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KARYNLEE HARRINGTON
EXECUTIVE DIRECTOR

TO: Joint Standing Committee on Appropriations and Financial Affairs

FROM: Karynlee Harrington, Executive Director, Dirigo Health Agency

CC: Trish Riley, Director of Governor's Office of Health Policy and Finance
Ryan Low, Commissioner, Department of Administrative and Financial Services
Ed Karass, State Controller
Dr. Robert McAfee, Chair of the Dirigo Health Agency Board of Trustees
Will Kilbreth, Deputy Director, Dirigo Health Agency

DATE: April 27, 2009

RE: Follow Up to questions raised at April 23, 2009 Committee meeting.

Please find outlined below responses to the issues raised by Committee members at the April 23, 2009 Committee meeting:

1. Dirigo Health Agency Language: Attachment 1 provides the language regarding the Working Capital Advance incorporating the suggestions of several members of the Committee specific to reporting requirements, future legislative authority, timing of repayment and borrowing in SFY09.
2. Cash Flow Modeling under LD 1264: Attachment 2 provides both the fund and cash balance projections assuming LD 1264 takes effect September 1, 2009.

Attachment A
Proposed Language

Transfer from Other Special Revenue Funds to Dirigo Health Enterprise Account. Notwithstanding any other provision of law, the State Controller may transfer up to \$20,000,000 million dollars in fiscal year 2008-09 from Other Special Revenue Funds to Dirigo Health Enterprise Fund no later than June 30, 2009. On July 1, 2009, the State Controller shall transfer up to \$20,000,000 million dollars transferred from the Dirigo Health Enterprise Fund along with interest to Other Special Revenue Funds as repayment. This transfer is considered an interfund advance to be repaid with interest compounded annually at the earnings rate within the Treasurer of State's cash pool on the date of the advance.

Working Capital Advance. For the fiscal year 2010, the State Controller is authorized to advance up to \$25,000,000 from the General Fund to the Dirigo Health Enterprise Fund established in the Maine Revised Statutes, Title 24-A, section 6915 to provide funds for health insurance premium costs paid for by the Dirigo Health Enterprise Fund.

Funds advanced from General Fund to the Dirigo Health Enterprise Fund for fiscal year 2010 shall be returned to the General Fund along with interest on a periodic basis commencing not later than April 1, 2010 with final repayment due on or before June 30, 2010. Interest shall be compounded annually at the Treasurer's rate of short term borrowing.

Interest shall be compounded annually at the Treasurer's rate of short term borrowing for funds advanced from General Fund to the Dirigo Health Enterprise Fund for fiscal year 2009.

The State Controller shall report monthly to the Joint Standing Committee on Appropriations and Financial Affairs on the status and activity in the Dirigo Health Enterprise Fund.

Except as set forth in this Section ____, the State Controller shall not advance any funds from the General Fund to the Dirigo Health Enterprise Fund without express legislative authorization.

Attachment B
Agency Cash and Fund Projections for
LD 1264

LD 1264 - An Act To Stabilize Funding and Enable DirigoChoice To Reach More Uninsured

Agency fund and cash balance model

(assumes September 1, 2009 effective date)

Projected Agency resources:

- 1) SOP (on paid claims through August 2009)
- 2) Flat 2.14 assessment (on paid claims from September 2009 forward)
- 3) Healthy ME revenue consistent with proposed SFY 2010-2011 budget
- 4) Member fees and premium

