

STATE OF MAINE

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

BUREAU OF INSURANCE

IN RE: REVIEW OF AGGREGATE)
MEASURABLE COST SAVINGS)
DETERMINED BY DIRIGO HEALTH)
FOR THE FOURTH ASSESSMENT)
YEAR)

Docket No. INS-08-900)

FILING COVER SHEET
VIA ELECTRONIC AND U.S. MAIL

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

DATE FILED: September 11, 2008

PARTY: Maine Association of Health Plans

DOCUMENT: Maine Association of Health Plans' Response to Hearing Questions for Citations to the Record

DOCUMENT TYPE: Response to Hearing Questions of Superintendent's Panel

CONFIDENTIALITY: None.

Respectfully submitted,

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**MAINE ASSOCIATION OF HEALTH
 PLANS' RESPONSE TO HEARING
 QUESTIONS FOR CITATIONS
 TO THE RECORD**

Pursuant to the Superintendent's September 9, 2008 Hearing Questions for Citations to the Record, Maine Association of Health Plans ("MEAHP") provides the following:

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
<u>Hospital Initiatives</u>		
<ul style="list-style-type: none"> In the order requested, please point to the record where each of the following can be found. In those cases where the information in question is not in the record, please point to those places in the record which explain why the requested information is not in the record, or failing that, please indicate explicitly that the information is not in the record. In responding to this request, please bear in mind that your answer, to the greatest extent possible, given what has been placed on the record, should provide a clear path for someone reviewing the record and attempting to replicate the findings presented in the Schramm-Raleigh report: 		
1. All source data sets used as a basis for the calculations estimated AMCS related to voluntary reductions in cost per CMAD		

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
<p>2. All programs and queries used to transform the source data sets into the files used in the regression analysis for savings related to cost per CMAD. Please include reference to any information regarding the exact order in which these steps could be followed by someone wishing to replicate the calculations, including all steps related to:</p> <ul style="list-style-type: none"> a. Testing for data quality problems. b. Steps taken to edit and/or remove observations, fields, or other information from the source files (e.g., anomalous values) and whether and how retention of anomalous values were assess for their impact on the results. c. Steps to taken to calculate values from the raw source information (for example, demonstrate whether and how hospital tax, physician practice costs, etc. were removed from the MCR data). d. Steps to taken to impute, aggregate, or otherwise transform the source data into the analytical data sets. 		
<p>3. All programs used to perform the regression analyses, including:</p>		
<ul style="list-style-type: none"> a. Explanation of the reasoning and/or theory behind the selection of variables, the use of Ordinary Least Squares vs. other regression models that could have been chosen. 		<p>MEAHP counsel could find no such record evidence in the srHS report</p>
<ul style="list-style-type: none"> b. Explanation of diagnostic tests run on the regression results to test for failures in the assumptions underlying the form of regression model chosen. 	<p>AR 4-73 and 4-74 (Agency exhibits # 11 and 12).</p>	<p>DHA exhibit showing t-statistics and r squared values but no explanation of reasons for addressing or ignoring any such failures</p>

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
and the reasoning for addressing or ignoring any such failures		MEAHP counsel could find no such record
c. Those regression specifications that were run but not presented in the report		
and the reasons for not including in them in the report.		MEAHP counsel could find no such record evidence
4. Statistical tests performed to test the significance of regression results and the analyst's conclusion about the importance of those tests and their impact on the interpretation of the results	AR 4-73 and 4-74 (Agency exhibits # 11 and 12). MEAHP incorporates by reference the citations by Anthem to pre-filed and hearing testimony on this point	DHA exhibit showing t-statistics and r squared values; the testimony cited by Anthem discusses analysts' conclusions; there was nothing in the srHS report – just oral testimony
<ul style="list-style-type: none"> For any statistical critiques leveled at the analysis presented in the Schramm-Raleigh report, please point to those places in the record where your consultants adjusted for these criticisms (heteroscedasticity, autocorrelation, correction for omitted variables bias, logging the dependent variable, recalculation of the CMAD formula to match the most recent statutory definition, etc.) and re-presented adjusted results. 	AR 5-97 (Burke Pre-filed Testimony, Burke Exhibit 2 (Report) page 4; AR 3-61, pages 193-198 (Burke Hearing Testimony)	Using actual numbers from the Year 3 proceedings (as opposed to the estimates used by srHS in Year 4) for the pre-Dirigo cost per CMAD eliminates all calculated “savings”
	AR 4-84, pages 22-25 (Dobson Pre-filed Testimony); AR 3-61-29 to 31 (Dobson Hearing Testimony)	\$433 of \$439 per CMAD “savings” is attributable to variables that are not Maine-specific

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
<ul style="list-style-type: none"> Is there any evidence in the record that demonstrates how and whether cost per CMAD might change had Dirigo used the statutory formula? 	AR 4-90 (Chamber Ex. 7); MEAHP incorporates by reference the citations by the Chamber to pre-filed and hearing testimony on this point that; AR 3-61, pages 193-198 (Burke Hearing Testimony)	MEAHP incorporates by reference the Chamber summary that in Year 3, when statutory adjustments were made, the historical base period CMAD growth (used to estimate CMAD in absence of Dirigo) was much lower, which would demonstrate that making the same required adjustments for Year 4 would reduce or eliminate savings
<ul style="list-style-type: none"> Please identify in the record the findings/compilations regarding the other states, approximately 29, that showed Dirigo savings. 	AR 4-88 (Chamber Ex. 5)	
<u>Uninsured / Underinsured Initiatives</u>		
<p>In the order requested, please point to the record where each of the following can be found. In those cases where the information in question is not in the record, please point to those places in the record which explain why the requested information is not in the record, or failing that, please indicate explicitly that the information is not in the record. In responding to this request, please bear in mind that your answer, to the greatest extent possible given what has been placed on the record, should provide a clear path for someone reviewing the record and attempting to replicate the findings presented in the Schramm-Raleigh report:</p>		

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
<p>1. All source data sets used as a basis for the calculations estimated AMCS related to voluntary reductions Bad Debt and Charity Care.</p>	<p>AR 4-84-40 (Dobson Pre-filed Testimony)</p>	<p>Dr. Dobson testified that his office could not replicate the regression because “statistical programs were written that included instructions to delete interim datasets that were key to the analyses, output needed to evaluate results from the regression analysis was missing and the process used to ‘un-log’ regression results was not detailed.”</p>
<p>2. All programs and queries used to transform the source data sets into the files used in the regression analysis for savings related to Bad Debt and Charity Care. Please include reference to any information regarding the exact order in which these steps could be followed by someone wishing to replicate the calculations, including all steps related to:</p> <ul style="list-style-type: none"> a. Testing for data quality problems. b. Steps taken to edit and/or remove observations, fields, or other information from the source files. c. Steps to taken to calculate values from the raw source information. d. Steps to taken to impute, aggregate, or otherwise transform the source data into the analytical data sets 		
<p>3. All programs used to perform the regression analyses, including:</p>		
<ul style="list-style-type: none"> a. Explanation of the reasoning and/or theory behind the selection of variables, the use of Ordinary Least Squares vs. other regression models that could have been chosen. 		<p>MEAHP counsel could find no such record explanation in the srHS report</p>

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
<p>b. Explanation of diagnostic tests run on the regression results to test for failures in the assumptions underlying the form of regression model chosen and the reasoning for addressing or ignoring any such failures.</p>	<p>AR 5-103 (MEAHP Exhibit 7, which is a mark-up of Agency Exhibits 16 and 18); AR 3-61 pages 334-335 (Burke Hearing Testimony)</p>	<p>Burke shows in hearing testimony how Column VII on Agency Exhibit 18 is a non-regression calculation as a reasonableness check on the effect of moving the end of the pre-Dirigo period to 2002 (instead of 2003 as in the srHS report); this results in \$2.1 million of BD/CC savings per the srHS calculation</p>
<p>c. Those regression specifications that were run but not presented in the report</p>		
<p>and the reasons for not including in them in the report.</p>		<p>MEAHP counsel could find no such record evidence</p>
<p>4. Statistical tests performed to test the significance of regression results.</p>	<p>Nothing in the srHS report and no oral testimony</p>	<p>The next two boxes deal with tests cited by DHA counsel.</p>
	<p>AR-4-65 dha_document_53.pdf*</p>	<p>* Cited in September 2, 2008 Brief of Dirigo Health, but was non-responsive</p>
	<p>AR-4-65 dirigo_predicting_uninsured__00_07.log**</p>	<p>** This is a new citation given by Dirigo counsel at September 9 hearing – this contains numerous tables containing results of tests on various sets of data at a 95% confidence interval, but MEAHP counsel could not find summary tables of reliability statistics on the regressions presented in the report, such as</p>

QUESTION	RECORD CITATION	SUMMARY OF RECORD EVIDENCE
		those which were belatedly produced for the hospital savings regressions in DHA Exhibits 11 and 12. <i>See</i> AR 4-73 & 4-74
and the analyst's conclusion about the importance of those tests and their impact on the interpretation of the results		MEAHP counsel could find no such record evidence
<ul style="list-style-type: none"> • Is there any quantified analysis in the record that supports an additional explanation for the reported decline in the rate of uninsurance in Maine from 1999 - 2006 besides the following offered explanations: <ol style="list-style-type: none"> 1. MaineCare expansion of non-categorical adults 2. MaineCare expansion of adults > 150% of FPL 3. Dirigo enrollment of previously uninsured 4. Global impacts of Dirigo initiative 	None*	* Just the opposite - MEAHP presented calculations based on the data used by srHS, showing that more than 100% of the reported decline in uninsurance during the period was attributable to the first three numbered items here, leaving nothing to attribute to the fourth (AR 5-97 (Burke Pre-filed Testimony, Burke Exhibit 2 (Report) pages 8 to 9))
<u>Medical Loss Ratio</u>		
<ul style="list-style-type: none"> • Is there any evidence in the record that any small group carriers in Maine have adjusted their pricing to reflect the possibility of a refund payable because of loss ratios below 78% for a three year period? 		MEAHP counsel could find no such record evidence

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Dated: September 11, 2008

Respectfully submitted,

/s/ D. Michael Frink

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CERTIFICATE OF SERVICE

I hereby certify that on September 11, 2008, a copy of the foregoing the **Maine Association of Health Plans' Response to Hearing Questions for Citations to the Record** was filed and served, as follows:

1. One identical electronic copy was filed by 12:00 p.m. with the Superintendent of Insurance addressed as follows: Vanessa J. Leon at venessa.j.leon@maine.gov

2. The original and two (2) hard copies filed via U.S. Mail, postage pre-paid, addressed:

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