

**SFY 2010 Dirigo Health Agency End of Year Planning
Dirigo Health Board of Trustees Meeting
February 23, 2010**

Baseline

- Due to timing of SOP payments, Agency required cash advance of \$25 million from the State at end of SFY 2009 to address cash flow problems created by SOP structure (PL 2009 Chapter 213, part KK).
- The Agency is required to return the entire \$25 million to the State by June 30, 2010.
- As of February, 2010 the Agency has reduced the cash advance to \$14 million and will return this balance by June 30, 2010.

Budget (Fund)

- Agency's SFY 2010 budget anticipated starting with 8,314 DirigoChoice members and ending with 5,136 members, for a total of 78,243 member months.
- Agency membership projections were based on historical rates of retention from CY 2007 to CY 2009: 97%.
- The Agency anticipated a subsidy PMPM of \$314.58, resulting in a total subsidy expenditure of \$25.4 million.

Projections under status quo

- Actual starting membership in SFY 2010: 9,137. Projected ending membership: 7,308, for a total of 99,322 member months (27% over estimates).
- Actual CY 2009 retention: 98.23%.
- Agency subsidy PMPM July 2009 – September 2009: \$319.44.
- Projected subsidy cost: \$29.9 million (26.7% over budget).

Agency actions to ensure full payment of cash advance by June 30, 2010

1. Eligibility program changes
2. Administrative cost reductions
3. Payment structure

(1) Eligibility changes

The table below illustrates the projected cost reductions in SFY 2010 due to the eligibility changes approved by the Board.

Impact of Eligibility Changes in SFY 2010

Change	Financial Impact	Date	Notes
HCTC	\$410,000 (22%)	10/2009 All Contracts	
Medicare	\$450,000 (24%)	11/2009 Rolling on birthday month	224 termed, 206 Bs, 11 Cs, 3 Ds, 4 Fs
MaineCare	\$150,000 (8%)	1/2010 Rolling on anniversary date	January B renewals who went to lower subsidy level(s)
	\$450,000 (24%)	1/2010 Rolling anniversary	85 (net) B terminations in January
SSI	\$420,000 (22%)	1/2010 Rolling anniversary	128 accounts shifted downward due to SSI income in January
Total	\$1,880,000		

Agency's projected SFY 2010 subsidy PMPM is \$301.51 (a 4.13% reduction from forecast).

(2) Administrative cost reductions

The Agency is leveraging \$0.7 million of funds that would have carried over into SFY 2011 due to the delayed start of analysis efforts.

(3) Payment Restructuring

The Agency and Harvard Pilgrim have agreed to implement a cash management plan that allows the Agency to meet its obligations under PL 2009 Chapter 213, part KK and maintain the current program.