

TESTIMONY OF
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DIRIGO HEALTH AGENCY

Before the Joint Standing Committee on Appropriations and Financial Affairs and
the Joint Standing Committee on Insurance and Financial Services

Hearing Date: January 23, 2013

**An Act To Make Supplemental Appropriations and Allocations for the Expenditures of
State Government and To Change Certain Provisions of the Law Necessary to the Proper
Operations of State Government for the Fiscal Year Ending June 30, 2013.**

Senators Hill and Gratwick, Representatives Rotundo and Treat, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Insurance and Financial Services. My name is Karynlee Harrington; I am the Executive Director of the Dirigo Health Agency. I am here today to present testimony on the item presented in the Governor's proposed Supplemental Budget that affects the Dirigo Health Agency.

The Legislature established the Dirigo Health Agency as an independent executive agency in 2003. The Agency was established to arrange for the provision of comprehensive, affordable health care coverage for eligible small employers, their employees and dependents, the self-employed, and individuals on a voluntary basis and for monitoring and improving the quality of health care in the State through the Maine Quality Forum. The Agency operates under the

supervision of a Board of Trustees comprised of nine voting members and 3 ex officio non voting members. The Governor appoints the Chair and has asked former Representative Joe Bruno, the President and CEO of Community Pharmacies, to serve in that role. Chair Bruno is here with me today.

Since beginning our coverage programs in 2005 we have provided coverage to approximately 40,000 Maine citizens and over 1,500 Maine businesses. Currently there are 15,615 people supported through Agency programs and over 750 small businesses.

The Agency provides most of its coverage through DirigoChoice and through funding the state share of the MaineCare Parent Expansion population. We also administer a number of programs funded through federal sources. These additional options include a voucher program to allow part-time, uninsured, low-income employees to buy into their employer sponsored health coverage and a program to cover uninsured high risk individuals with pre-existing conditions. I have included a full list of the programs that the Agency supports in a table below in my testimony and have included for your reference the Agency's latest enrollment report.

The Agency carries out its statutory charges related to statewide healthcare quality improvement through the Maine Quality Forum. In partnership with other public and private organizations like the CDC, Quality Counts, and the Maine Health Management Coalition, the Forum's activities range from the public reporting of data related to infection prevention and healthcare associated infection rates in our hospital to supporting the transformation of primary care in Maine, encouraging and supporting the development of Primary Care Medical Homes and

supportive community care teams. As part of this effort, we were able to secure the participation of CMS in our Patient Centered Medical Home pilot – we are among only eight states in the nation to have secured Medicare’s active involvement in these types of efforts. I have included more detail on these programs in the table below.

Coverage Programs	
DirigoChoice	Private health insurance coverage offered through Harvard Pilgrim Health Care. Small Businesses (fewer than 50 eligible employees), Sole Proprietors, and Individuals are all eligible to enroll. (Program closed to new enrollment effective February 1, 2013. Program terminates December 31, 2013)
Part-Time Worker Coverage Voucher	Designed to help part-time and seasonal, currently uninsured workers participate in their employer’s health insurance plan. (Program closed to new enrollment effective February 1, 2013. Program terminates December 31, 2013)
Pre-Existing Condition Insurance Plan (PCIP)	A federal program that provides a subsidy toward the cost of DirigoChoice coverage for eligible individuals (Program terminates December 31, 2013)
Health Coverage Tax Credit (HCTC)	A federal program that provides a subsidy toward the cost of DirigoChoice coverage for eligible individuals (State will need to designate a different health plan as HCTC certified for enrollment after December 31, 2013)
Parent Expansion (MaineCare)	Low or no cost health coverage for qualifying parents of children under 18 (Program terminates February 28, 2013)
Key Quality Initiatives (MQF)	

<p>Patient Centered Medical Home Pilot</p>	<p>A medical home is a team of health professionals who work together to better coordinate care for their patients. Medical Homes utilize a team approach to care, with the patient at the center. These practices emphasize prevention, health information technology, care coordination and shared decision making among patients and their providers. The goal is to improve the quality and coordination of health care services.</p> <p>As part of this Maine PCMH pilot, the major health insurance payers in Maine agreed to pay practices differently for better care. These payers include MaineCare (Maine’s Medicaid program), Anthem BCBS, Aetna, Harvard Pilgrim Health Care, and many of Maine’s major employer groups.</p> <p>The pilot is statewide, including 76 primary care practices. The pilot ends December 2014.</p> <p>DHA is one of four conveners who govern and operate the project and provides key financial support for project management and practice reporting.</p>
<p>Multi-Payer Advanced Primary Care Practice Demonstration (MAPCP)</p>	<p>Maine is one of eight states participating in a demonstration with CMS. DHA holds the contract with CMS for this project.</p> <p>Under this demonstration program, Medicare will participate in existing State multi-payer health reform initiatives that currently include participation from both Medicaid and private health plans. This project is coordinated with the PCMH pilot program described above.</p> <p>As part of this project, Medicare has agreed to pay participating practices an additional amount for Medicare beneficiaries. The practices must show “revenue neutrality”, i.e., the savings accrued due to care under this model should offset the additional reimbursement.</p>
<p>Patient Experience Matters – Patient Experience of Care Survey</p>	<p>Refer to summary. For a list of participating practices, please refer to: http://www.dirigohealth.maine.gov/Pages/patient_experience_matters.html</p>

Healthcare Associated Infection (HAI) annual report	<p>Topics include:</p> <ul style="list-style-type: none"> What are Healthcare-Associated Infections and why are they important? What does HAI incidence tell us about Healthcare Quality? Who are the partners working on reducing HAI in Maine? HAI Status in Main Report of the Maine CDC's HAI Program with an emphasis on surveillance and emerging trends nationally Notable Efforts by Hospitals to combat HAI: Selections from the MIPC report.
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The Agency is funded through an access payment on paid claims in the State. The Biennial Budget from 2011 set the amount of the access payment to 2.14% on claims for services provided through June 30, 2011; 1.87% on claims for services provided from July 1, 2011 to June 30, 2012; 1.64% on claims for services provided from July 1, 2012 to June 30, 2013 and 1.14% on claims for services provided from July 1, 2013 to December 31, 2013 and further established that no access payment may be charged for any claims for services provided on January 1, 2014 or thereafter. (2011, c. 380, Pt. BBB, §2)

This budget also increased the funds that the Agency transferred to DHHS to support Medicaid programs. Prior to this budget, the Agency was responsible for supporting the Parent Expansion Population with incomes from 150% of the Federal Poverty Level (FPL) to 200% of FPL. This support represented approximately \$4.7 million annually. The 2011 budget expanded the Agency's responsibilities to include some of the Parent Expansion Population with incomes from 133% of FPL to 150% FPL. The supplemental budget passed in the second regular session (Chapter 477) added additional transfers of \$10,472,800 in FY 2012 and \$2,397,939 in FY 2013 for the purpose of providing a state match for federal Medicaid services. These changes resulted in the Agency transferring a total of \$16,328,011 to DHHS in SFY 2012 and \$7,359,210 in SFY 2013.

The Governor's proposed supplemental budget increases one portion of this transfer from \$2,397,939 to \$7,210,000 in SFY 2013. This increase changes the Agency's overall obligation to the Department to \$12,171,271 in SFY 2013.

As I noted to this committee the last time I appeared before you, the Agency is planning to terminate its coverage programs (DirigoChoice, Voucher, PCIP, and HCTC) concurrent with the end of the access payment, December 31, 2013. We closed most of these programs to new enrollment as of February 1, 2013. However, given the demand for coverage, we were exploring the option of keeping the program open to new enrollment through the end of the year using some of the Agency's existing cash surplus.

The Agency has submitted a budget to continue to support the activities of the Maine Quality Forum through the end of SFY 2015. We intended to use a projected cash surplus at the end of 2013 to fund these activities.

The proposed budget will not affect the Agency's ability to pay its expenses through December 2013, when its coverage programs terminate. It will, however, affect the Agency's planning for the Quality Forum in future periods.

That concludes my testimony on items for the Dirigo Health Agency. At this time I would be happy to answer any questions.