

DHA Proposed SFY 2013 Budget

Revenues			
Item	2012 Actuals	2013 Proposed	Notes
DirigoChoice Employer & Individual Premium Payments	\$ 35,613,351	\$ 39,769,555	<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>Based on SFY 2012 actuals, projected trend, and current cost distribution between members and DHA.</p>
DirigoChoice Membership Fees	\$ 509,389	\$ 552,742	<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>Based on SFY 2012 actuals.</p>
HRSA Grant	\$ 749,732	\$ 518,724	<p>Assumption:</p> <p>Federal 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 has secured a similar extension for September 1, 2012 – August 31, 2013.</p>
Access Payments	\$ 38,827,158	\$ 34,051,625	<p>Assumption:</p> <p>Based on percentages established in PL 380 and SFY 2012 actuals. (FY 2012: 1.87%, FY 2013: 1.64%).</p>
Allocation of Healthy ME Funding PL 2007 629	\$ 1,161,648	\$ 1,161,647	<p>Assumption:</p> <p>Based on PL 380.</p>
Pre-Existing Condition Funding	\$ 4,750,604	\$ 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</p>

			<p>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: Based on current contract with CMS</p>
Total Revenue	\$ 81,611,882	\$ 80,911,436	

Expenses				
Item	2012	2013	Notes	
Staff	\$1,065,997	\$1,065,997	Assumption: Based on SFY 2012 actuals	
Board Stipend & Travel	\$ 16,680	\$ 16,680	Assumption: Based on 9 members collecting per diem at \$100 per meeting for 12 meetings per year and SFY 2012 actuals.	
Contracts	\$ 709,221	\$ 709,221	Includes contracts for HRSA grant activities as well other DHA contracted services, e.g., temp staffing, lockbox, Assumption: Based on SFY 2012 actuals	
Other Operating	\$ 361,362	\$ 361,362	Includes DHA fixed costs for Office of Information Technology, the Attorney General's Office, the Department of Financial Services, State Assessment (stacap), rent, travel, training, insurance, postage, office supplies, utilities, etc.	
Quality	\$ 382,974	\$ 2,000,000 \$ 1,117,026	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 (including Medicare Advanced Primary Care pilot) The Board previously approved a \$1,500,000 budget for quality initiatives in FY 2012. The expense for patient experience care surveys budgeted in FY 2012, \$1,117,026, will be incurred in FY 2013.	
DirigoChoice Subsidy	\$ 26,023,934	\$ 28,798,647	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 SFY 2012 actuals and projected trend	
DirigoChoice Employer & Individual Premium Payments	\$ 35,733,015	\$ 39,769,555	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: Based on SFY 2012 actuals and projected trend	

Medicaid Expansion Parents (150%-200%)	\$ 4,700,000	\$ 1,175,000	Parents between 150% - 200% of federal poverty (\$31,800 - \$42,400 for a family of four) that the Agency provides state share for. Assumptions: Based on supplemental budget (PL 477)
Medicaid Parents (Under 150%)	\$ 1,155,211	\$ 1,229,390	Parents below 150% of federal poverty (\$31,800) that the Agency provides state share for. Assumption: Based on supplemental budget (PL 477)
Other Medicaid	\$ 10,472,800	\$ 4,954,820	Based on supplemental budget (PL 477)
Voucher Program	\$ 499,271	\$ 518,724	Program to assist uninsured, part-time or seasonal, low-income, employees purchase their employer's insurance. Assumptions: Federal 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 has secured a similar extension for September 1, 2012 – August 31, 2013. Based on SFY 2012 actuals and projected trend
Pre Existing Condition Insurance Plan	\$ 4,857,143	\$ 4,857,143	Program for individuals who have been uninsured and have been diagnosed with certain medical conditions (100% Federally funded). 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. Assumption: Based on current contract with CMS
Total Expenses	\$ 86,988,095	\$ 86,573,565	
Net Operating Margin	\$ (4,259,187)	\$ (5,662,129)	Negative operating margin offset by DHA positive fund balance at end of SFY 2011, \$19,499,414

- SFY 2012 projected values based on actuals through February, 2012. March financials will be available week of April 9th, 2012.

- Projected ending DirigoChoice membership as of June 30, 2012, 8,400 assuming enrollment is consistent with prior 8 months (i.e., flat).
- Proposed budget allows subsidized membership to stay open through some point between July 1, 2012 and December 1, 2012. The Agency will monitor enrollment and costs and recommend to the Board when subsidized enrollment should close in that period.
- Ending SFY 2013 balance based on projected SFY 2012 ending balance - \$15,240,227.
- Ending SFY 2013 balance will be used to offset final reduction in access payment effective July 1, 2013.
- Current supplemental (LD 1903) includes additional \$5,877,676 allocation for Exchange Level One Establishment grant. If passed as proposed, the Agency will revise its 2013 budget to reflect this expense.