

Dirigo Health Agency
Board of Directors
Minutes of Meeting – FINAL
August 21st, 2006

The Dirigo Health Agency Board of Directors held a meeting on Monday, August 21st, 2006. Dr. Robert McAfee, Chair, convened the meeting at 1:00 PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Dana Connors, Ned McCann, Acting Commissioner Lloyd LaFountain III, and Trish Riley. Also in attendance: Karynlee Harrington, Executive Director of the Dirigo Health Agency, and Will Kilbreth, Deputy Director of the Dirigo Health Agency.

Agency Updates

Ms. Harrington outlined the guiding principals that directed staff along with Anthem Blue Cross and Blue Shield in the plan design/structure discussions/strategies. Goal of the analysis was to look at alternative approaches in the underlying structure of the plan in an effort to significantly reduce the monthly coverage cost. Ms. Harrington noted the key factors that drive costs.

She also noted that commercial plans consider various ways to reduce premium:

- Plan design changes
- Eliminating coverage
- Increasing cost sharing

These considerations along with other changes in the underlying structure of the design were considered by staff.

Ms. Harrington reported at a high level that the analysis staff undertook in its mission to considerably reduce the cost of the monthly coverage cost was time consuming and required a significant amount data from Anthem Blue Cross Blue Shield of Maine. Staff's recommendation in the end was to take a conservative approach for the 12 month contract extension with Anthem. Ms. Harrington also acknowledged the work of the Blue Ribbon Commission and its recommendations. Ms. Harrington pointed out that most of the cost sharing models the Agency considered for 2007 were steps toward a self-insured model.

Ms. Harrington stated the commitment to continue to maintain a comprehensive set of benefits, with a focus on prevention. Based on feedback from the market introducing lower cost choice into the program portfolio is a critical step towards continued growth in the small employer segment.

With those considerations in mind, Ms. Harrington reported the proposal for 2007 was to introduce a \$2500 deductible (\$5000 family deductible).

She noted the total out of pocket for the 2500 plan would be significantly lower than the 1250 and 1750 plans. The 2500 plan offers a lower monthly cost and lower total out of pocket for a higher deductible. Based on preliminary estimates from Anthem's actuary the 2500 plan premium would be approximately 11% lower than the 1250 plan and approximately 2% lower than the 1750 plan.

Ms. Harrington noted that the 2500 plan is one of Anthem's top selling products in their small group market.

The 2500 plan, Ms. Harrington emphasized, was an option, not mandatory for any group, and would be available to all applicants; Individuals, Sole Props, and Small Groups.

Ms. Harrington stated that the Agency had considered a \$5000 deductible plan. Ultimately staff concluded that, while such a plan would greatly reduce the monthly coverage cost, it would create too great a burden on enrollees especially in a low income pool. Also, the Agency recognized that while such a product is popular in the individual market it isn't in the small group market.

Ms. Harrington noted that the recommendation for plan design in 2007 was:

- Maintain preventative care at 100%.
- Increase the office visit copay from \$20 to \$25.
- Increase pharmacy copays from \$10/\$20/\$40 to \$10/\$30/\$50 (generic/brand/specialty).

These changes, Ms. Harrington reported, would result in an approximate reduction (based on numbers from Anthem's actuary) in cost increase of approximately 4.4%. She commented that rates would increase for the plan, as medical trend was increasing across the country, and these changes were an effort to reduce that increase. Ms. Harrington further noted that 55% of pharmacy utilization was in the generic category, and that for those sorts of prescriptions, there would be no increase in cost. Ms. Harrington stated that she could not publicly discuss Anthem's predicted trend increases as that would put the program and Anthem at a competitive disadvantage, and that she was looking to the Board to authorize her to continue contract negotiations with Anthem including final rates for DirigoChoice.

Ms. Harrington requested that the Board authorize a change to the Healthy ME program to offer that incentive only to the previously uninsured.

Dr. McAfee asked what set DirigoChoice apart in the market. Ms. Harrington detailed various plan features:

- Preventative care 100%
- No pre-existing condition limitation
- Health Maine incentive program

- Early identification of high risk enrollees as well as aggressive care and disease management

Dr. McAfee requested data on the relative costs of these options in light of the work of the Blue Ribbon Commission.

Ms. Harrington explained that the plan was to move the DirigoChoice membership into the new plan structure as each group renewed in 2007. Current DirigoChoice enrollees would be able to maintain their existing benefit structure upon renewal in 2007 if they wished, but would not be eligible for a discount.

Another additional change in 2007, Ms. Harrington stated, was that the various plans would all be available as dual offerings (1250/1750 and 1750/2500) to create further flexibility for Small Group employers.

Ms. Harrington further noted that the Agency might consider lowering the required employer contribution to 50% if the financials allowed it.

Dr. McAfee asked if the Agency was in a position to consider other options with other insurance companies. Ms. Harrington notes that the Agency was always open to conversation, but the timeline mandated that the plan move forward with Anthem for 2007. Ms. Harrington noted that the Agency was going to move forward with a new RFP for the plan offering in 2008, and that the RFP would need to be issued in early spring of 2007.

Dr. McAfee moved that the Board accept the plan design and authorize Ms. Harrington to continue negotiations with Anthem as proposed. The Board approved the motion unanimously.

Ms. Harrington reported that the Agency was beginning work on the SFY 2008 and 2009 budget. The Agency's first step was to reforecast the FY 2007 budget, and then would provide the State with a preliminary SFY 2008 and 2009 budget. Staff would present this 2008 and 2009 budget to the Board for approval.

The Board scheduled their next meeting for September 11th, at 1:00 PM.

Public Comments

Dr. McAfee opened the meeting to public comments.

Joe Ditre of Consumers for Affordable Health Care remarked that the 2500 deductible plan doubled the liability for the highest discount, lowest income enrollees. He expressed his hope that the Board would remember that DirigoChoice was a unique program that had national attention, and that the Board should consider trying to shift the market, not follow it. He hoped that any additional dollars that came in due to the 2500 plan could be reinvested in the discount program.