

Dirigo Health Agency
September 19, 2007

Recommendation to Dirigo Health Board of Directors regarding the amount of the Savings Offset Payment to be applied beginning July 1, 2008 (FY09).

- September 17, 2007 the Acting Superintendent of Insurance approved \$32.8M of Aggregate Measurable Cost Savings for the third assessment year.
- Assuming the following:
 1. Continue the same disenrollment and persistency rates
 2. No change in subsidy and benefit design
 3. No new DirigoChoice membership (with the following exceptions, HCTC, new hires, new dependents)
 4. Carry the MaineCare parents through SFY09
 5. Continue MQF projects through SFY09
 6. DC program ends February 2009-ending membership 9,294

Budgeted Agency Expenses to be covered by savings offset payment SFY09:

Subsidy: \$31.4M

MQF Operating Expenses: \$1.3M

Parents: \$4.7M

Total: \$32.7M

- Using the Paid Claims data that has been reported with each SOP payment we estimate the claims paid base in FY09 to be \$1.89B. A \$32.8M assessment translates into a 1.74% assessment on paid claims.

Based on the information above it is the Agency's recommendation that the savings offset payment for FY09 be:

- For health insurance carriers, 1.74 % of annual paid claims for health care policies as provided in 24-A M.R.S.A § 6913 (3)(B) (1).
- For 3rd party administrators, 1,74% % of annual paid claims for health care for residents of this State as provided in 24-A M.R.S.A § 6913 (3)(B) (2).
- For employee benefit excess insurance carriers, 1.74 % of annual paid claims on employee benefit excess insurance carriers as provided in 24-A M.R.S.A § 6913 (3)(B) (3).