
DHA

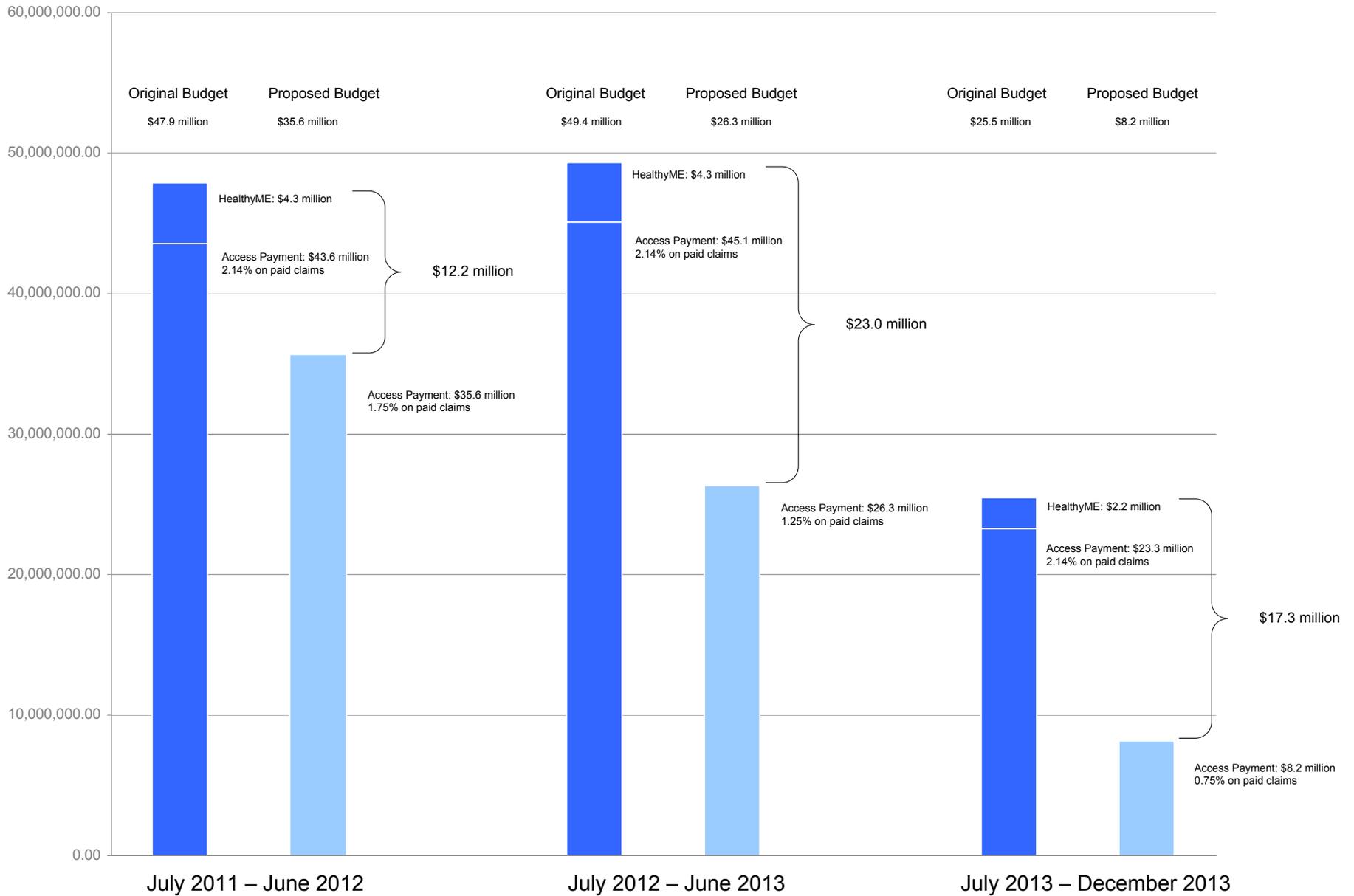
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Health Coverage
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DHA Board of Trustees Discussion Document
April 4th, 2011

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DHA Revenue Changes Under Proposed Budget
 30 Months From July 2012 – December 2013
 Total Difference: \$52.5 million (43%)



The Board had set, under their approved 2012-2013 budget, a DirigoChoice membership goal of 11,000 (8,500 subsidized). This budget targeted an average pmpm subsidy cost of \$296.13 across the biennium.

Under the approved budget approximately 82% of DHA’s non-federal revenue (Healthy ME and access payments) was allocated for DirigoChoice subsidy in 2012-2013. Individuals represent 61% of the subsidy expense, Sole Props represent 23%, and Small Groups members represent 16%.

Under the Governor’s proposed budget, which represents a 43% reduction in non-federal revenue, either the DirigoChoice membership goal must be reduced or the target pmpm must be reduced.

The following chart illustrates the impact on DirigoChoice projected membership across a range of subsidy pmpm costs under the proposed budget. The range runs from keeping the subsidy pmpm at the level targeted under the original budget (\$296.13) to the level it would need to be in order to reach the original targeted membership of 11,000 members (\$150.00)

Projected Membership		DHA PMPM	DHA PMPM Reduction	
Total	Subsidized			
6779	5376	\$ 296.13	0%	Original PMPM Target ↑
6868	5442	\$ 290.00	2%	
6944	5498	\$ 285.00	4%	
7022	5556	\$ 280.00	5%	
7103	5616	\$ 275.00	7%	
7187	5679	\$ 270.00	9%	
7275	5743	\$ 265.00	11%	
7365	5810	\$ 260.00	12%	
7460	5880	\$ 255.00	14%	
7558	5953	\$ 250.00	16%	
7660	6028	\$ 245.00	17%	
7766	6107	\$ 240.00	19%	
7877	6189	\$ 235.00	21%	
7993	6274	\$ 230.00	22%	
8113	6364	\$ 225.00	24%	
8240	6457	\$ 220.00	26%	
8372	6555	\$ 215.00	27%	
8510	6658	\$ 210.00	29%	
8655	6765	\$ 205.00	31%	
8808	6878	\$ 200.00	32%	
8968	6996	\$ 195.00	34%	
9137	7121	\$ 190.00	36%	
9315	7253	\$ 185.00	38%	
9351	7280	\$ 184.00	38%	
9502	7392	\$ 180.00	39%	
9701	7538	\$ 175.00	41%	
9911	7694	\$ 170.00	43%	
10134	7859	\$ 165.00	44%	
10370	8034	\$ 160.00	46%	
10622	8220	\$ 155.00	48%	
11000	8500	\$ 150.00	49%	

Notes

- Premium reduction over entire 30 months. If reductions do not begin July 1, 2011, reductions will need to be greater in the remaining months to meet the projected budget.
- “PMPM” is per member per month cost.
- DHA anticipates membership of 8,500 total members including 6,300 subsidized members on July 1, 2011.
- Membership assumptions include \$52.5 million reduction in revenue in the Governor’s proposed budget offset with net operating margin surplus from SFY 2011. DHA Board of Trustees will make final determination of use of the surplus.
- DHA membership projections subject to change based on plan design change timing, market conditions, membership ratios, and other factors.

Options

At the end of SFY11 we anticipate approximately 15,600 people enrolled in all programs:

DirigoChoice – 8539 (including HCTC and PCIP enrollment)

Parent Expansion – 6,830

Voucher – 278

Based on the Governor’s proposed budget and forecasts from DHHS, we anticipate that the Parent Expansion enrollment will decline:

June 30, 2012 – 4,830

June 30, 2013 – 3,310

December 31, 2013 – 2,740

Anticipated federal funding allows the Agency to support the Voucher program up to 2,500 enrollees.

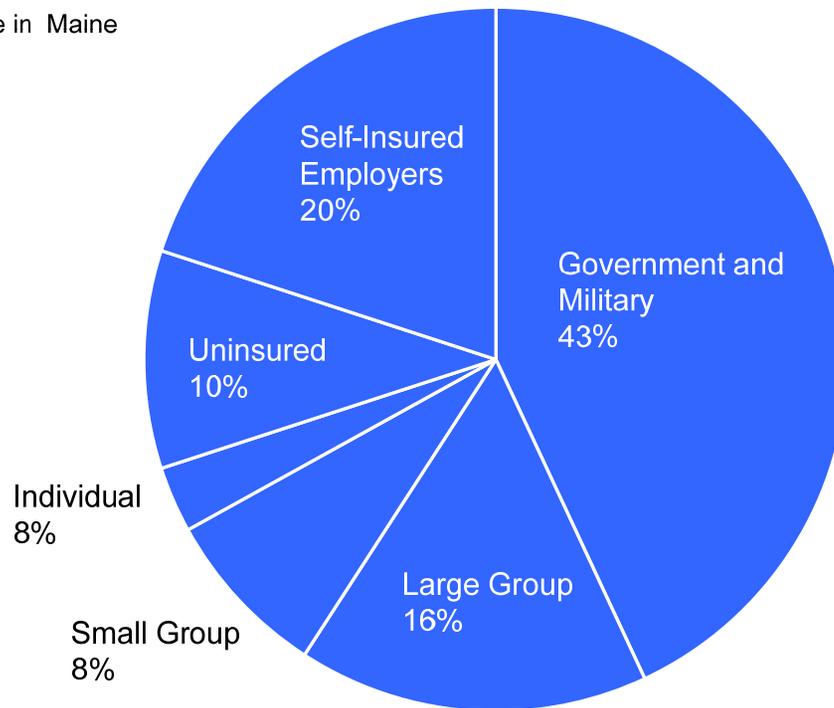
With the remaining revenues available under the proposed budget there are a range of options. For example:

Option	Program Capped	Peak Enrollment
No changes in benefits or subsidy in DirigoChoice.	January 1, 2012	9,500 members, 7,000 subsidized
Change DirigoChoice program design to reduce Agency subsidy cost by 13% (shifting to \$2,500 deductible on October 1, 2011, effective on renewal)	March 1, 2012	10,000 members, 7,500 subsidized
Change DirigoChoice program design to reduce Agency subsidy cost by 27% (shifting to \$5,000 deductible on October 1, 2011, effective on renewal).	October 1, 2012	11,500 members, 8,550 subsidized
Change DirigoChoice program design to reduce Agency subsidy cost by 49% (shift to \$5,000 deductible for entire population on October 1, 2011, eliminate pharmacy coverage).	NA	sustained membership of 11,000, 8,500 subsidized

Maine Bureau of Insurance Background Information¹

- approximately 40,000 Mainers have major medical coverage in Maine's individual market
- approximately 106,000 have coverage as employees or dependents in the small group market.
- Maine's uninsured rate of 9.6% is the sixth lowest in the nation. The national average is 15.4%.²

Health Coverage in Maine



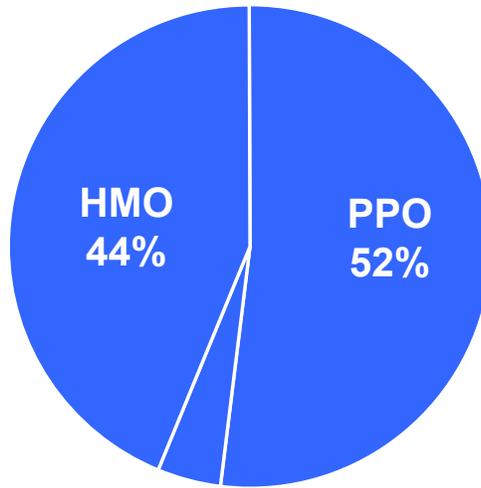
¹ Preliminary Report: The Health Insurance Market in Maine, February 2010

² See Current Population Survey, compiled jointly by the U.S. Census Bureau and Bureau of Labor Statistics, and the health coverage statistics compiled by the Kaiser Family Foundation at <http://www.statehealthfacts.org>.

Maine Bureau of Insurance Background Information (continued)

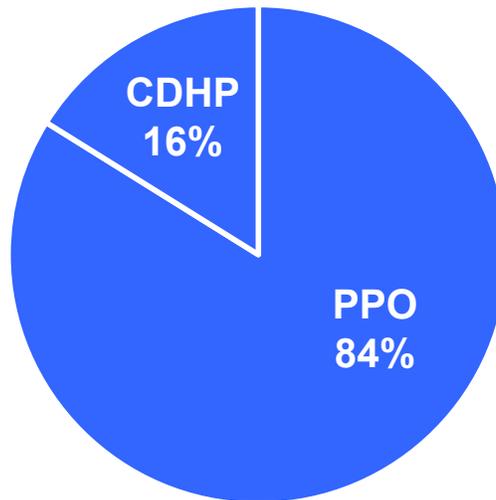
Distribution of Product Types By Market Segment

Small Group



CDHP
4%

Individual (not including MEGA)



CDHP stands for Consumer Directed Health Plans and includes HSAs and high deductible products.

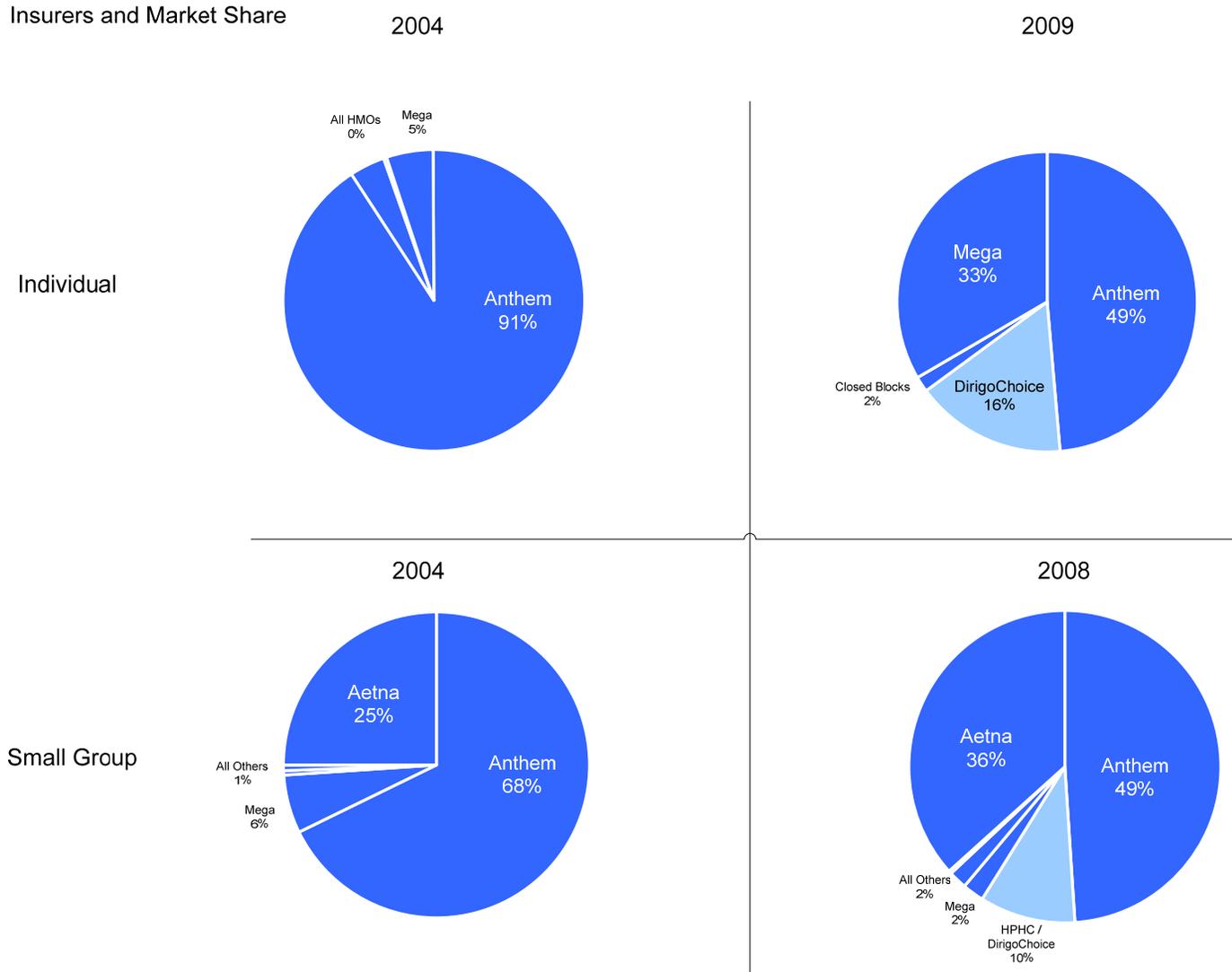
A **health savings account (HSA)**, pairs a high-deductible insurance plan (HDHP) with a tax-free savings account that the insured can use for health expenses or for a later date or retirement. Introduced in January 2004, these plans are a departure from traditional managed care plans and have some very distinct differences. The funds contributed to the account are not subject to federal income tax at the time of deposit. Unlike a Flexible Spending Account (FSA), funds roll over and accumulate year over year if not spent. HSAs are owned by the individual, which differentiates them from the company-owned Health Reimbursement Accounts (HRA) that is an alternate tax-deductible source of funds paired with HDHPs. Funds may be used to pay for qualified medical expenses at any time without federal tax liability. Withdrawals for non-medical expenses are treated very similarly to those in an IRA in that they may provide tax advantages if taken after retirement age, and they incur penalties if taken earlier. These accounts are a component of consumer driven health care.

Proponents of HSAs believe that they are an important reform that will help reduce the growth of health care costs and increase the efficiency of the health care system. According to proponents, HSAs encourage saving for future health care expenses, allow the patient to receive needed care without a gate keeper to determine what benefits are allowed and make consumers more responsible for their own health care choices through the required High-Deductible Health Plan.

Opponents of HSAs say they worsen, rather than improve, the U.S. health system's problems because people who are healthy will leave insurance plans while people who have health problems will avoid HSAs. There is also debate about consumer satisfaction with these plans

Bureau of Insurance Background Information (continued)

Insurers and Market Share



Individual market data as of December 31, 2004, and September 30, 2009, small group data as of December 31, 2004, and December 31, 2008. "Closed blocks" consist of individual policies written by insurers that have left the market but continue to renew existing policies. Affiliated companies are recorded together in these charts. HPHC is an insurance subsidiary of Harvard Pilgrim, which currently provides the coverage for DirigoChoice enrollees. Harvard Pilgrim small group figures include HPHC's private market coverage, but not DirigoChoice.

Rating Regulations³

Under guaranteed issue regulations, Maine residents who are not eligible for Medicare may buy health insurance from any insurer selling coverage in the individual market. Small businesses also have guaranteed issue from any insurer selling coverage in the small group market.

The following rate standards apply:

- Individual market: gender, health status/claims experience, and policy duration prohibited; age and geography allowed but limited to a maximum variation of 1.5 to 1 (for both factors combined).⁴ Nonsmoker discounts allowed but must be actuarially justified.
- Small group market (2-50): gender, health status/claims experience, and policy duration prohibited; age, geography, and industry allowed but limited to a maximum variation of 1.5 to 1 (for all three factors combined). Smoking status, participation in wellness programs, and group size variations allowed but must be actuarially justified.

Insurers also vary rates based on how many family members are covered, *e.g.*, single, two adults, children.

³ Rating regulation information from BOI , Preliminary Report: The Health Insurance Market in Maine, February 2010

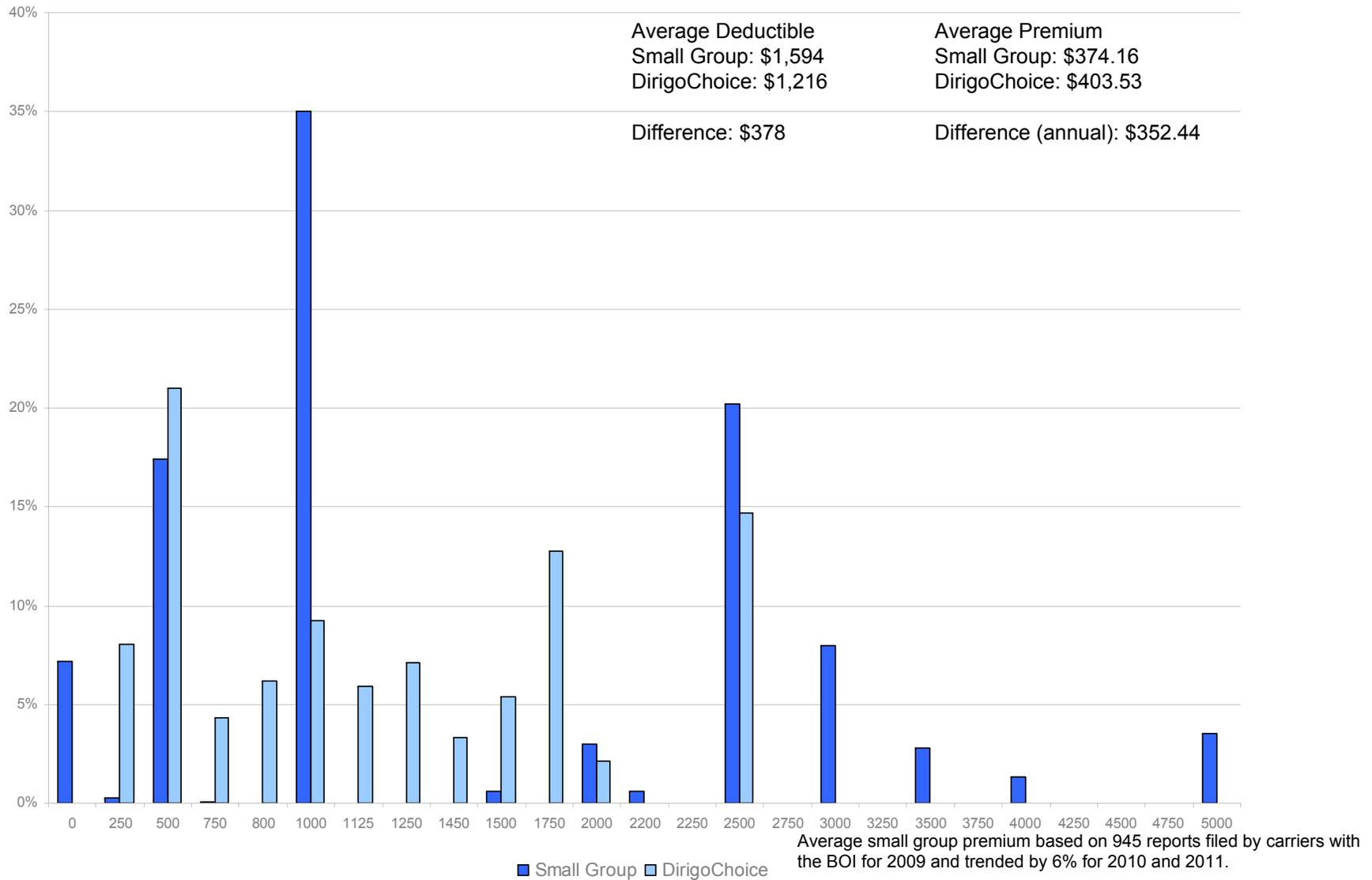
⁴ Pursuant to 24-A M.R.S.A. § 2736-C(2)(D)(4), insurers may reduce rates for the lower age brackets to reflect savings from the Maine Individual Reinsurance Association, as long as the maximum rate variation for any product does not exceed 2½ to 1 for age and geography combined. However, the Maine Individual Reinsurance Association is not operational because its funding mechanism was repealed.

COST OF EXISTING MANDATED HEALTH INSURANCE BENEFITS (BOI ANALYSIS)

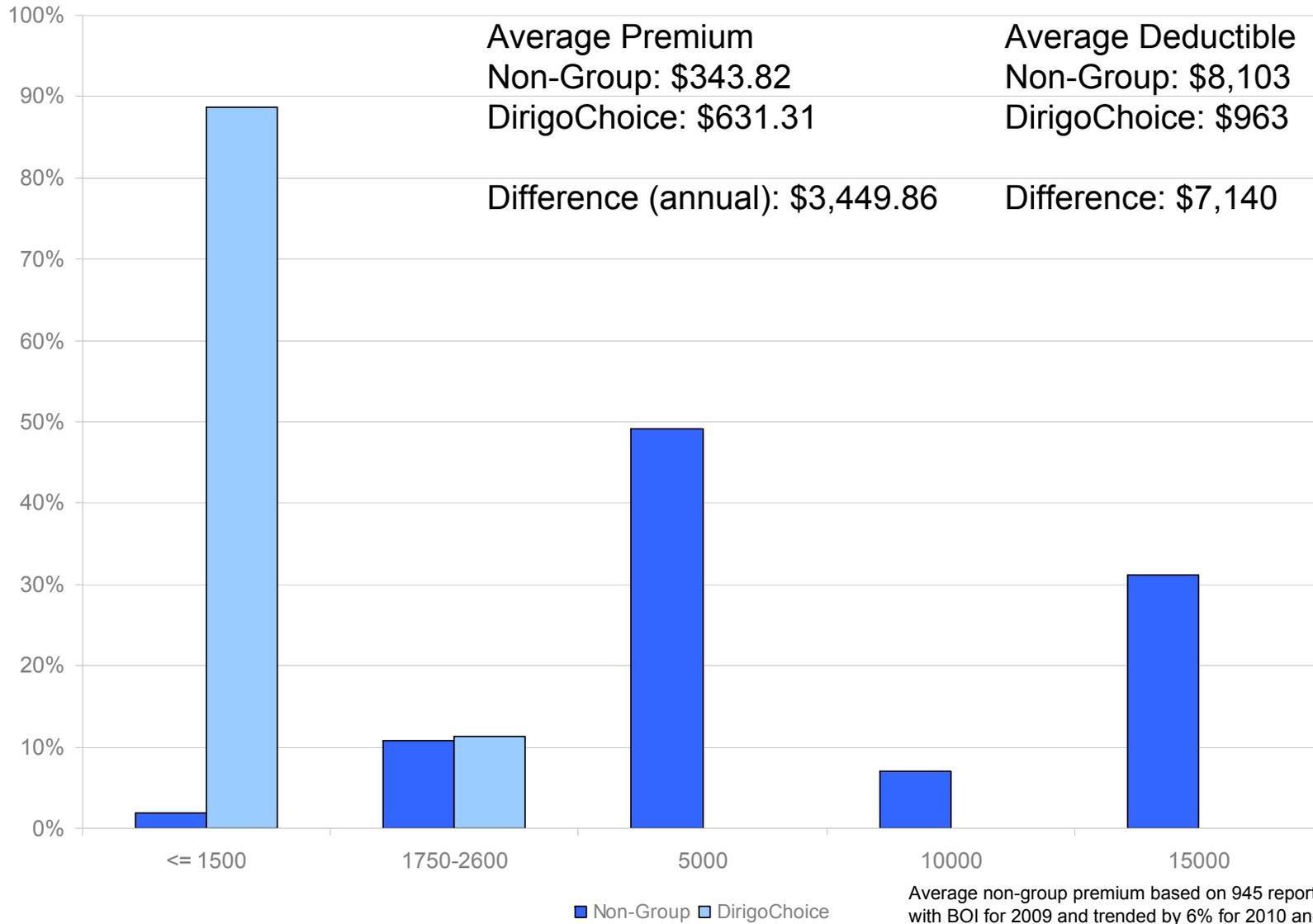
Year Enacted	Benefit	Type of Contract Affected	Est. Maximum Cost as % of Premium	
			Non-HMO	HMO
1975	Maternity benefits provided to married women must also be provided to unmarried women.	All Contracts	0 ¹	0 ¹
1975	Must include benefits for dentists' services to the extent that the same services would be covered if performed by a physician.	All Contracts except HMOs	0.10%	--
1975	Family Coverage must cover any children born while coverage is in force from the moment of birth, including treatment of congenital defects.	All Contracts except HMOs	0 ¹	--
1983	Benefits must be included for treatment of alcoholism and drug dependency .	Groups of more than 20	0.55%	0.55%
1975 1983 1995 2003	Benefits must be included for Mental Health Services , including psychologists and social workers.	Groups of more than 20	2.60%	2.60%
		Groups of 20 or fewer	--	1.30%
1986 1994 1995 1997	Benefits must be included for the services of chiropractors to the extent that the same services would be covered by a physician. Benefits must be included for therapeutic, adjustive and manipulative services. HMOs must allow limited self referred for chiropractic benefits.	Group	0.95%	1.30%
		Individual	0.95%	1.30%
1990 1997	Benefits must be made available for screening mammography .	Group	0.70%	0.70%
		Individual	0.70%	0.70%
1995	Must provide coverage for reconstruction of both breasts to produce symmetrical appearance according to patient and physician wishes.	All Contracts	0.02%	0.02%
1995	Must provide coverage for metabolic formula and up to \$3,000 per year for prescribed modified low-protein food products.	All Contracts	0.01%	0.01%
1996	Benefits must be provided for maternity (length of stay) and newborn care, in accordance with "Guidelines for Prenatal Care."	All Contracts	0	0
1996	Benefits must be provided for medically necessary equipment and supplies used to treat diabetes and approved self-management and education training.	All Contracts	0.20%	0.20%
1996	Benefits must be provided for screening Pap tests .	Group, HMOs	0.01%	0
1996	Benefits must be provided for annual gynecological exam without prior approval of primary care physician.	Group managed care	--	0.10%
1997	Benefits provided for breast cancer treatment for a medically appropriate period of time determined by the physician in consultation with the patient.	All Contracts	0.07%	0.07%
1998	Coverage required for off-label use of prescription drugs for treatment of cancer, HIV, or AIDS.	All Contracts	0.30%	0.30%
1998	Coverage required for prostate cancer screening .	All Contracts	0.07%	0
1999	Coverage of nurse practitioners and nurse midwives and allows nurse practitioners to serve as primary care providers.	All Managed Care Contracts	--	0.16%

Year Enacted	Benefit	Type of Contract Affected	Est. Maximum Cost as % of Premium	
			Non-HMO	HMO
1999	Prescription drug must include contraceptives .	All Contracts	0.80%	0.80%
1999	Coverage for registered nurse first assistants .	All Contracts	0	0
2000	Access to clinical trials .	All Contracts	0.19%	0.19%
2000	Access to prescription drugs .	All Managed Care Contracts	0	0
2001	Coverage of hospice care services for terminally ill.	All Contracts	0	0
2001	Access to eye care .	Plans with participating eye care professionals	0	0.04%
2001	Coverage of anesthesia and facility charges for certain dental procedures.	All Contracts	0.05%	0.05%
2003	Coverage for prosthetic devices to replace an arm or leg	Groups >20	0.03%	0.03%
		All other	0.08%	0.08%
2003	Coverage of licensed clinical professional counselors	All Contracts	0	0
2005	Coverage of licensed pastoral counselors and marriage & family therapists	All Contracts	0	0
2007	Coverage of hearing aids for children	All Contracts	0.1%	0.1%
2008	Coverage for amino acid-based elemental infant formulas	All Contracts	0.1%	0.1%
2008	Coverage for colorectal cancer screening	All Contracts	0	0
2009	Coverage for independent dental hygienist	All Contracts	0	0
	Total cost for groups larger than 20:		6.85%	7.32%
	Total cost for groups of 20 or fewer:		3.75%	5.52%
	Total cost for individual contracts:		3.74%	4.12%

In-Network Deductible Distribution Small Group CY 2009 Compared to DirigoChoice Small Group Enrollment January 2011



In-Network Deductible Distribution Non-Group CY 2009 Compared to DirigoChoice Non- Group Enrollment January 2011



DirigoChoice Plan Options and Unadjusted Community Rates Effective April 1, 2011

RATES PRESENTED ARE UNADJUSTED COMMUNITY RATES. ACTUAL RATES WILL VARY BASED ON GEOGRAPHY AND AGE

Plans							
Product Name	Subsidy Level	Office Visit Copay	Pharmacy Copay	Deductible	70%/50% Coinsurance OOP Max	Total OOP Max	Actuarial Value
DirigoChoice	B	\$25	\$10/\$30/\$50	\$250	\$550	\$800	.860
Plan 1 (\$1,250)	C	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777
	D	\$25	\$10/\$30/\$50	\$750	\$1,650	\$2,400	.722
	E	\$25	\$10/\$30/\$50	\$1,000	\$2,200	\$3,200	.677
	F	\$25	\$10/\$30/\$50	\$1,250	\$2,750	\$4,000	.639
DirigoChoice	B	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777
Plan 2 (\$1,750)	C	\$25	\$10/\$30/\$50	\$800	\$1,800	\$2,600	.711
	D	\$25	\$10/\$30/\$50	\$1,125	\$2,475	\$3,600	.657
	E	\$25	\$10/\$30/\$50	\$1,450	\$3,150	\$4,600	.613
	F	\$25	\$10/\$30/\$50	\$1,750	\$3,850	\$5,600	.580
DirigoChoice	B	\$25	\$10/\$30/\$50	\$500	\$200	\$700	.849
Plan 3 (\$2,500)	C	\$25	\$10/\$30/\$50	\$1,000	\$400	\$1,400	.753
	D	\$25	\$10/\$30/\$50	\$1,500	\$600	\$2,100	.682
	E	\$25	\$10/\$30/\$50	\$2,000	\$800	\$2,800	.629
	F	\$25	\$10/\$30/\$50	\$2,500	\$1,000	\$3,500	.583

FPL ⁵	Family Size	1	2	3	4	5
150%		\$16,245	\$21,855	\$27,465	\$33,075	\$38,685
200%		\$21,660	\$29,140	\$36,620	\$44,100	\$51,580
250%		\$27,075	\$36,425	\$45,775	\$55,125	\$64,475
300%		\$32,490	\$43,710	\$54,930	\$66,150	\$77,370

Rates							
Small Group				Non Group			
Single	Emp w/ Child	Dual	Family	Single	Emp w/ Child	Dual	Family
\$544.23	\$979.61	\$1,251.72	\$1,632.68				
\$505.76	\$910.37	\$1,163.25	\$1,517.28				
\$475.39	\$855.71	\$1,093.40	\$1,426.18				
\$452.45	\$814.40	\$1,040.63	\$1,357.34				
\$431.03	\$775.86	\$991.37	\$1,293.09				
\$505.77	\$910.39	\$1,163.27	\$1,517.31	\$705.50	\$1,269.90	\$1,411.00	\$2,116.50
\$469.09	\$844.35	\$1,078.90	\$1,407.26	\$668.01	\$1,202.42	\$1,336.02	\$2,004.03
\$443.45	\$798.21	\$1,019.94	\$1,330.36	\$620.82	\$1,117.48	\$1,241.64	\$1,862.46
\$418.70	\$753.67	\$963.02	\$1,256.11	\$586.07	\$1,054.93	\$1,172.14	\$1,758.21
\$397.49	\$715.47	\$914.22	\$1,192.46	\$556.29	\$1,001.32	\$1,112.58	\$1,668.87
\$507.20	\$912.96	\$1,166.56	\$1,521.60	\$710.84	\$1,279.51	\$1,421.68	\$2,132.52
\$467.12	\$840.82	\$1,074.38	\$1,401.36	\$666.45	\$1,199.61	\$1,332.90	\$1,999.35
\$439.58	\$791.25	\$1,011.04	\$1,318.75	\$615.53	\$1,107.95	\$1,231.06	\$1,846.59
\$416.33	\$749.39	\$957.55	\$1,248.98	\$582.76	\$1,048.97	\$1,165.52	\$1,748.28
\$397.75	\$715.95	\$914.83	\$1,193.26	\$556.60	\$1,001.88	\$1,113.20	\$1,669.80

Assets – Single (up to)			
\$15,000	\$29,999	\$44,999	\$59,999
B	C	D	E
C	D	E	F
D	E	F	F
E	F	F	F

Assets – Family (up to)			
\$30,000	\$59,999	\$89,999	\$119,999
B	C	D	E
C	D	E	F
D	E	F	F
E	F	F	F

⁵ FPL stands for Federal Poverty Levels. The Federal Department of Health and Human Services develops these levels each year based on information from the Census Bureau. These levels are used for determining eligibility in a wide variety of state and federal programs, including Medicaid.

Example of Subsidy Determination for Individual B Single Coverage

RATES PRESENTED ARE UNADJUSTED COMMUNITY RATES. ACTUAL RATES WILL VARY BASED ON GEOGRAPHY AND AGE

Product Name	Group	Office Visit Copay	Pharmacy Copay	Deductible	70%/50% Coinsurance OOP Max	Total OOP Max	Actuarial Value	Rates				Non Group		
								Single	Emp w/ Child	Dual	Family	Single	Emp w/ Child	Dual
DirigoChoice Plan 1	B	\$25	\$10/\$30/\$50	\$250	\$550	\$800	.867	\$544.23	\$979.61	\$1,251.72	\$1,632.68			
	C	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777	\$505.76	\$910.37	\$1,163.25	\$1,517.28			
	D	\$25	\$10/\$30/\$50	\$750	\$1,650	\$2,400	.722	\$475.39	\$855.71	\$1,093.40	\$1,426.18			
	E	\$25	\$10/\$30/\$50	\$1,000	\$2,200	\$3,200	.677	\$452.45	\$814.40	\$1,040.63	\$1,357.34			
	F	\$25	\$10/\$30/\$50	\$1,250	\$2,750	\$4,000	.639	\$431.03	\$775.86	\$991.37	\$1,293.09			
DirigoChoice Plan 2	B	\$25	\$10/\$30/\$50	\$500	\$1,400	\$1,600	.777	\$505.77	\$910.37	\$1,163.27	\$1,517.24	\$705.50	\$1,269.90	\$1,411.00
	C	\$25	\$10/\$30/\$50	\$800	\$1,800	\$2,600	.711	\$469.09	\$844.35	\$1,078.90	\$1,407.26	\$668.01	\$1,202.42	\$1,336.02
	D	\$25	\$10/\$30/\$50	\$1,125	\$2,475	\$3,600	.657	\$443.45	\$798.21	\$1,019.94	\$1,330.36	\$620.82	\$1,117.48	\$1,241.64
	E	\$25	\$10/\$30/\$50	\$1,450	\$3,150	\$4,600	.613	\$418.70	\$753.67	\$963.02	\$1,256.11	\$586.07	\$1,054.93	\$1,172.14
	F	\$25	\$10/\$30/\$50	\$1,750	\$3,750	\$5,000	.583	\$397.75	\$715.95	\$914.83	\$1,193.26	\$556.29	\$1,001.32	\$1,112.58
DirigoChoice Plan 3	B	\$25	\$10/\$30/\$50	\$500	\$200	\$700	.849	\$507.20	\$912.96	\$1,166.56	\$1,521.60	\$710.84	\$1,199.61	\$1,332.90
	C	\$25	\$10/\$30/\$50	\$1,000	\$400	\$1,400	.753	\$467.12	\$840.82	\$1,074.38	\$1,401.36	\$668.45	\$1,199.61	\$1,332.90
	D	\$25	\$10/\$30/\$50	\$1,500	\$600	\$2,100	.682	\$439.58	\$791.25	\$1,011.04	\$1,318.75	\$618.53	\$1,107.95	\$1,231.06
	E	\$25	\$10/\$30/\$50	\$2,000	\$800	\$2,800	.629	\$416.33	\$749.39	\$957.55	\$1,248.98	\$581.76	\$1,048.97	\$1,165.52
	F	\$25	\$10/\$30/\$50	\$2,500	\$1,000	\$3,500	.583	\$397.75	\$715.95	\$914.83	\$1,193.26	\$556.29	\$1,001.88	\$1,113.20

1 Determine both F and subsidy level rates for the appropriate plan, tier, and subsidy level.

Unadjusted Plan 2 B Single Rate

Unadjusted Plan 2 F Single Rate

2 Premium Subsidy
Take % off F rate based on subsidy level.

B	80%
C	60%
D	40%
E	20%

$\$556.29 \times 80\% = \445.03

3 Deductible Buy Down
Take difference between F rate and subsidy level rate

$\$705.50 - \$556.29 = \$149.21$

4 Total DHA Subsidy

$\$445.03 + 149.21 = \594.24

Member pays: $\$705.50 - \$594.24 = \$111.25$

Example of Subsidy Determination for Small Group Employee B Single Coverage

DirigoChoice Plan Options and Unadjusted Community Rates Effective April 1, 2011

1 Determine both F and subsidy level rates for the appropriate plan, tier, and subsidy level.

Product Name	Group	Office Visit Copay	Pharmacy Copay	Deductible	70%/50% Coinsurance OOP Max	Total OOP Max	Actuarial Value	Rates				Non Group					
								Single	Emp w/ Child	Dual	Family	Single	Emp w/ Child	Dual			
DirigoChoice Plan 1	B	\$25	\$10/\$30/\$50	\$250	\$300	\$300	.800	\$544.23									
	C	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777	\$505.76				\$1,632.68					
	D	\$25	\$10/\$30/\$50	\$750	\$1,650	\$2,400	.722	\$475.39	\$855.71	\$1,093.40		\$1,426.18					
	E	\$25	\$10/\$30/\$50	\$1,000	\$2,200	\$3,200	.677	\$452.45	\$814.40	\$1,040.63		\$1,357.34					
	F	\$25	\$10/\$30/\$50	\$1,250	\$2,750	\$4,000	.639	\$431.03	\$775.86	\$991.37		\$1,293.09					
DirigoChoice Plan 2	B	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777	\$515.77	\$910.39	\$1,163.27		\$1,517.31	\$705.50	\$1,269.90	\$1,411.00	\$:	
	C	\$25	\$10/\$30/\$50	\$800	\$1,800	\$2,600	.711	\$499.09	\$844.35	\$1,078.90		\$1,407.26	\$668.01	\$1,202.42	\$1,336.02	\$:	
	D	\$25	\$10/\$30/\$50	\$1,125	\$2,475	\$3,600	.657	\$443.45	\$798.21	\$1,019.94		\$1,330.36	\$620.82	\$1,117.48	\$1,241.64	\$:	
	E	\$25	\$10/\$30/\$50	\$1,600	\$3,600	\$5,600	.612	\$397.49	\$715.47	\$914.22		\$1,256.11	\$586.07	\$1,054.93	\$1,172.14	\$:	
	F	\$25	\$10/\$30/\$50	\$1,750	\$3,850	\$5,600	.580	\$397.49	\$715.47	\$914.22		\$1,192.46	\$556.29	\$1,001.32	\$1,112.58	\$:	
DirigoChoice Plan 3	B	\$25	\$10/\$30/\$50	\$500	\$200	\$700	.849	\$507.20	\$929.08	\$1,486.55		\$1,594.69	\$740.84	\$1,279.51	\$1,421.68	\$:	
	C	\$25	\$10/\$30/\$50	\$1,000	\$400	\$1,400	.753	\$467.12	\$840.82	\$1,074.38		\$1,401.36	\$667.45	\$1,199.61	\$1,332.90	\$:	
	D	\$25	\$10/\$30/\$50	\$1,500	\$600	\$2,100	.682	\$430.59	\$812.25	\$1,011.04		\$1,318.75	\$617.53	\$1,107.95	\$1,231.06	\$:	
	E	\$25	\$10/\$30/\$50	\$2,000	\$1,100	\$3,000	.618	\$387.39	\$749.09	\$957.51		\$1,193.26	\$556.60	\$1,001.88	\$1,113.20	\$:	
	F	\$25	\$10/\$30/\$50	\$2,500	\$1,000	\$3,500	.583	\$387.39	\$749.09	\$914.83		\$1,193.26	\$556.60	\$1,001.88	\$1,113.20	\$:	

2 Employer Share
The employer will pay at least 60% of the single F rate

$431.03 \times 60\% = \$258.62$

3 Premium Subsidy
Take % off remaining F rate based on subsidy level.

B	80%
C	60%
D	40%
E	20%

$(\$431.03 - \$258.62) \times 80\% = \$137.93$

4 Deductible Buy Down
Take difference between F rate and subsidy level rate

$\$544.23 - \$431.03 = \$113.12$

5 Total DHA Subsidy

$\$137.93 + 113.12 = \251.13

Employer pays: **\$258.62**

Member pays: $\$544.23 - \$258.62 - \$251.13 = \34.48

Example of Subsidy Determination for Small Group Employee B Family Coverage

DirigoChoice Plan Options and Unadjusted Community Rates Effective April 1, 2011

1 Determine both F and subsidy level rates for the appropriate plan, tier, and subsidy level.

Product Name	Group	Office Visit Copay	Pharmacy Copay	Deductible	70%/50% Coinsurance OOP Max	Total OOP Max	A	Rates Small Group			Non-Group			
								Unadjusted Plan 1 F Single Rate	Emp w/ Child	Dual	Family	Unadjusted Plan 1 B Family Rate	Single	Emp w/ Child
DirigoChoice Plan 1	B	\$25	\$10/\$30/\$50	\$250	\$550	\$800	.800	\$544.22	\$979.61	\$1,211.72	\$1,632.68			
	C	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777	\$505.76	\$910.37	\$1,163.25	\$1,517.28			
	D	\$25	\$10/\$30/\$50	\$750	\$1,650	\$2,400	.722	\$475.39	\$855.71	\$1,093.40	\$1,426.18			
	E	\$25	\$10/\$30/\$50	\$1,000	\$2,200	\$3,200	.677	\$452.45	\$814.40	\$1,040.63	\$1,357.34			
	F	\$25	\$10/\$30/\$50	\$1,250	\$2,750	\$4,300	.622	\$431.03	\$775.80	\$981.37	\$1,293.09			

2 Employer Share
The employer will pay at least 60% of the single F rate

DirigoChoice Plan 1	B	\$25	\$10/\$30/\$50	\$500	\$1,100	\$1,600	.777	\$505.77	\$910.39	\$1,163.27	\$1,517.31	\$705.50	\$1,269.90	\$1,411.00
	C	\$25	\$10/\$30/\$50	\$800	\$1,800	\$2,600	.711	\$461.09	\$844.35	\$1,078.90	\$1,407.26	\$668.01	\$1,202.42	\$1,336.02
	D	\$25	\$10/\$30/\$50	\$1,100	\$2,400	\$3,400	.657	\$443.45	\$798.21	\$1,019.94	\$1,330.36	\$620.82	\$1,117.48	\$1,241.64
	E	\$25	\$10/\$30/\$50	\$1,450	\$3,150	\$4,600	.613	\$416.19	\$756.67	\$989.62	\$1,256.11	\$586.07	\$1,054.93	\$1,172.14
	F	\$25	\$10/\$30/\$50	\$1,750	\$3,850	\$5,600	.580	\$397.49	\$715.47	\$914.22	\$1,192.46	\$556.29	\$1,001.32	\$1,112.58

$431.03 \times 60\% = \$258.62$

3 Premium Subsidy
Take % off remaining F rate based on subsidy level.

DirigoChoice Plan 1	B	\$25	\$10/\$30/\$50	\$500	\$200	\$700	.849	\$507.20	\$912.96	\$1,166.56	\$1,521.60	\$711.84	\$1,279.51	\$1,421.68
	C	\$25	\$10/\$30/\$50	\$1,000	\$400	\$1,400	.753	\$477.42	\$840.82	\$1,074.38	\$1,401.36	\$665.45	\$1,199.61	\$1,332.90
	D	\$25	\$10/\$30/\$50	\$1,300	\$500	\$1,800	.688	\$459.58	\$811.25	\$1,011.11	\$1,311.06	\$627.77	\$1,117.48	\$1,241.64
	E	\$25	\$10/\$30/\$50	\$2,000	\$800	\$2,800	.629	\$430.33	\$749.39	\$957.55	\$1,248.98	\$582.76	\$1,048.97	\$1,165.52
	F	\$25	\$10/\$30/\$50	\$2,500	\$1,000	\$3,500	.583	\$397.75	\$715.95	\$914.83	\$1,193.26	\$556.60	\$1,001.88	\$1,113.20

$(\$1,293.09 - \$258.62) \times 80\% = \$827.58$

4 Deductible Buy Down
Take difference between F rate and subsidy level rate $\rightarrow \$1,632.68 - \$1,293.09 = \$339.59$

5 Total DHA Subsidy $\rightarrow \$827.58 + 339.59 = \$1,167.17$

This example shows the method for determining Sole Prop subsidies as well. Sole Props pay the employer and member share. Sole Props are rated as non-group.

Employer pays: \$258.62
Member pays: \$1,632.68 - \$258.62 - \$1,167.17 = \$206.89

Current DirigoChoice Member Fixed Premium Costs and Out of Pocket Risk by Subsidy Level

		Household Income	Deductible	% Income	OOP Max	% Income	Annual Premium	% Income	Total Risk % Income
Sole Prop									
Plan 2	B	\$ 13,382.69	\$500	4%	\$ 1,600	12%	\$ 4,539.33	34%	46%
	C	\$ 21,448.22	\$800	4%	\$ 2,600	12%	\$ 5,073.36	24%	36%
	D	\$ 30,313.03	\$1,125	4%	\$ 3,600	12%	\$ 5,607.40	18%	30%
	E	\$ 36,900.08	\$1,450	4%	\$ 4,600	12%	\$ 6,141.44	17%	29%
Plan 3	B	\$ 13,382.69	\$500	4%	\$ 700	5%	\$ 4,541.86	34%	39%
	C	\$ 21,448.22	\$1,000	5%	\$ 1,400	7%	\$ 5,076.19	24%	30%
	D	\$ 30,313.03	\$1,500	5%	\$ 2,100	7%	\$ 5,610.53	19%	25%
	E	\$ 36,900.08	\$2,000	5%	\$ 2,800	8%	\$ 6,144.86	17%	24%
Individual									
Plan 2	B	\$ 11,676.38	\$500	4%	\$ 1,600	14%	\$ 1,335.10	11%	25%
	C	\$ 20,138.27	\$800	4%	\$ 2,600	13%	\$ 2,670.19	13%	26%
	D	\$ 32,236.48	\$1,125	3%	\$ 3,600	11%	\$ 4,005.29	12%	24%
	E	\$ 38,966.27	\$1,450	4%	\$ 4,600	12%	\$ 5,340.38	14%	26%
Plan 3	B	\$ 11,676.38	\$500	4%	\$ 700	6%	\$ 1,335.84	11%	17%
	C	\$ 20,138.27	\$1,000	5%	\$ 1,400	7%	\$ 2,671.68	13%	20%
	D	\$ 32,236.48	\$1,500	5%	\$ 2,100	7%	\$ 4,007.52	12%	19%
	E	\$ 38,966.27	\$2,000	5%	\$ 2,800	7%	\$ 5,343.36	14%	21%
Small Group									
Plan 1	B	\$ 18,308.03	\$250	1%	\$ 800	4%	\$ 413.79	2%	7%
	C	\$ 26,362.72	\$500	2%	\$ 1,600	6%	\$ 827.58	3%	9%
	D	\$ 35,176.38	\$750	2%	\$ 2,400	7%	\$ 1,241.37	4%	10%
	E	\$ 38,391.65	\$1,000	3%	\$ 3,200	8%	\$ 1,655.16	4%	13%
Plan 2	B	\$ 18,308.03	\$500	3%	\$ 1,600	9%	\$ 381.59	2%	11%
	C	\$ 26,362.72	\$800	3%	\$ 2,600	10%	\$ 763.17	3%	13%
	D	\$ 35,176.38	\$1,125	3%	\$ 3,600	10%	\$ 1,144.76	3%	13%
	E	\$ 38,391.65	\$1,450	4%	\$ 4,600	12%	\$ 1,526.34	4%	16%
Plan 3	B	\$ 18,308.03	\$500	3%	\$ 700	4%	\$ 381.84	2%	6%
	C	\$ 26,362.72	\$1,000	4%	\$ 1,400	5%	\$ 763.69	3%	8%
	D	\$ 35,176.38	\$1,500	4%	\$ 2,100	6%	\$ 1,145.53	3%	9%
	E	\$ 38,391.65	\$2,000	5%	\$ 2,800	7%	\$ 1,527.37	4%	11%

Comparison of DirigoChoice Subsidy to Affordable Care Act (ACA) Subsidy

This comparison is for illustrative purposes. Actual subsidy for DirigoChoice is based on income and assets, and is adjusted for age and geography. Subsidies under the ACA will vary based on exact income amounts.

		DirigoChoice (Individual 2500)					ACA		
FPL	Household of 1	DirigoChoice Subsidy Levels	Subsidy based on	Member Cost	Actuarial Value	% of income	Member Cost	Actuarial Value	Subsidy based on
133%	\$14,404	B	80% off premium	\$111.32	0.849	9%	\$24.01	0.94	2% of income
133-150%	\$16,245	B	80% off premium	\$111.32	0.849	8%	\$54.15	0.94	3%-4% of income
150-200%	\$21,660	C	60% off premium	\$222.64	0.753	12%	\$113.72	0.87	4-6.3% of income
200-250%	\$27,075	D	40% off premium	\$333.96	0.682	15%	\$181.63	0.73	6.3 - 8.05% of income
250-300%	\$32,490	E	20% off premium	\$445.28	0.629	16%	\$257.21	0.70	8.05 - 9.5% of income
300-400%	\$43,320	F	0% off premium	\$556.60	0.583	15%	\$342.95	0.70	9.5% of income

Note: DirigoChoice subsidy levels based on income **and** assets. ACA subsidies based on income alone. DirigoChoice costs are based on unadjusted community rates. ACA costs are calculated based on the higher end of the percentage when a range is presented.

Program Changes 2009 - 2011

Chapter 359, section 6 of the Public Laws of 2009 required the Dirigo Board of Trustees to do the following as it relates to Dirigo Health:

1. Develop products, procedures. Develop more affordable products and procedures that can reach uninsured and underinsured residents of the State to reduce uncompensated care;
2. Maximize federal initiatives. Use subsidies to maximize federal initiatives, including Medicaid and any national health reform;
3. Asset tests. Determine the impact of asset tests on determining eligibility;
4. Voucher program. Consider offering a voucher based program to provide health insurance benefits; and
5. Redesign. Redesign the DirigoChoice product or products.

After months of deliberations the DHA Board unanimously agreed to the following policy modifications, eligibility revisions, and strategic program growth:

Health Coverage Tax Credit (HCTC) Recipients:

The Agency will only subsidize member deductibles and out of pocket maximums dependent on income and asset level.

Medicare Recipients:

DirigoChoice members who turn 65 and are eligible for Medicare are no longer eligible to receive a subsidy.

MaineCare (Medicaid):

DirigoChoice applicants and renewing members who wish to apply for the highest subsidy level (80%) are required to submit proof of denial of MaineCare coverage to DHA in order to receive the 80% subsidy.

Social Security Recipients:

Social Security Administration and Railroad Retirement received by DirigoChoice applicants and renewing members is now counted as income.

Assets Counted In Subsidy Determination:

DirigoChoice applicants and renewing members are required to provide asset information in addition to income to qualify for a subsidy. The subsidy determination will be based on a sliding scale methodology using asset and income information. The employee's assets must be under \$60,000 for a household of 1 and under \$120,000 for a household of 2 or more.

Part-Time Worker Voucher Program

DHA developed a voucher program for uninsured, low income, part-time workers to purchase their employers' health insurance through a HRSA grant.

Results of the Program Changes

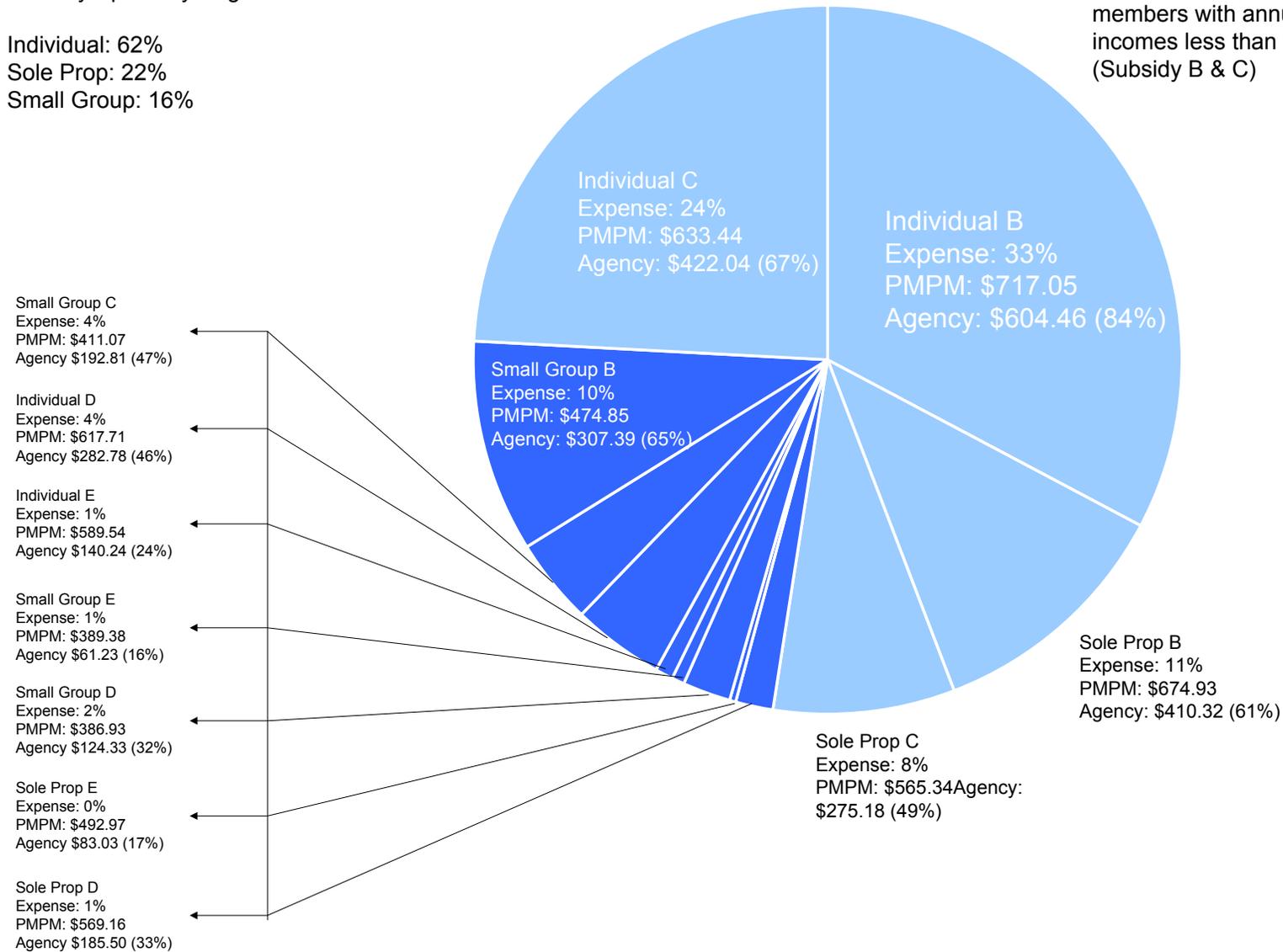
- From September 2009 to January 2011, DHA's subsidy per member per month (PMPM) cost (which represents the Agency's subsidy unit cost) dropped 19.2%.
- The overall demographics of the DirigoChoice population have shifted from 51% of the members being eligible for the largest subsidy to 29%, a 43% reduction.
- DHA has seen a significant increase in its non-subsidized enrollment, especially in the last two months (December, January), from 17% of the population to 26% of the population, a 53% increase.
- This growth has corresponded with an increase in Small Group enrollment, which has gone from 29% of the population to 38% of the population (a 32% increase).
- In aggregate, DHA pays 45% of the total cost of DirigoChoice and Employers / Members pay 55%. In September, 2009, DHA paid 57% of the total cost of DirigoChoice and Employers / Members paid 43%.

DHA Subsidy Distribution by Segment and Subsidy Level

Subsidy Spend by Segment:

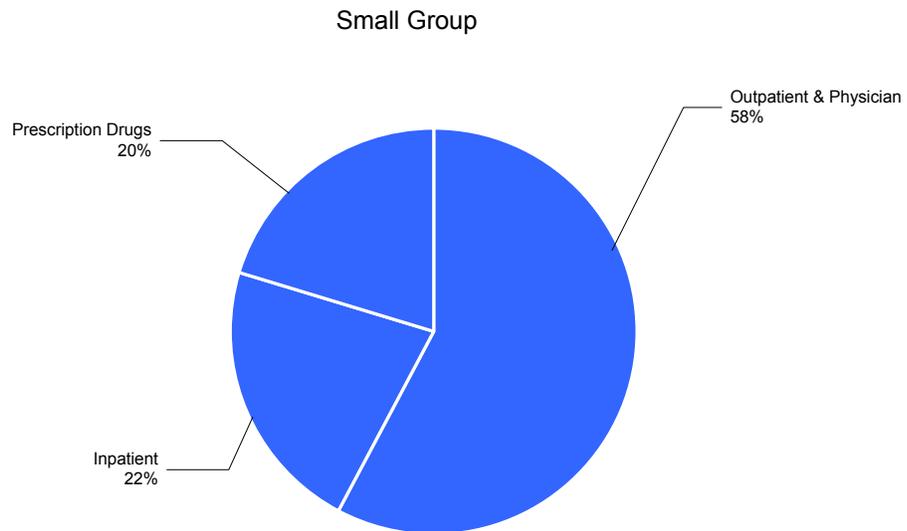
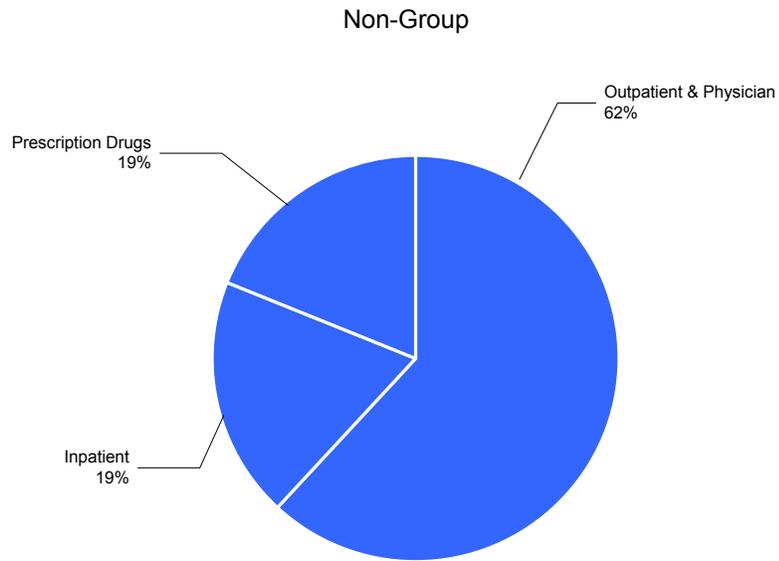
Individual: 62%
 Sole Prop: 22%
 Small Group: 16%

76% of subsidy spend on non-group members with annual household incomes less than \$21,448.22 (Subsidy B & C)



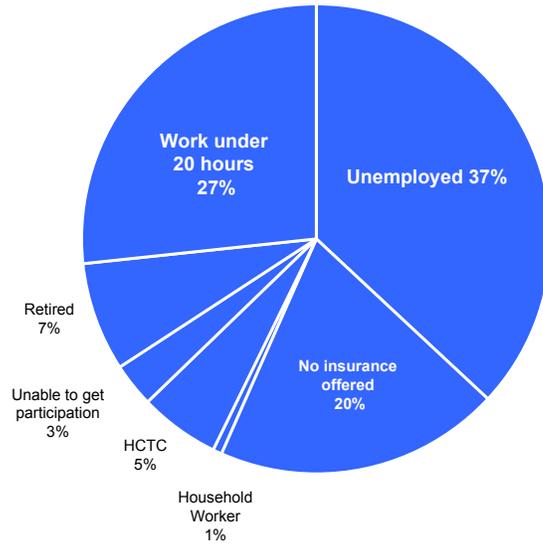
Data from DHA enrollment system and reflects 1 month period January 2011

DirigoChoice Medical and Prescription Claims by Setting 2009

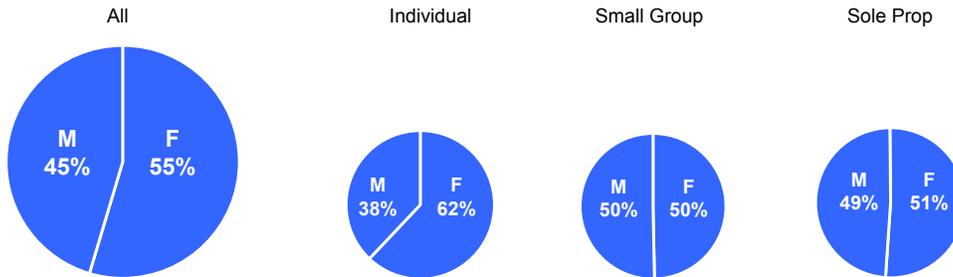


Data from HPHC 2009 utilization reports

Distribution of Individual Enrollment



Male / Female Distribution



Segment Averages		
	Contract Size	Age
Individual	1.35	46.4
Small Group	1.76	37.3
Sole Prop	1.83	42.9
All	1.59	42.0

PCIP and HCTC Plan Design Restrictions

The Pre-Existing Condition Insurance Plan (PCIP) and the Health Coverage Tax Credit (HCTC) program each have Federal regulations that govern their plan designs:

Pre-Existing Condition Insurance Plan (PCIP)

- An actuarial value of at least 65 percent of total allowed costs
- An out of pocket limit no greater than the applicable amount for high deductible health plans linked to HSA's, described in section 223(c)(2) of the Internal Revenue Code of 1986 (\$5,950 for an individual)
- No pre-existing condition exclusions

Health Coverage Tax Credit (HCTC)

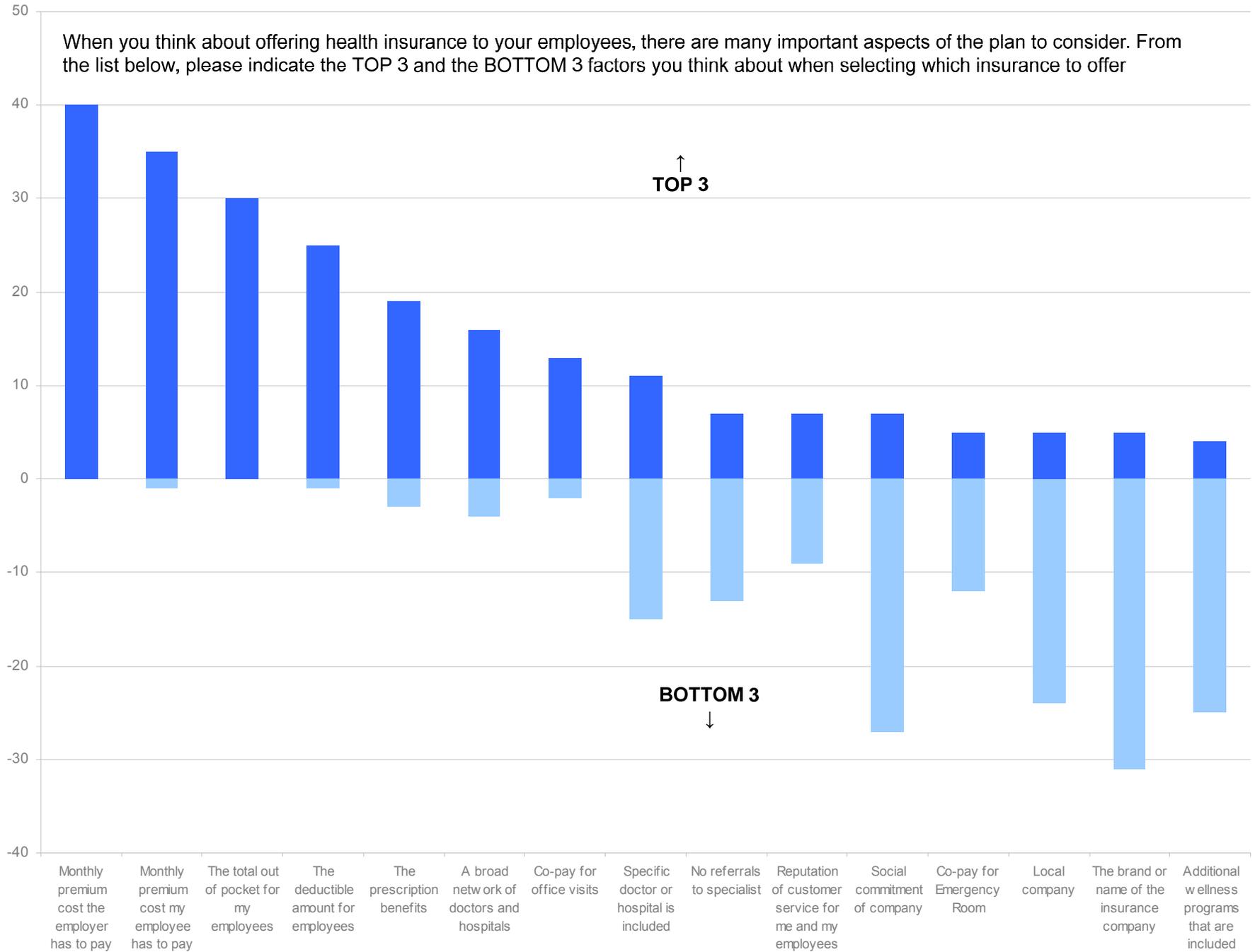
- The plan must have guaranteed issue, meaning qualifying individuals must be guaranteed enrollment, regardless of their medical status, and they must be permitted to remain enrolled as long as they pay their premium
- No preexisting condition restriction may be imposed on qualifying individuals
- The premium must be a non-discriminatory premium; the premium for a qualifying individual may not be greater than the premium for a similarly situated person who is not receiving the tax credit
- Benefits must be the same (or substantially the same) under coverage provided to similarly situated individuals who are not qualifying individuals

Employer Survey Results

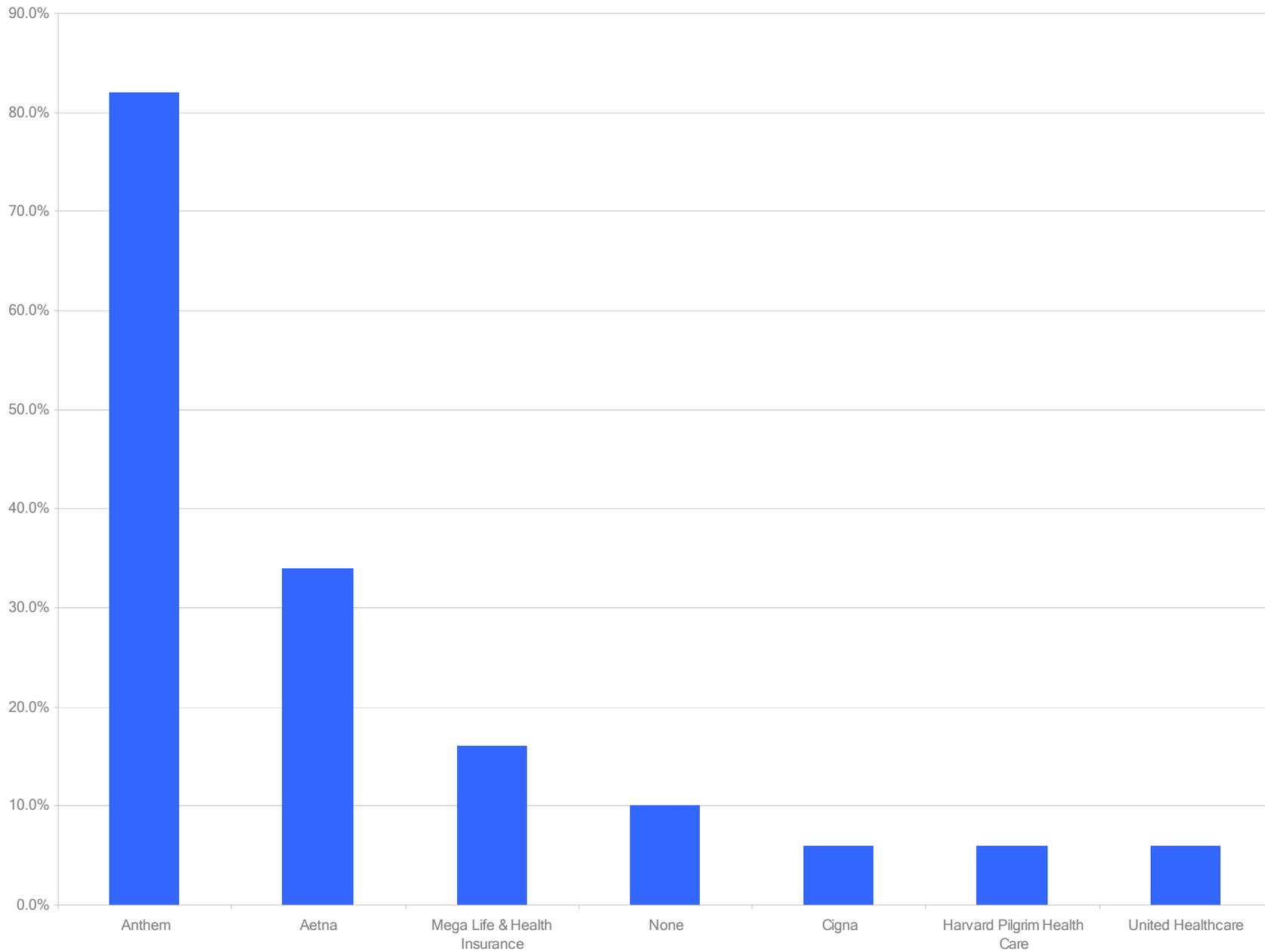
DHA sent a survey to 124 small group employers who had newly enrolled in DirigoChoice subsequent to the program reopening in August, 2010. These employers range from 2 to 43 employees and average 6.74 employees.

Of the 124, 51 employers responded (41%). Their responses are tabulated below.

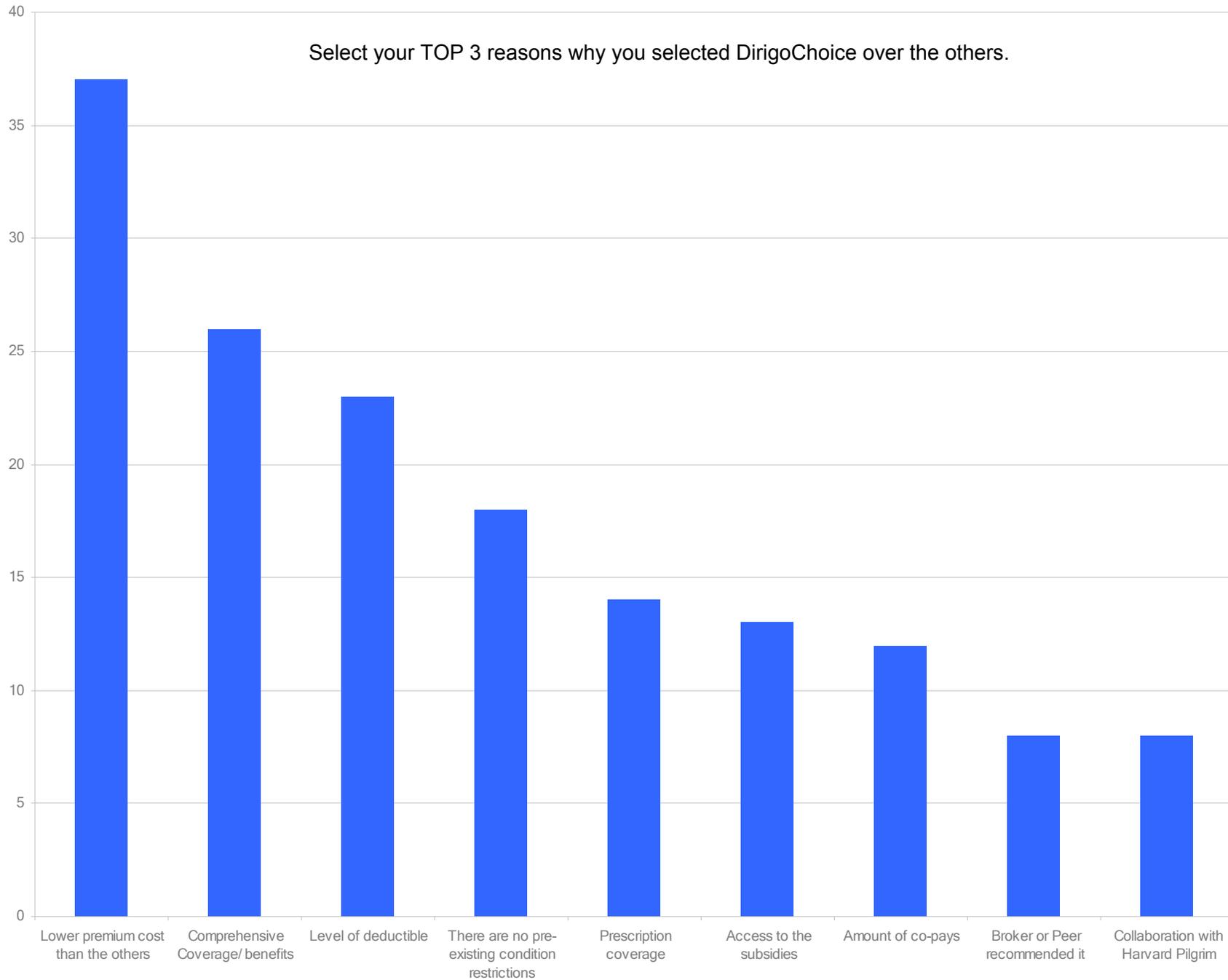
When you think about offering health insurance to your employees, there are many important aspects of the plan to consider. From the list below, please indicate the TOP 3 and the BOTTOM 3 factors you think about when selecting which insurance to offer



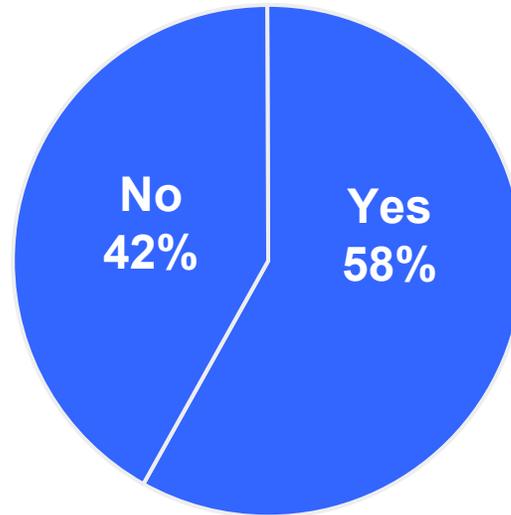
While you recently selected DirigoChoice for your company's health insurance plan, which other health insurance companies did you consider?



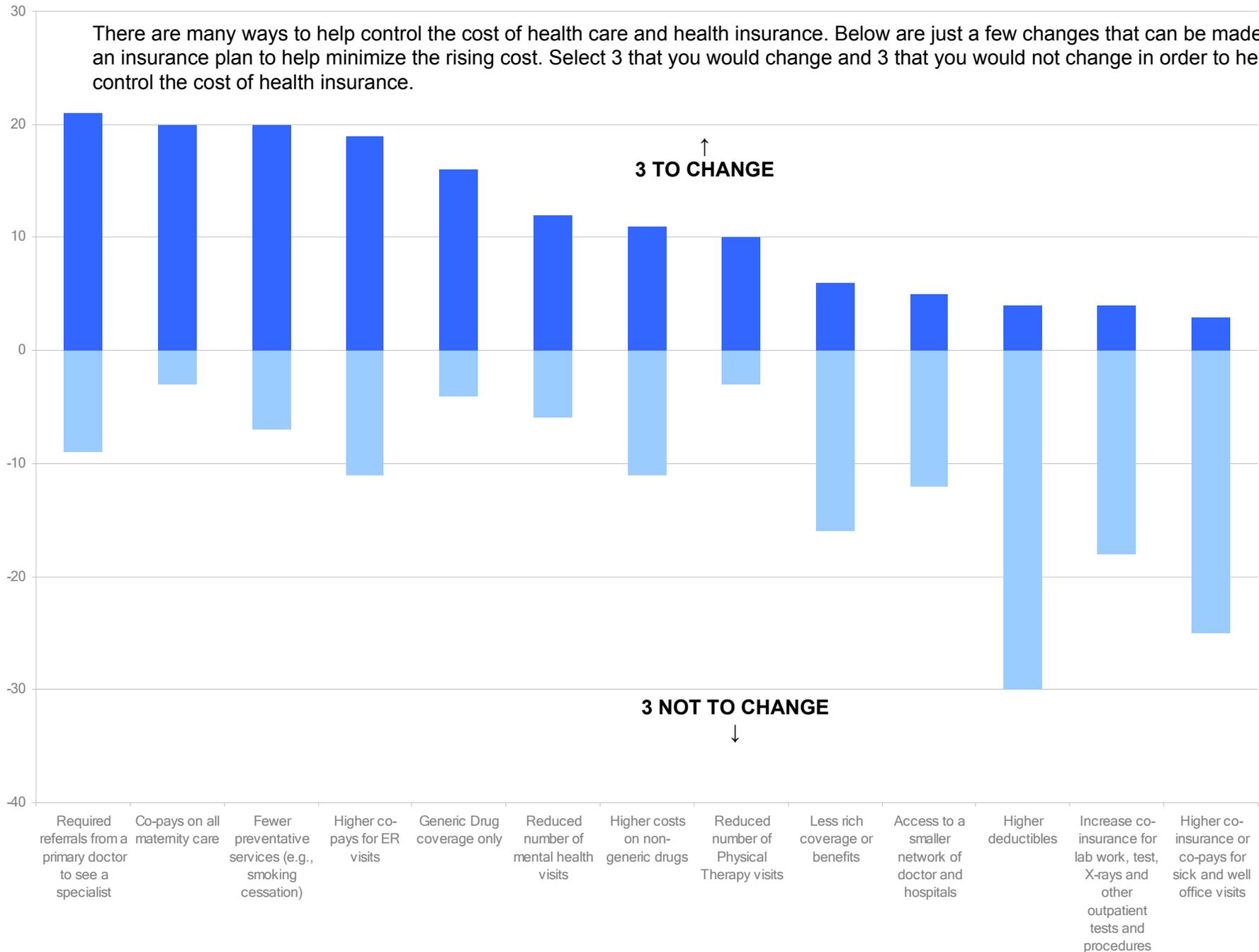
Select your TOP 3 reasons why you selected DirigoChoice over the others.



Did you offer health insurance before selecting DirigoChoice?



There are many ways to help control the cost of health care and health insurance. Below are just a few changes that can be made to an insurance plan to help minimize the rising cost. Select 3 that you would change and 3 that you would not change in order to help control the cost of health insurance.



Please provide any additional information or feedback you think is important.

- Dirigo Choice is an important program. Without it, our company had Mega, which is horrible. They offer nothing. They pay for nothing. Not even office visits or preventive care. For \$200 more per month, we are able to have GOOD insurance coverage for our business employees. Without Dirigo, we have nothing - no coverage, even if we pay Mega \$600/month.
- We had both Aetna and Anthem and then decided to switch to Dirigo. It is much more affordable for a small business like us and has a large selection of physicians. Our employees also enjoy it because they receive a discount card based on their earnings.
- We had no health insurance until July, 2010, Both my husband and I have had life threatening illnesses since then and look at each other in amazement...what if we didn't have health insurance..what would we do? We both now have pre-existing conditions which would make insurance without that clause out of our reach...defunding Dirigo without a replacement for those who count on it is irresponsible and short sighted...we don't want free health care, we want and need affordable health care..just like what the Gov. has...
- Choosing Dirigo Choice as our Health Insurance has not only lowered our costs, but also allowed us to offer our employees Dental and vision coverage. We feel proud to support Maine's initiative towards universal health care. We will help in the fight to keep Dirigo alive and fully funded!
- In your e-mail describing the governor's proposed budget, it was unclear what the actual effect of the budget is on Dirigo Health Agency. Are you saying that it would be completely defunded by 2013?
- without dirigo we would not have been able to have health insurance or afford to buy groceries the same weeks we need to fill our perscriptions. At 50+ this is the time in our lifes we need insurance. Its to bad we weren't all politicians and had the best insurance in the US regardless of the cost burden to the taxpayers.
- Would like to see Dirigo program get more funding to help lower the cost of premiums to employers and employees due to current high cost of insurance
- DirigoChoice has allowed us to have adequate health coverage for my husband and I and our employees. Without it, we would have had to elect not to have several appointments and procedures this year that were medically necessary. Had we not had these procedures and appointments, our health and thus the productivity of our company, and our overall financial well being, would have been compromised. Affordable health care that is comprehensive is an essential component of running a small business. Without the ability to offer health coverage, you do not attract the best potential employees and your own health as a business owner suffers. Dirigo has enabled our business to flourish, and for us to take proper care of ourselves. A healthy population is a key to success for Maine - DirigoChoice is the one insurance program currently available in our state which make quality comprehensive health care affordable. It should be a #1 priority to the governor. It is a building block for a successful Maine that cannot be removed or reshaped without significant consequences.
- Dirigo was the only option for our small company of 40 employees, at all!
- I like the maximum out of pocket clause and the lifetime benefit clause.
- Our business health is being strangled by the unsustainable increases in healthcare costs. Our business has under 10 employees and we will soon have to decide between employees and health coverage. We cannot afford both.
- If Dirigo is changed, we would not be able to provide insurance to our employees- it is cost prohibitive to them and our company.
- Maybe if all services would conform to same charges on coverages and they would go with a freeze on costs, like employers and employees are having to do with wages and benefits and if the state would let other insurance companies come into this state to make health insurance competitive, everyone might have a chance to have health insurance. If things don't change, nobody will have health insurance in this state.

- Our employees needed the assistance from the state in order to continue to have health insurance.
- If we lose Dirigo we would be very hard-pressed to pay for employees' coverage.
- Our company saved 4.5% in premium costs with virtually the same plan!!
- As an employer & employee I would have no problem paying a higher deductible in order to continue to offer health insurance. Unfortunately, something(s) will have to give to keep the cost down.
- We are not a fan of government interention so if this program has to go so be it. However, if the program needs to be cut other companies should be allowed to compete for health care in Maine which should in the end lower costs. We would be in favor of that.
- I may have answered the questions on page 3 incorrectly.... I would prefer that we not increase the deductibles, etc. and wouldn't mind changing the other 3. Sorry, the question just confused me a bit. Thank you for asking our opinion.
- cost, cost, cost. Too often medical coverage is out of reach due to cost. Don't let it happen!

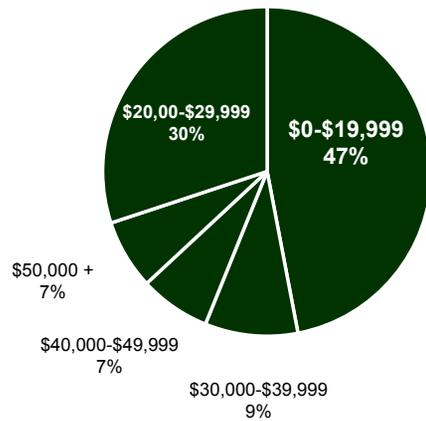
Summary Survey Results July 15, 2009

DHA sent a survey to current and past members and employers as well as other interested parties in the summer of 2009. Summary results are included below.

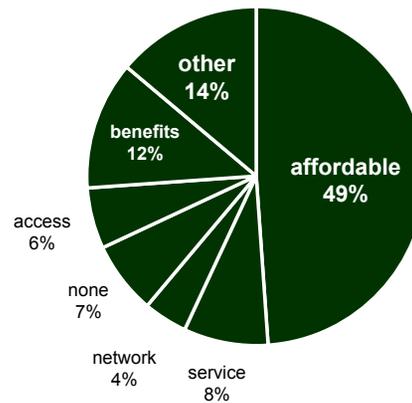
	Sent			Received			
	Email	Mail/Fax	Total	Email	Mail / Fax	Total	Return Rate
Current Members	2,615	3019	5,634	131	823	954	17%
Current Employers	301	260	561	18	63	81	14%
Former Members	1331	2022	3,353	68	335	403	12%
Former Employers	170	121	291	2	18	20	7%
Interested Parties	63	0	63	0	0	0	0%
Total	4,480	5,422	9,902	219	1,239	1,458	15%

2009 Survey Results

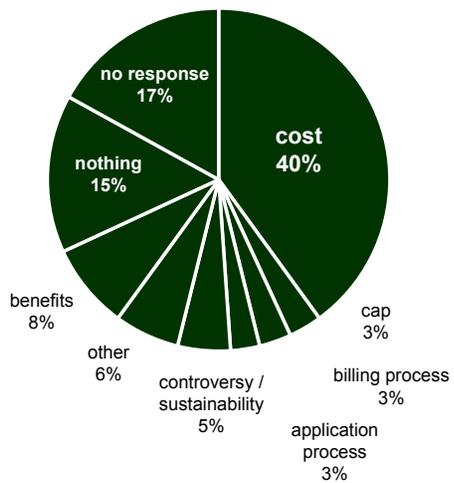
Responses by reported income level



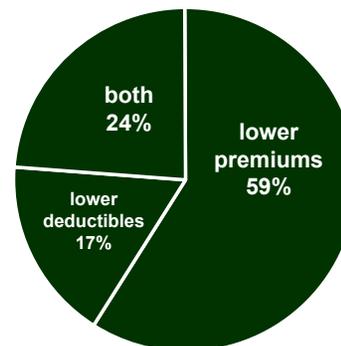
What do/did you like most about DirigoChoice?



What do/did you like least about DirigoChoice?



What is more important to you?
Lower Deductibles and Out-of-Pocket Costs/ Lower Premiums



2009 Survey Results (continued)

To lower the costs of DirigoChoice we need to make changes. Rank in order of priority what you would change to make the plan more affordable on a scale of 1-5 (1 represents what you would change first, 5 represents what you would change last).

- 1) Higher copayments
- 2) Generic Drugs
- 3) Limited Network
- 4) Reduced Benefits
- 5) Other

HPHC illustration of cost reductions based on potential plan design changes

Product Name	Group	OV Copay	Pharmacy Copay	70%/50% Coinsurance Max	Deductible	Total OOP Max	Modifications to existing benefit plans			
							\$50 OV copay and existing Rx benefit	\$50 OV copay and no Rx benefit	\$50 OV copay and \$500/year Rx benefit	\$50 OV copay and \$1000/year Rx benefit
DirigoChoice NG Plan 2	B	\$25	\$10/\$30/\$50	\$1,100	\$500	\$1,600	-2.7%	-17.6%	-13.1%	-10.7%
	C	\$25	\$10/\$30/\$50	\$1,800	\$800	\$2,600	-3.0%	-18.7%	-14.0%	-11.5%
	D	\$25	\$10/\$30/\$50	\$2,475	\$1,125	\$3,600	-3.2%	-19.6%	-14.7%	-12.1%
	E	\$25	\$10/\$30/\$50	\$3,150	\$1,450	\$4,600	-3.4%	-20.4%	-15.3%	-12.6%
	F	\$25	\$10/\$30/\$50	\$3,850	\$1,750	\$5,600	-3.5%	-21.1%	-15.9%	-13.0%
DirigoChoice NG Plan 3	B	\$25	\$10/\$30/\$50	\$200	\$500	\$700	-2.6%	-17.5%	-13.1%	-10.7%
	C	\$25	\$10/\$30/\$50	\$400	\$1,000	\$1,400	-2.8%	-18.4%	-13.7%	-11.2%
	D	\$25	\$10/\$30/\$50	\$600	\$1,500	\$2,100	-3.0%	-19.2%	-14.4%	-11.8%
	E	\$25	\$10/\$30/\$50	\$800	\$2,000	\$2,800	-3.1%	-20.0%	-15.0%	-12.3%
	F	\$25	\$10/\$30/\$50	\$1,000	\$2,500	\$3,500	-3.3%	-20.7%	-15.5%	-12.7%

			Priced off Plan									
HSA Option	Deductible	Actuarial Value	2B	2C	2D	2E	2F	3B	3C	3D	3E	3F
*Commercial Plan (4)	\$1,000	1.000	-0.2%	4.8%	9.3%	13.6%	17.3%	-5.2%	1.2%	6.9%	12.2%	16.4%
	\$1,500	0.923	-7.9%	-3.2%	1.0%	4.9%	8.3%	-12.4%	-6.5%	-1.3%	3.6%	7.5%
	\$2,000	0.856	-14.6%	-10.3%	-6.4%	-2.8%	0.4%	-18.9%	-13.4%	-8.5%	-4.0%	-0.4%
	\$2,500	0.796	-20.6%	-16.6%	-13.0%	-9.7%	-6.7%	-24.6%	-19.5%	-15.0%	-10.8%	-7.4%
	\$3,000	0.751	-25.1%	-21.3%	-17.9%	-14.7%	-11.9%	-28.8%	-24.0%	-19.7%	-15.8%	-12.6%
	\$4,000	0.675	-32.7%	-29.3%	-26.2%	-23.4%	-20.8%	-36.0%	-31.7%	-27.8%	-24.3%	-21.4%
	\$5,000	0.616	-38.6%	-35.5%	-32.7%	-30.1%	-27.8%	-41.6%	-37.7%	-34.2%	-30.9%	-28.3%
\$10,000	0.485	-51.7%	-49.2%	-47.0%	-45.0%	-43.2%	-54.1%	-51.0%	-48.2%	-45.7%	-43.6%	

*Deductible applies to all service except preventive

*No Rx copays after plan deductible

*Coinsurance: 0% In-Network, 20% OON

*For the other HSA options, the plan features are the same except for the deductible value

The above reflects potential reductions in plan costs. Actual average subsidy pmpm reductions will vary based on plan/subsidy enrollment distribution and timing of implementation of changes.

State Fiscal Year 2012 - 2014 Budget Comparisons – DHA Planning Document

	SFY 2012 DHA Proposed Budget	SFY 2012 Revised	reduction	SFY 2013 DHA	SFY 2013 Revised	reduction	SFY 2014 (6 months) DHA	SFY 2014 Revised	reduction
Revenue									
Employer & Individual's Contributions	\$35,265,747	?		\$35,837,198	?		\$18,277,279.90	?	
Membership Fees	\$857,407	?		\$857,407	?		\$428,703.38	?	
HRSA Grant	\$8,329,880	\$4,293,096	-48%	\$8,329,880	\$6,663,904	-20%	\$3,331,952.00	\$3,331,952.00	0%
Access Payments	\$43,565,936	\$35,627,880	-18%	\$45,066,646	\$26,327,469	-42%	\$22,983,989.61	\$8,055,136.55	-65%
Allocation of Healthy ME Funding	\$4,291,311	\$ -	-100%	\$4,291,311	\$ -	-100%	\$2,145,655.50	\$ -	-100%
Pre-Existing Condition Funding	\$4,857,143	\$4,857,143	0%	\$4,857,143	\$4,857,143	0%	\$2,428,571.50	\$2,428,571.50	0%
Total (Fixed)	\$61,044,270	\$44,778,119	-27%	\$62,544,980	\$37,848,516	-39%	\$30,890,169	\$13,815,660	-55%
Expenses									
Staff	\$1,321,204	\$1,329,604	1%	\$1,361,436	\$1,369,836	1%	\$632,541.16	\$632,541.16	0%
Contracts	\$1,057,897	\$1,057,897	0%	\$984,822	\$984,822	0%	\$454,755.50	\$454,755.50	0%
Other Operating	\$441,120	\$441,120	0%	\$422,518	\$422,518	0%	\$195,103.67	\$195,103.67	0%
Quality Contract Work	\$1,000,000	\$1,000,000	0%	\$1,000,000	\$1,000,000	0%	\$500,000.00	\$500,000.00	0%
DirigoChoice Subsidy	\$38,827,944	\$29,205,611	-25%	\$39,457,117	\$24,450,258	-38%	\$20,123,419.33	\$10,381,598	\$6,663,904
Employer & Individual Premium Costs	\$35,265,747	?		\$35,837,198	?		\$18,277,279.90	?	
Parents	\$5,460,163	\$4,275,897	-22%	\$6,383,145	\$3,220,820	-50%	\$3,076,321.54	\$1,207,578	-61%
HRSA Voucher	\$8,936,206	\$4,815,127	-46%	\$8,936,206	\$7,474,206	-16%	\$3,737,103.00	\$3,737,103.00	0%
Pre Existing	\$4,857,143	\$4,857,143	0%	\$4,857,143	\$4,857,143	0%	\$2,428,571.50	\$2,428,571.50	0%
Totals (Fixed)	\$61,901,677	\$46,982,399	-24%	\$63,402,387	\$43,779,603	-31%	\$31,147,816	\$19,537,250	-37%

- 1) Assumes parent expansion attrition of 3.1% and shift in FMAP to 63.27% for duration of 30 months (based on DHHS modeling and known future FMAP rates).
- 2) No current adjustments for operational changes (i.e., administrative budget is flat). Once program changes are determined, administrative costs can be reforecast.
- 3) Revenue and expenses associated with members can be reforecast once program changes are determined.
- 4) Numbers reflect revised Agency forecast for FY 2011 ending balance.

Individual Market Core Benefit Comparison

Besides other policies they offer, **all** insurers and HMOs must offer “Standard Plan A” and “Standard Plan B”. These two policies have standardized benefits which are established by law. Standard Plan B pays lower benefits and is less expensive than the Standard Plan A. Insurers **must** offer you both plans with a choice of deductibles ranging from \$250 to \$1500. Both plans cover preventive care with no deductibles or co-payments.

BENEFIT	STANDARD PLAN A	STANDARD PLAN B	ANTHEM HEALTHCHOICE (High Deductible Policy)	DIRIGO CHOICE	MEGA SIGNATURE PLAN (High Deductible Policy)
Deductible	Benefits are paid after the individual or family deductible has been met. The family deductible is met when total expenses paid for all family members exceed two times the individual deductible.				Benefits are paid after the individual or family deductible has been met. The family deductible is met when three family members meet the individual deductible.
Available Deductibles	\$250, \$500, \$1,000, \$1,500 per calendar year	\$250, \$500, \$1,000, \$1,500 per calendar year	\$2,250, \$5,000, \$10,000, \$15,000 per calendar year	Base deductibles \$1,250, \$1,750, \$2,500 per calendar year. Final deductible may be lower based on subsidy level.	\$3,500, \$5,000, \$7,500, \$10,000 per calendar year
Plan Coinsurance	80% to \$1,000 then 100%	60% to \$1,000 then 100%	None	70% to out-of-pocket limit, which varies by income, then 100%	Choice of 80% to \$2,000, \$5,000 or \$10,000, then 100%; or 50% to \$5,000, \$10,000, or \$20,000, then 100%.
Lifetime Maximum	No limit	No limit	No limit	No limit	No limit
Substance Abuse	Inpatient: calendar year maximum of 30 days. Outpatient: calendar year maximum of \$1,000.	Inpatient: calendar year maximum of 15 days. Outpatient: calendar year maximum of \$500.	Inpatient: 80%; limited to 31 days a year. Outpatient: 50%; limited to 25 visits a year.	Biologically based ⁶ metal illnesses including substance abuse services: Inpatient: 70% after deductible	Not covered unless optional rider is purchased.
Mental Health	Inpatient: 30 day maximum per calendar year.	Inpatient: 15 day maximum per calendar year.	Inpatient: 80%; maximum 31 days a year.	Outpatient: 100% after \$25 copay.	Not covered unless optional rider is purchased.

⁶ Biologically Based Mental Illnesses: State of Maine statute requires that benefits be provided at the same benefit level for medical treatment for the following Biologically Based Mental Illnesses: psychotic disorders, including schizophrenia; dissociative disorders; mood disorders; anxiety disorders; personality disorders; paraphilias; attention deficit and disruptive behavior disorders; pervasive developmental disorders; tic disorders; eating disorders, including bulimia and anorexia; and substance abuse-related disorders.

BENEFIT	STANDARD PLAN A	STANDARD PLAN B	ANTHEM HEALTHCHOICE (High Deductible Policy)	DIRIGO CHOICE	MEGA SIGNATURE PLAN (High Deductible Policy)
	Outpatient: \$1,000 calendar year maximum @ 50% coinsurance.	Outpatient: \$500 calendar year maximum @ 50% coinsurance.	Outpatient: 50%; limited to 25 visits a year.	Non-biologically based mental illnesses: Inpatient: 70% after mental health deductible (\$150); limited to 30 days a year Outpatient: 70% after mental health deductible (\$150). Limited to 40 visits per year	
Maternity	Subject to policy deductible and coinsurance.	Subject to policy deductible and coinsurance.	100% after the deductible is met.	Pre and Post Natal: \$25 copayment for first prenatal visit, then 100%. Delivery: 70% after deductible is met, 100% after maximum out of pocket is met.	Not covered , except complications of pregnancy.
Preventive Care	Covered at 100%; no copayment or deductible.	Covered at 100%; no copayment or deductible.	Covered at 100%; no copayment or deductible.	Covered at 100%; no copayment or deductible.	Covered at 100%; no copayment or deductible.
Chiropractic Care	36 visits per calendar year; subject to policy deductible and coinsurance.	18 visits per calendar year; subject to policy deductible and coinsurance.	100% after the deductible is met; limit of 25 manipulations per calendar year.	40 visits per calendar year; subject to policy deductible and coinsurance.	Subject to policy deductible and coinsurance.
Prescriptions	Subject to policy deductible and coinsurance.	No deductible or coinsurance. Co-payment of \$20 for generic drugs and \$30 for brand name drugs.	100% after the deductible is met.	No deductible or coinsurance. Co-pay of \$10 for generic, \$30 for brand name, and \$50 for optional brand name drugs.	Not covered
Emergency Room Care	Subject to \$50 co-pay if not confined to the hospital. Subject to policy deductible and coinsurance.	Subject to \$75 co-pay if not confined to the hospital. Subject to policy deductible and coinsurance.	100% after the deductible is met.	70% after deductible is met, 100% after maximum out of pocket is met.	Only for emergency medical condition. Subject to copay of \$250 or \$500 and policy deductible and coinsurance. Deductible waived if optional rider purchased.
Inpatient Hospital Services	Subject to policy deductible and coinsurance. No limit on number of days.	Subject to policy deductible and coinsurance; limited to 60 days per calendar year.	100% after the deductible is met. No limit on number of days.	70% after deductible is met, 100% after maximum out of pocket is met.. No limit on number of days.	Subject to policy deductible and coinsurance. No limit on number of days.
Outpatient Surgical Facility	Subject to policy deductible and coinsurance.	Subject to policy deductible and coinsurance.	100% after the deductible is met.	70% after deductible is met, 100% after maximum out of pocket is met.	Subject to policy deductible and coinsurance.
Surgeon	Subject to policy deductible and coinsurance.	Subject to policy deductible and coinsurance.	100% after the deductible is met.	70% after deductible is met, 100% after maximum out of pocket is met.	Subject to policy deductible and coinsurance.
Ambulance	Subject to policy deductible and coinsurance.	Subject to policy deductible and coinsurance.	100% after the deductible is met.	70% after deductible is met, 100% after maximum out of pocket is met.	Subject to policy deductible and coinsurance.
Physician's Care While Hospitalized	Covered subject to the policy deductible and coinsurance.	Covered subject to the policy deductible and coinsurance.	100% after the deductible is met.	70% after deductible is met, 100% after maximum out of pocket is met.	Inpatient doctor visits limited to one per day.

BENEFIT	STANDARD PLAN A	STANDARD PLAN B	ANTHEM HEALTHCHOICE (High Deductible Policy)	DIRIGO CHOICE	MEGA SIGNATURE PLAN (High Deductible Policy)
Physician's Office Visits	Covered subject to the policy deductible and coinsurance.	Covered subject to the policy deductible and coinsurance.	100% after the deductible is met.	100% after \$25 copayment. Deductible does not apply.	Not covered unless optional rider is purchased.
Skilled Nursing Care	100 days per calendar year.	Not covered.	100% after the deductible is met; limit 365 days (calendar year).	100 days per calendar year; subject to policy deductible and coinsurance.	Not covered.
Home Health Care	100 visits per calendar year; covered at 80%.	100 visits per calendar year; covered at 60%.	100% after the deductible is met; limit 90 visits per calendar year.	70% after deductible is met, 100% after maximum out of pocket is met.	Subject to the policy deductible and coinsurance.

Key Differences between DirigoChoice and other Individual Plans in the Market

Pre-Existing Condition Exclusions

Insurers may exclude any health condition an applicant had before the effective date of the new policy for 12 months when the applicant did not have coverage for that condition during the 90 days prior to buying the new policy; this is known as a “pre-existing condition exclusion”. Pre-existing condition exclusions are allowed to encourage people to buy insurance before they are sick or hurt. No insurer could stay in business if they collected premiums only from people who are collecting insurance benefits.

However, if the applicant has had health insurance any time during the 90 days before buying a new policy, the applicant is protected by Maine’s “continuity law”. This law requires insurers to waive pre-existing condition exclusions to the extent the applicant would have been eligible for benefits under his or her old policy. For example:

1. If the applicant’s old policy included coverage for physical therapy and the new policy also includes these benefits, the applicant receives benefits for physical therapy under the new policy **without** a pre-existing condition exclusion.
2. If the applicant’s old policy did not include physical therapy benefits and the new policy does, then physical therapy for a pre-existing condition may not be covered for the first 12 months under the new policy.
3. If the old policy included physical therapy benefits and the new policy does not, then physical therapy will not be covered under the new policy.

DirigoChoice does not have any pre-existing condition exclusions.

Mental Health Parity

In Maine, group health plans and health insurance issuers must ensure that financial requirements (such as co-pays, deductibles) and treatment limitations (such as visit limits) for biologically based mental illnesses are no more restrictive than the predominant requirements or limitations applied to substantially all medical/surgical benefits.

Groups with 20 or fewer employees and non-group policies are exempt from this requirement. Most carriers include mental health parity with their small group (less than 20) plans despite the exemption.

DirigoChoice offers mental health parity.

Harvard Pilgrim estimates that eliminating mental health coverage would reduce the cost of the program by approximately 2.8%.

Prescription Drug Coverage

Most individual plans in Maine either offer prescription drugs under the deductible (i.e., members must meet their deductible before the plan pays) or do not offer prescription drug coverage.

DirigoChoice provides prescription drugs under a copay and does not require members to spend up to their deductible.

Harvard Pilgrim estimates that Prescription Drug coverage is approximately 15% of the cost of the DirigoChoice product. Putting Prescription Drug coverage under a separate \$250 deductible would reduce the cost of the product by approximately 4%.

DirigoChoice Loss Ratio Report

Claims Incurred 200801 Through 201102, Paid Through 201102

Individuals								
Incurred Month	Subscriber Months	Member Months	Premium Billed	Uncompleted Medical Claims	Completed Medical Claims	Pharmacy Claims	Total Completed Claims	Loss Ratio
01/01/08 - 02/28/11	116,574	162,172	\$ 95,081,434	\$ 64,747,182	\$ 68,350,545	\$ 15,657,152	\$ 84,007,696	88.4%
Sole Proprietors								
Incurred Months	Subscriber Months	Member Months	Premium Billed	Uncompleted Medical Claims	Completed Medical Claims	Pharmacy Claims	Total Completed Claims	Loss Ratio
01/01/08 - 02/28/11	51,533	99,173	\$ 51,347,807	\$ 30,782,799	\$ 32,502,457	\$ 7,808,072	\$ 40,310,529	78.5%
Small Groups								
Incurred Months	Subscriber Months	Member Months	Premium Billed	Uncompleted Medical Claims	Completed Medical Claims	Pharmacy Claims	Total Completed Claims	Loss Ratio
01/01/08 - 02/28/11	58,237	100,880	\$ 38,008,342	\$ 24,711,987	\$ 26,092,991	\$ 6,295,519	\$ 32,388,510	85.2%
Total								
Incurred Months	Subscriber Months	Member Months	Premium Billed	Uncompleted Medical Claims	Completed Medical Claims	Pharmacy Claims	Total Completed Claims	Loss Ratio
01/01/08 - 02/28/11	226,344	362,225	\$ 184,437,583	\$120,241,968	\$ 126,945,993	\$ 29,760,743	\$ 156,706,735	85.0%

- Notes:**
- Subscriber Months refers to the sum over the thirty-eight months January 08 through February 11. The same holds for Member Months.
 - The Premium Billed represents the total of billed premium for the months January 08 through February 11. The reported number excludes membership fees.
 - Uncompleted Medical Claims refers to the dollar value of all claims paid as of 02/28/11 for the incurral period January 1, 2008 through February 28, 2011.
 - Completed Medical Claims represents HPHC's best estimate of the eventual total cost of services incurred during this time period, after a sufficient time for the "run-out" of claims.
 - The completion factor is based on HPHC's experience with its fully insured PPO planwide book of business. Lag factors based on the DirigoChoice experience will be estimated when additional months of Dirigo experience emerge.
 - The Pharmacy Claims are complete as reported as there is no lag between prescription fill date and date of submission.
 - Total Completed Claims is the sum of Completed Medical Claims plus Pharmacy Claims.

HPHC has provided further information regarding DirigoChoice members who have met their deductibles and out of pocket limits. We will be discussing these data at the meeting.