June 2012 and synchronize the program with the state fiscal year.

Board members Ringel and David requested that the Board receive a presentation of the proposed product redesign.

Ms. Harrington responded that Agency staff has been working with the consultant on preliminary data collection but would provide preliminary design considerations to the Board for the feedback within the next couple of months.

Ms. Harrington added that the Robert Wood Johnson Foundation has awarded a grant to the Muskie School of Public Service and Harvard University to study the healthcare reform efforts in Maine, Vermont, and Massachusetts. Muskie and Harvard will look at the political and financial aspects of the reform efforts in each state.

The Agency provided an estimate to the Legislature for a bill regarding direct care workers. The Agency estimated that to cover all 11,000 workers and their dependents would cost \$39.4 million.

Mr. Kilbreth discussed the March 2009 enrollment report, income statement, and balance sheet. Please refer to handouts.

Ms. Harrington stated that Harvard Pilgrim Health Care filed their DirigoChoice rates with the Bureau of Insurance for individual, sole props, and small groups for Q3 and Q4. The average increase for individuals/sole props is 6.6% and small groups is 8.2%. The loss ratio is 90%. There is less than 1% of profit built into these rates. The current loss ratio is 91.3%.

Ms. Harrington presented to the Board 3 more LDs that might be of interest to the Board:

- LD 1091-An Act to Reduce the Cost of Health Insurance
- LD 1194-An Act to Establish a Reinsurance Mechanism to Expand Health Insurance for Individuals and Groups

- LD 1365-An Act to Establish a Single-Payer Health Care System

Dr. McAfee asked the Board if consulting services are necessary for the Board for AMCS Year 5.

The Board discussed the issue of consulting services and determined not to pursue them, due to issues of cost and because the Board felt its determination of AMCS was supposed to be that of a lay Board, and not a technical consultant. The Board further felt there would be legal and logistical complications with attempting to engage a technical consultant as part of their public hearing and deliberative process.

Ms. Harrington introduced Ed Kane, the new Vice President in Maine for Harvard Pilgrim Health Care.

Next meeting

The next meeting will be Monday, May 11th at 1:00 PM with an alternative date of Wednesday, May 20th at 1:00 PM.

Public Comments

There were no public comments.

The meeting was adjourned at 3:20 PM.