

**Dirigo Health Agency  
Board of Trustees  
Minutes of Meeting  
Monday, April 4, 2011**

The Dirigo Health Agency Board of Trustees held a meeting Monday, April 4, 2011.

Chair Bruno convened the meeting at 9:05 AM in the Dirigo Health Agency Boardroom located at 211 Water Street in Augusta.

Other Board members in attendance: Jonathan Beal, Mary McAleney, Gary Reed, Sara Gagne Holmes, Mary Anne Turowski, Dr. Edward David, Robert Harmon, and Douglas Carr. Also in attendance: Karynlee Harrington, Executive Director of the DHA and William Kilbreth, Deputy Director of the DHA.

Chair Bruno introduced new Board members Robert Harmon from Raymond and Douglas Carr from Yarmouth.

Ms. Harrington introduced her leadership team to the new Board members as well as Bill Graham, Vice President of Policy and Governmental Affairs with Harvard Pilgrim Health Care.

**Agency New Business**

Ms. Harrington reported that she has been before Appropriations and the Insurance and Financial Committees along with Chair Bruno. There have been a number of questions that Ms. Harrington has been asked to follow up on. There were a number of questions pertaining to the Exchange and how the Agency may transition into an exchange.

Ms. Harrington walked the Board through a detailed discussion document. Refer to handout.

Ms. Harrington summarized the following:

- Governor's proposed budget reduces the Agency's revenue over the 30 month period beginning July 1, 2011 through December of 2013 by \$52.5 million which represents a 43% reduction.
- Part BBB of the proposed budget eliminates the access payment on December 31, 2013.
- Original DHA budget projected a DC membership goal of 11,000 members of which 8,500 members are subsidized.
- The average PMPM projected over this period was \$296.00.
- In the Agency's original budget approximately 82% of the non-federal revenue was budgeted for subsidies.
- Individuals represent 61%, sole props 23%, and small groups 16% of the Agency's subsidies spend.

Ms. Harrington asked the Board to consider the following question assuming the Governors proposed budget is enacted. Is the goal to rebuild a budget that can support the original membership goal of 11,000 DC members or maintain the current membership and cap the program? She also stated that in between the two extremes there are other alternatives.

In order to build a budget that supports the original membership goal of 11,000 DC members, the overall subsidy PMPM needs to be reduced by 49%. In a scenario with no changes to subsidy and benefit design the peak DC enrollment is a total of 6,700 members, of which 5,300 are subsidized.

Ms. Harrington stated that the current DC membership is 7,790 (including PCIP, and HCTC members).

Ms. Harrington stated that at the end of FY11 the Agency anticipates approximately 8,500 DirigoChoice members of which 6,300 are subsidized. Ms. Harrington reviewed with the Board a number of potential options and their impact on DC membership and the timing of when the program would be capped.

Ms. Harrington stated that the latest forecast is that the Agency will end the fiscal year with approximately \$17 million dollars -which will help offset the \$52.5 million loss in revenue. Ms. Harrington stated that \$15 million of the \$17 has been built into the options presented earlier.

At the conclusion of the 43 page discussion document the Board discussed next steps.

Board Chair acknowledged that Representative Fitzpatrick, who is a member of the Joint Standing Committee on Insurance and Financial Services, was in the attendance.

After much discussion several Board members voiced their support for option one.

Board Chair Bruno stated that he believes there is some tweaking that can be done with subsidy levels, deductibles, and out of pocket expenses with the goal of keeping the program open until July 1, 2012.

The Board asked Ms. Harrington to look at three additional scenarios:

- Increase all deductible levels by \$250
- Compress the current 4 subsidy levels into 3
- Compress the current 4 subsidy levels into 2

In addition the Board asked for additional data specific to Rx and Deductible/Out-of Pocket utilization.

Board member Beal asked to make a motion on behalf of the Board to thank Ms. Harrington and her staff for the good work that the Agency has done over the last 7 years. This was seconded and approved.

Board Chair Bruno stated in June the Board will discuss an evaluation for Ms. Harrington.

Ms. Harrington stated that a RFP was advertised in the Kennebec Journal for Exchange Planning Support. DHA is working with DHHS on this proposal. All responses are due by April 20, 2011. Ms. Harrington is serving, with her team, as the project manager. The RFP is available on the DHA website.

### **Public Comments**

Dr. Robert McAfee, former Board Chair, made several comments about the success of the Agency and his hopes for its future. He stated that he is concerned that the budget is taking away the flexibility of the Agency. He is hopeful that people will continue to defend Dirigo. He concluded with positive comments of the staff and the work that they produce.

### **Next Meeting**

The next meeting will be held on Monday, May 9, 2011 beginning at 9:00 AM.

The meeting was adjourned at 12:02 PM.