

Dirigo Health Agency
Board of Directors
Minutes of Meeting
June 6th, 2006

The Dirigo Health Agency Board of Directors held a meeting on Tuesday, June 6th, 2006. Dr. Robert McAfee, Chair, convened the meeting at 1:00PM in the Dirigo Health Agency Board Room, located at 211 Water Street in Augusta. Other Board members in attendance: Jonathan Beal, Dana Connors, Ned McCann, Acting Commissioner Lloyd LaFountain III, Commissioner Rebecca Wyke, and Trish Riley. Also in attendance: Bill Laubenstein from Attorney General's Office, Karynlee Harrington, Executive Director of the Dirigo Health Agency, Dr. Dennis Shubert, Director of the Maine Quality Forum, and Will Kilbreth, Technical Director of the Dirigo Health Agency.

The Board unanimously approved the minutes of the 04/14/2006 meeting.

Determination of Savings

Mr. Laubenstein presented to the Board the final written decision on aggregate measurable cost savings.

The Board accepted and signed the final decision as written.

Mr. Laubenstein provided an outline of current litigation and next steps in the Savings Offset Payment process for 2007. He noted that:

- The interveners had appealed the decision of the Superintendent of Insurance for the 2006 SOP to the Cumberland County Superior Court. Justice Cole is expected to hand down his decision in August.
- The interveners had also appealed the decision of the Board on the amount of the assessment. The appeal was consolidated with the Cumberland County Superior Court. The Agency had requested a stay on that appeal pending Justice Cole's decision in Cumberland County Superior Court. The Court granted the stay. The interveners have asked for a clarification of the Court's order, in effect, requesting a stay on the Agency's collection of the 2006 SOP. The clarification is pending from the Court.

In regards to the 2007 SOP, Mr. Laubenstein noted that:

- The Board's Hearing had originally be scheduled for March 27th, the Agency had requested an extension, the Board had granted the extension, the interveners had appealed the Board's grant to Kennebec County Superior Court, Justice Marden had overruled the Agency, and thus the Board had held their Hearing on the 8th and 10th of May, making a final decision on May 12th. Mr. Laubenstein expected to file the decision on June 9th.

- The Superintendent had issued a Notice of Pending Proceeding that detailed the timeline for his Hearing. Interveners have two weeks to file briefs following the Agency's filing, and the Agency has five days to respond to the interveners' briefs. Any party who wishes to file additional evidence and/or discovery has to submit a request within ten days of the Agency's filing. The Hearing itself will be held in mid July, probably July 12th, and will involve oral argument and the presentation of additional evidence if the Superintendent allows it.

Legislative Updates

Ms. Riley provided a legislative update.

The Legislature had considered two Dirigo related bills prior to adjourning. The first, LD 1845, would have allowed the Board the option to self-insure and allowed more brokers to sell the product. LD 1935, the compromise between the Speaker, President, and the interveners, would have reduced the 2006 SOP and set up a blue ribbon commission to examine the program. It was unclear if LD 1935 would have mooted the appeals in Superior Court.

Ms. Riley reported that the two bills were politically linked and they went down together. She commented that the good news is the program remains intact and the assessment remains \$43.7 million. The bad news is that efforts at compromise failed.

In the aftermath of the session, Ms. Riley reported, the Governor established a Blue Ribbon Commission to look at financing strategies for Dirigo Health. The Commission would have fifteen members and the Governor's Office was seeking nominations. The commission should report to the Governor on December 15h.

Maine Quality Forum

Dr. Shubert provided an update on the Maine Quality Forum.

Dr. Shubert commented on the work the MQF was doing with the State's Paid Claims Database. He pointed out that Maine is the only state in the country to have such an entity. He further commented that there were ongoing efforts to improve the data contained in the Database as we gained experience in collecting and maintaining the information contained in the system.

Dr. Shubert reported that MQF had contracted with Health Dialog to look at two years of the data held in the Paid Claims Database. Health Dialog's first efforts in this contract had been to convert the data to a patient centric model (across providers) and to put the data through filters to ensure information is high quality. Dr. Shubert noted that to date Health Dialog had been successful in these efforts, and that 99% of the data was screened acceptably.

Ultimately the goal of the analysis, Dr. Shubert commented, was to be able to measure best practices and standards of care in the State. He noted that those institutions that follow best practices save lives.

In response to a question from Mr. Beal, Dr. Shubert clarified that the information is de-identified, so while the analysis can distinguish distinct patients, it cannot say who that patient is.

Dr. Shubert brought to the Board's attention the upcoming Hanley Forum and the subject of the Forum: "Who Will Pay For Quality Care?"

Agency Updates

Ms. Harrington provided Agency updates.

Ms. Harrington requested authorization from the Board to move forward with discussions with Anthem relating to a contract extension. She also requested authorization to move forward with planning and releasing an RFP to the market in the event a contract extension was not available or desirable to both parties.

The Board unanimously granted authorization to proceed with both actions.

Ms. Harrington provided membership numbers for May. She noted the Agency is on track to exceed its annual goal of 11,000 by the end of the calendar year.

In response to a question from Mr. Connors, Ms. Harrington noted the difference between "Total Members Served" and "Total Enrolled Members" on the membership report and indicated that, while the overall retention for DirigoChoice is consistent with commercial plans, the off-cycle terminations is higher. She noted that this higher termination factor was not surprising given the lower income profile of most DirigoChoice members.

Ms. Harrington further noted that Group B represented the majority of membership and that Individuals were continuing to grow as an overall proportion of the membership.

Ms. Harrington provided updates on current plan utilization. She noted that:

- 1% of DirigoChoice membership drives 30% of the plan cost and that this factor is consistent with Anthem's norm.
- 18.5% of DirigoChoice members have not submitted any claims compared to 16.3% in Anthem's norm.
- The DirigoChoice average contract size is 1.6.
- The same diseases are driving cost: diabetes and cardiac care

Ms. Harrington commented on the Producer bonus program established with Anthem. The program had established up to \$500,000 for Producer bonuses for selling to previously uninsured businesses. To date, 65 agencies have received bonuses for a total of \$41,952.

Ms. Harrington noted that it was disappointing that more dollars weren't going to Producers. The lack of success in the Producer bonus program had led Anthem to issue a RFP to the market in an effort to develop outreach to uninsured businesses. Ms. Harrington reported that CEI (Costal Enterprises, Inc.) in partnership w/ CAHC had responded to the RFP, and that conversations between CEI and Anthem were ongoing.

Ms. Harrington noted that this outreach was a topic for the Anthem contract discussions. She emphasized that contacting uninsured small business was critically important to the program's goals. Ms. Harrington further noted that traditional sales channels do not have outreach to the uninsured as a core competency, and that we need to work together to figure out better ways.

Mr. Beal asked if there had been any formal review of producers and Anthem selling practices. Ms. Harrington replied that Anthem did organize a forum of the top nine producers of DirigoChoice, and that meeting had been instructive in terms of what works and what doesn't work in selling the product.

Ms. Harrington further noted that the majority of Individuals come directly to the Agency or to Anthem. Furthermore, a greater proportion DirigoChoice Small Group business goes direct to Anthem compared to their traditional small group sales.

Ms. Harrington provided updates on the Agency's financials. She noted:

- The Office of Fiscal and Program Review produce Agency financials. These reports may contain discrepancies from the Agency's statements. The discrepancies are typically timing issues between the two systems, as the Agency does accrual on a monthly basis.
- EBT discounts are considered an offset to revenue, and not an expense, on the Income Statement.
- The Agency had received \$75,378 at the end of the reporting period for 2006 SOP payments (current figure was \$1.8 million)

Ms. Harrington further clarified the process undertaken by the Agency for the collection of the 2006 SOP. She noted that the Agency had sent notices approximately a month ago for Q1 payments. The Agency had sent 640 notices based on licensee information from the BOI and to date had received 97 individual reports. Of the 97 reports, 69 reporting entities were on the BOI list, the other 28 were not. The Agency is doing a cross check with the BOI on these 28. Ms. Harrington clarified that not all 97 entities have sent money, but all have filed and acknowledged eligibility.

Ms. Harrington explained the sources of the “Miscellaneous Income” line on the statement. \$41,000 represented Anthem 2005 EMP return to DHHS. The remaining \$40,000 represented payment Anthem made for failing to meet certain performance guarantees. Ms. Harrington noted that the bulk of the performance guarantee payment was for problems Anthem had with call volume in the beginning of the program, and that Anthem had made the appropriate changes to rectify these performance issues.

Ms. Harrington clarified that the “Balance, End of Period” of \$24 million stated on the Balance Sheet represented actual funds in the account at the end of the reporting period, and did not reflect either the amount of the original \$53 million remaining nor outstanding obligations of the Agency (e.g., Parent Expansion). She stated that as of end of March there was approximately \$20 million left of the original \$53 million, incorporating existing obligations.

Ms. Harrington noted that the administrative cuts the Agency had planned to make in light of LD 1835 were no longer required, and that therefore she was going to move forward with the previously planned marketing budget.

Ms. Harrington also noted that Muskie was in the process of completing the work on the surveys of membership on the status of the uninsured and of terminated DirigoChoice members. She hoped to have an update by the next Board meeting.

Public Comments

There were no comments from the audience

The Board tentatively scheduled their next meeting for July 10th, 2006.

The Board adjourned at 2:30 pm.