

DHA Revised Operating Budget for SFY 2012 and 2103
 August 8, 2011

Revenues				
Item	2012	2013	Notes	
DirigoChoice Employer & Individual Premium Payments	27,777,675	24,731,623	<p>Premium Payments represent the amount paid by DirigoChoice Employers and Individuals for the DirigoChoice insurance coverage with Harvard Pilgrim Health Care (HPHC).</p> <p>HPHC bills DirigoChoice small groups, individuals and self-employed members monthly.</p> <p>DirigoChoice members send their payments to DHA</p> <p>DHA adds its portion of the premium (subsidy) to the member payments and forwards the total payment to Harvard Pilgrim Health Care.</p> <p>Assumption:</p> <p>Premium reflects membership assumptions based on program capping as of February 1, 2012, HPHC average community rate increases (SG 6.9%, NG 10.1%), and increase in plan deductibles effective October 1, 2011 upon anniversary.</p>	
DirigoChoice Membership Fees	671,706	594,613	<p>Monthly Fees are:</p> <ul style="list-style-type: none"> • Individual / Self-Employed: \$12.50 • Businesses from 2-9 employees: \$12.50 (per business) • Businesses from 10-24 employees: \$20.83 (per business) • Businesses from 25-50 employees \$29.17 (per business) <p>Assumption:</p> <p>Fee revenue reflects membership assumptions based on program capping as of February 1, 2012</p>	
HRSA Grant	465,947	86,454	<p>Assumption:</p> <p>Program is defunded. HRSA has granted a no cost extension for September 1, 2011 – August 31, 2012 to expend unused funds from prior periods. Agency is exploring similar extension for September 1, 2012 – August 31, 2013.</p>	
Access Payments	38,070,935	33,388,413	<p>Assumption:</p> <p>Based on percentages established in PL 380. (FY 2012: 1.87%, FY 2013: 1.64%).</p>	
Allocation of Healthy ME Funding PL 2007 629	1,161,647	1,161,647	<p>Assumption:</p> <p>Based on PL 380.</p>	

Pre-Existing Condition Funding	4,857,143	4,857,143	<p>Federal funds to offset projected payments to HPHC for claims that exceed a 90% medical loss ratio for the identified population.</p> <p>PL 90 requires the board of the newly established reinsurance program to “work collaboratively with the Dirigo Health Program established pursuant to chapter 87 to develop a proposal to access unused funds from the State's allocation from the federal preexisting condition insurance plan established pursuant to the federal Affordable Care Act to be used to fund, in part, the operations of the association. Any federal funding obtained by the association must be used to reduce the assessment of member insurers required under this section. In developing the proposal, funds necessary for the federal preexisting condition insurance plan as currently administered by Dirigo Health have priority over any funds transferred to the association.”</p> <p>Assumption:</p> <p>\$17M funding over 42 months</p>
Total Revenue	72,986,573	64,778,022	

Expenses				
	Item	2012	2013	Notes
	Staff	1,329,604	1,369,836	Assumption: Based on PL 380
	Board Stipend	8,400	8,400	Assumption: 7 members collecting per diem at \$100 per meeting for 12 meetings per year.
	Contracts	1,057,897	984,822	Includes contracts for HRSA grant activities as well other DHA contracted services. Assumption: SFY12 is a 3% increase over SFY11 and 6% reduction in SFY13.
	Other Operating	432,720	414,118	Includes, rent, travel (includes Board), training, insurance, postage, office supplies, utilities, technology, etc.
	Quality	1,500,000	2,000,000	Consulting and project costs associated with improving health care quality and safety in the following key areas: <ul style="list-style-type: none"> • patient experience of care surveys • shared decision making demonstration • patient centered medical home pilot
	DirigoChoice Subsidy	30,092,481	26,792,592	Qualifying enrollees receive subsidies to help pay for their coverage. Includes HCTC and PCIP members. Subsidy represents approximately 52% of the overall cost of coverage. Assumptions: Based on changes to DirigoChoice subsidy structure (C 5% reduction, D & E 10% reduction) effective October 1, 2011, program capping as of February 1, 2012 and HPHC average community rate increases (SG 6.9%, NG 10.1%), and increase in plan deductibles effective October 1, 2011 upon anniversary.
	DirigoChoice Employer & Individual Premium Payments	27,777,675	24,731,623	Premium payments represent the portion of the premium charged by HPHC that the DirigoChoice members are responsible for. The Member premium payments (revenue) match the Member Premium Costs (expense). Assumptions: Premium reflects membership assumptions based on program capping as of February 1, 2012, HPHC Q4 2011 average community rate increases (6.9%, NG 10.1%), and increase in plan deductibles effective October 1, 2011 upon anniversary.
	Medicaid Expansion Parents (150%-200%)	5,460,163	6,383,145	Parents between 150% - 200% of federal poverty (\$31,800 - \$42,400 for a family of four) that the Agency provides state share for.

			<p>Assumptions:</p> <p>Match rates provided by DHHS for the period are 62.79% FY 12 and 62.65% FY 13. Budget assumes a monthly 1.2% increase in membership consistent with past 18 month experience.</p>
Medicaid Parents (Under 150%)	1,155,211	4,914,390	<p>Parents below 150% of federal poverty (\$31,800) that the Agency provides state share for.</p> <p>Assumption:</p> <p>Per budget (PL 380)</p>
Voucher Program	485,550	639,358	<p>Program to assist uninsured, part-time or seasonal, low-income, employees purchase their employer's insurance.</p> <p>Assumptions:</p> <p>Program is defunded. HRSA has granted a no cost extension for September 1, 2011 – August 31, 2012 to expend unused funds from prior periods. DHA is exploring similar extension for September 1, 2012 – August 31, 2013.</p> <p>Costs represent DHA projections for period based on past experience and capping program effective February 1, 2012.</p>
Pre Existing Condition Insurance Plan	4,857,143	4,857,143	<p>Program for individuals who have been uninsured and have been diagnosed with certain medical conditions (100% Federally funded).</p> <p>PL 90: The board shall work collaboratively with the Dirigo Health Program established pursuant to chapter 87 to develop a proposal to access unused funds from the State's allocation from the federal preexisting condition insurance plan established pursuant to the federal Affordable Care Act to be used to fund, in part, the operations of the association. Any federal funding obtained by the association must be used to reduce the assessment of member insurers required under this section. In developing the proposal, funds necessary for the federal preexisting condition insurance plan as currently administered by Dirigo Health have priority over any funds transferred to the association.</p>
Exchange System Support		2,000,000	
Total Expenses	74,137,241	74,974,794	
Net Operating Margin	(1,150,669)	(10,196,771)	Negative operating margin offset by DHA positive fund balance at end of SFY 2011.