Status of Dirigo Health Implementation
June 2003 – August 2006

Strategies to Address Health Care Access – over 18,000 served

1. Created DirigoChoice – Over 13,000 served
   - Started in January 2005, health coverage program offered to small businesses, sole proprietors and individuals.
   - Covered benefits include 100% preventive care, mental health parity, prescription drugs, and Healthy Me Rewards Program.
   - Subsidies to members with household incomes below 300% FPL – reduce monthly payments, deductibles and maximum out of pocket costs.
   - 72% of members were uninsured before joining, under-insured or on COBRA.
   - DirigoChoice competes in the market against other commercial products
   - DirigoChoice pays providers at market rates.

2. MaineCare Expanded to Cover More Parents – over 5,100 served
   - Started in May 2005, parents are eligible up to 200% FPL from 150% FPL. Children are eligible to 200% FPL.

Strategies to Address Health Care Costs

1. Savings Determined by Superintendent of Insurance
   - The Superintendent of Insurance has ruled that Dirigo Health saved the health care system $43.7 million in its first year and $34.3 million in its second year.

2. Superior Court Dismisses Case Against Savings Determination and Question of Constitutionality
   - The Cumberland County Superior Court affirmed the Superintendent of Insurance ruling that $43.7 million in savings is reasonably supported by the record. The constitutionality of Dirigo Health Reform and the Savings Offset Payment was upheld. The court wrote, "savings offset payments are the means by which the Legislature redistributes savings in the health care system in order to make health insurance available to a greater percentage of Maine citizens…[T]he savings offset payments are appropriately characterized as costs of administering the program under the police power of government, not a tax."
   - The Superior Court's decision has been appealed to the Maine Law Court.

3. Blue Ribbon Commission to Seek Alternatives to Savings Offset Payment
   - Governor Baldacci created the Blue Ribbon Commission on Dirigo Health to identify alternative funding sources to the Savings Offset Payment for DirigoChoice and the Maine Quality Forum. The Commission is broadly represented by consumer groups, insurers, labor, providers and business representatives. The Commission will submit a report with proposals to the Governor by December 15, 2006.

4. Making Maine Healthier – State Health Plan
   - Issued every two years by GOHPF, the State Health Plan sets goals for reducing costs, improving quality, and expanding access. It identifies existing and new initiatives to reach those goals. Overall goal is to improve health of all Maine people.
   - Initiatives include:
     - "Be Fit for Maine's Future" personal contract
     - Public Health Work Group to create a public health infrastructure that recognizes the roles of Community Coalitions
     - Worksite Wellness for Maine's smallest businesses
     - Ensuring viable and strong health systems in rural Maine
     - And, activities to expand primary care to include mental health and improved prevention of chronic illnesses

5. Changes to Certificate of Need Designed to Better Control Costs
   - Moratorium on new CON applications – May 2003 to May 2004
   - CON expanded to include large physician practices when they compete with hospitals
   - Capital Investment Fund is created. It serves as a budget on CON reviews and approvals. 12.5% is reserved for non-hospital projects.
   - New priorities for CON guide the competitive system of review under the Capital Investment Fund. New priorities/guidelines are set out in the State Health Plan and prioritize projects that reduce costs, improve coordination and quality, ensure geographic access to services and counter sprawl.

6. Voluntary Limits to Control the Growth of Health Care Costs
   - Voluntary limits on hospital costs and operating margins were renewed for an additional two years through legislation resulting from the Commission to Study Maine's Hospitals.
   - According to Maine Hospital Association data, the 2004-2005 rate of growth in hospital charges was slowed an average of 9.4%. 11 of Maine's 12 largest hospitals – accounting for 68% of all hospital discharges – reduced cost growth or held growth steady.

7. Increased MaineCare Payments to Providers
   - MaineCare payments to hospitals were increased by $98 million for 2006/2007 and by $17 million for physicians in 2006/2007.

8. Reduced Bad Debt and Charity Care
   - According to the Superintendent of Insurance, reductions in the uninsured and underinsured that resulted from enrollment in DirigoChoice and MaineCare reduced bad debt and charity care. The Superintendent ruled that this resulted in a total of $8.2 million in savings to private payers – $2.7 million in Dirigo's first year and $5.5 million in Dirigo's second year.

9. Regulates How Much Insurers Can Charge in the Small Group Market
   - Insurance companies must file their small group rates with the Bureau of Insurance and ensure, over a three year average, that 78-cents of every premium dollar will be used for medical care.

10. Transparency in Health Care Costs
    - Insurance companies must now file standardized reports with the Bureau of Insurance that increase transparency in the establishing of premium rates. These reports are available to consumers and businesses.
    - All providers, including hospitals and physician practices, must maintain a publicly available list of charges and prices for the most commonly performed inpatient and outpatient procedures.
    - Hospitals are now required to file their financial information using a standardized form with the Maine Health Data Organization that is available to the public and is designed to allow the public to make comparisons between hospitals' financial health over time.

11. Medical Malpractice Study
    - The Bureau of Insurance reviewed medical malpractice lawsuits and insurance rates in Maine and found that medical malpractice rates in Maine have not been experiencing the kind of inflation seen in other states.
    - In 2005, malpractice coverage in Maine was less than half the cost seen nationally and among the lowest in the country.

12. Amended the Hospital Cooperation Act
    - As recommended by the Commission to Study Maine's Hospitals, the Legislature amended the 1992 Hospital Cooperation Act to make it easier for hospitals to collaborate with one another to reduce costs and/or improve quality; the amendment also extended the Act to cover collaboration between non-hospital providers.

13. Launched Effort to Reduce Administrative Costs
    - Created the Administrative Streamlining Workgroup to identify ways to reduce administrative costs by reviewing billing procedures.

14. Uniform Claims Submission
    - Providers must submit their claims to insurers in a standardized electronic format. The Superintendent of Insurance may grant an exemption for Providers with 10 or fewer full-time-equivalent health care practitioners and other employees based upon hardship.

15. Launched Public Purchasers' Steering Group
    - The Public Purchasers' Steering Group has issued two reports which detail the purchasing power of public entities. Public entities spent $2.5 billion in health care expenditures in 2004. The Group is charged with exploring and implementing opportunities to coordinate and collaborate in the purchase of cost effective, quality health care services.

Strategies to Address Health Care Quality

1. Established the Maine Quality Forum at the Dirigo Health Agency
    - Housed within the Dirigo Health Agency, the Maine Quality Forum is a quality watchdog and resource center with its own advisory board. It promotes best practice medical care, electronic medical records, worksite wellness, and provides consumer information.
    - www.mainequalityforum.gov
    - Hospital Safety Star program recognizes hospitals that meet 27 nationally accepted standards for patient safety.
    - Providers submit quality data for analysis by MQF to the Maine Health Data Organization.
    - Analyzes payment data to report to the public about the success of medical care at the provider and community level.
    - MQF is measuring compliance with best practices in care of heart attacks, heart failure, pneumonia, reducing infections acquired during medical care, and the amount of and success of nursing care in hospitals.
    - MQF provided start up funding for HealthInfoNet, a new non-profit group of stakeholders working to create a statewide electronic medical records system.

2. Amended Rule 850
    - The Dirigo Act amended Bureau of Insurance Rule 850 to allow insurers to offer financial incentives for enrollees to use higher quality providers for certain services.

Public Outreach and Reports

1. Held the "Tough Choices in Health Care" Meeting

- A day-long meeting with over 300 randomly invited Maine people to hold discussions and vote on their priorities for making health care work better in Maine. Held in May 2005.
- Published a guidebook for "Tough Choices" that discussed health and health care in Maine and, for discussion purposes, presented an array of "choices" for making improvements in Maine.
- "Health Care Listening Tour" – a series of public forums held in 7 Maine communities across the state. Over 300 Mainers attended and offered feedback. Held in September 2005

2. Published by GOHPF, "*Understanding MaineCare: A Chartbook about Maine's Medicaid Program*"
   - The chartbook presents facts about MaineCare – who it serves, what it costs, etc.
   - January 2005

3. Published by GOHPF, "*The State of Maine's Health, A Regional Comparison*"
   - The report presents detailed and accessible information on the status of Mainers' health, and the costs, quality, and access to health care across the state.
   - August 2005