



**Consumers for  
AFFORDABLE  
Health Care  
COALITION**

*Advocating the right to health care  
for every man, woman and child.*

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September 11, 2008

*VIA hand delivery and Electronic Mail*

Mila Kofman, Superintendent  
Attn.: Vanessa J. Leon, Docket No. INS-08-900  
Maine Bureau of Insurance  
34 State House Station  
Augusta, Maine 04333-0034  
[Vanessa.J.Leon@maine.gov](mailto:Vanessa.J.Leon@maine.gov)

IN RE: Review of Aggregate Measurable Cost Savings Determined by Dirigo Health for  
the Fourth Assessment Year, Docket No. INS-08-900

Dear Superintendent Kofman:

Enclosed for filing in the above matter please find Consumers for Affordable Health Care's  
Response to Question Posed by Panel Member at Public Hearing.

Please contact me directly should you have any questions.

Sincerely,

/s/ Joseph P. Ditré  
Joseph P. Ditré, Esq.  
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Pc: Service List Attached

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE

IN RE: REVIEW OF AGGREGATE )  
MEASURABLE COST SAVINGS ) RESPONSE TO QUESTION POSED  
DETERMINED BY DIRIGO ) BY PANEL MEMBER AT PUBLIC  
HEALTH FOR THE FOURTH ) HEARING  
ASSESSMENT YEAR )  
)  
)  
Docket No. INS-08-900 )

**FILING COVER SHEET**

Maine Superintendent of Insurance, Mila Kofman  
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DATE FILED: September 11, 2008

PARTY: Consumers for Affordable Health Care

DOCUMENT: Response to Question Posed by Panel Member at Public Hearing

DOCUMENT TYPE: Response

CONFIDENTIALITY: None

Respectfully submitted,

/s/ Joseph P. Ditré  
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STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE

IN RE: REVIEW OF AGGREGATE )  
MEASURABLE COST ) RESPONSE TO QUESTION POSED  
SAVINGS DETERMINED BY ) BY PANEL MEMBER AT PUBLIC  
DIRIGO HEALTH FOR THE ) HEARING  
FOURTH ASSESSMENT )  
YEAR )  
)

Docket No. INS-08-900

NOW COMES Intervenor Consumers for Affordable Health Care (“CAHC”), by and through their legal counsel, with the following Response to Question posed by Panel Member Robert Wake to CAHC at oral argument and in accordance with the Superintendent’s direction to the parties that if asked a question to which information is not immediately available to provide appropriate citations before noon on September 11, 2008.

The question posed by Panel Member Wake asked if there was a definition of cost savings in the [Dirigo Health] Act. CAHC counsel noted that if such a definition were included in the Act it likely would be found in Title 24-A MRSA section 6913 and, in particular, subsection 7. In fact, subsections 1 and 8 are also relevant to Mr. Wake’s question.

24-A M.R.S.A. §6913(1) states:

**1. Determination of cost savings.** The following are the procedures for determining cost savings.

A. After an opportunity for a hearing conducted pursuant to Title 5, chapter 375, subchapter 4, the board shall determine annually not later than August 1st the aggregate measurable cost savings, including any reduction or avoidance of bad debt and charity

care costs to health care providers in this State as a result of the operation of Dirigo Health and any increased MaineCare enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004.

This subsection was interpreted by the Maine Law Court. *Maine Ass'n of Health Plans v. Superintendent of Insurance*, 2007 ME 69, 923 A.2d 918.

24-A M.R.S.A. §6913(7) states as follows:

**7. Demonstration of recovery of savings offset payments through reduction in rate of growth in State's health spending and bad debt and charity care.** In accordance with the requirements of this subsection, every health insurance carrier and health care provider shall demonstrate that best efforts have been made to ensure that a carrier has recovered savings offset payments made pursuant to this section through negotiated reimbursement rates that reflect health care providers' reductions or stabilization in the cost of bad debt and charity care as a result of the operation of Dirigo Health and any increased enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004.

A. A health insurance carrier shall use best efforts to ensure health insurance premiums reflect any such recovery of savings offset payments as those savings offset payments are reflected through incurred claims experience in accordance with subsection 9.

B. During any negotiation with a health insurance carrier relating to a health care provider's reimbursement agreement with that carrier, a health care provider shall provide data relating to any reduction or avoidance of bad debt and charity care costs to health care providers in this State, as a result of the operation of Dirigo Health and as a result of any increased enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004.

24-A M.R.S.A. §§6913(8)(A) & (B) state as follows:

**8. Reports.** The following reports are required in accordance with this subsection.

A. On a quarterly basis beginning with the first quarter after the Dirigo Health Program begins offering coverage, the board shall collect and report on the following:

(1) The total enrollment in the Dirigo Health Program, including the number of enrollees previously underinsured or uninsured, the number of enrollees previously

insured, the number of individual enrollees and the number of enrollees enrolled through small employers;

(2) The total number of enrollees covered in health plans through large employers and self-insured employers;

(3) The number of employers, both small employers and large employers, who have ceased offering health insurance or contributing to the cost of health insurance for employees or who have begun offering coverage on a self-insured basis;

(4) The number of employers, both small employers and large employers, who have begun to offer health insurance or contribute to the cost of health insurance premiums for their employees;

(5) The number of new participating employers in the Dirigo Health Program;

(6) The number of employers ceasing to offer coverage through the Dirigo Health Program;

(7) The duration of employers participating in the Dirigo Health Program; and


(8) A comparison of actual enrollees in the Dirigo Health Program to the projected enrollees.

B. The board shall establish the total health care spending in the State for the base year of 2002 and shall annually determine, in collaboration with the superintendent, appropriate actuarially supported trend factors that reflect savings consistent with subsection 1 and compare rates of spending growth to the base year of 2002. The board shall collect on an annual basis, in consultation with the superintendent, the total cost to the State's health care providers of bad debt and charity care beginning with the base year of 2002. This information may be compiled through mechanisms, including, but not limited to, standard reporting or statistically accurate surveys of providers and practitioners. The board shall utilize existing data on file with state agencies or other organizations to minimize duplication. The comparisons to the base year must be reported beginning March 1, 2004 and annually thereafter.

These citations provide a definition of cost savings in response to Mr. Wake's question.

DATED: September 11, 2008

Respectfully submitted,

  
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Certificate of Service

I, Joseph P. Ditré, Esq., hereby certify that the forgoing filing was served this day on the following:

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**Mila Kofman, Superintendent**

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*Via U.S. Mail and electronic mail, one (1) copy to:*

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Dated: September 11, 2008

/s/ Joseph P. Ditré  
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