

BROWN & BURKE
ATTORNEYS AT LAW
85 EXCHANGE STREET - P. O. BOX 7530
PORTLAND, MAINE 04112
www.brownburkelaw.com

TELEPHONE (207) 775-0265
FACSIMILE (207) 775-0266

RUFUS E. BROWN
M. THOMASINE BURKE

October 14, 2005

By E-mail and U.S. Mail

Alessandro A. Iuppa, Superintendent
Attn: Vanessa J. Leon, Docket No. INS-05-700
Bureau of Insurance
Maine Department of Professional & Financial Regulation
124 Northern Avenue
Gardiner, Maine 04345

*Re: In Re: Review of Aggregate Measurable Cost Savings Determined by Dirigo
Health for the First Assessment Year
Docket No. INS-05-700*

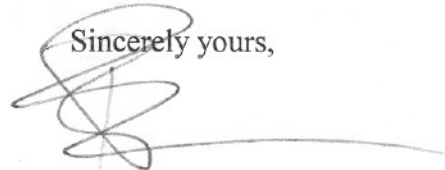
Dear Superintendent Iuppa:

Enclosed for filing in the above-reference matter please find the original and one (1) copy of the following documents:

1. Filing Cover Sheet; and
2. Witness Designation for Consumers for Affordable Health Care

Thank you for your attention to this matter.

Sincerely yours,



Rufus E. Brown

REB/new
Enclosures
cc: Service List (by e-mail and U.S. Mail)

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

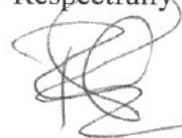
IN RE:)
)
REVIEW OF AGGREGATE) FILING COVER SHEET
MEASURABLE COST SAVINGS)
DETERMINED BY DIRIGO HEALTH)
FOR THE FIRST ASSESSMENT YEAR)

DOCKET NO. INS-05-700

To: Alessandro Iuppa, Superintendent of Insurance
Attn: Vanessa J. Leon

Dated Filed: October 14, 2005
Name of Party: Consumers for Affordable Health Care
Document Title: Witness Designation for Consumers for Affordable Health Care
Document Type: Witness Designation
Confidential: No

Respectfully submitted.



Rufus E. Brown, Esq.
Brown & Burke
85 Exchange Street
P.O. Box 7530
Portland, ME 04112
207-775-0265
*Attorney for Consumers for
Affordable Health Care*

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

IN RE:)	
)	
REVIEW OF AGGREGATE)	WITNESS DESIGNATION FOR
MEASURABLE COST SAVINGS)	CONSUMERS FOR AFFORDABLE
DETERMINED BY DIRIGO HEALTH)	HEALTH CARE
FOR THE FIRST ASSESSMENT YEAR)	
)	
Docket No. INS-05-700)	

Intervenor Consumers for Affordable Health Care ("CAHC") makes the following witness designation for the hearing on the Dirigo Board's determination on aggregate measurable cost savings:

1. Dr. Kenneth Thorpe

Dr. Thorpe is the Robert W. Woodruff Professor and Chair of the Department of Health Policy and Management at the Robbins School of Public Health, Emory University.

a. In his testimony, Dr. Thorpe will address the "sentinel effects" of the Dirigo Health Program's cost savings. He will opine, based on his research and experience with health care reform initiatives, that it is reasonable to expect the behavior of health care providers to be broadly impacted, resulting in lower costs of the kind estimated by Mercer and Kane for Dirigo Health Program's cost savings initiatives.

b. In his testimony, Dr. Thorpe will testify that the Mercer/Kane analysis of case mixed adjusted discharge ("CMAD") savings is reasonable and valid, but conservative. He is undertaking an analysis similar to that of Mercer and Kane, comparing actual CMAD levels in 2004 against a projection of CMAD for 2004 based on adjusted trends from 2000 to 2003, using market basket inflation, and concluded that the savings, even with netting, were substantial. He also will present the results of his analysis without netting and use of the market basket inflation factor. He will further testify that the use of netting as proposed by the Lewin Group in measuring the impact of Dirigo Health Program's cost savings, in addition to not having a substantial impact on the CMAD estimates, is inappropriate in measuring the impact of Dirigo. He will further opine that volume shifts would have to be unrealistically high to have an impact on the CMAD analysis done by Mercer/Kane. He will further testify that the criticisms of the Mercer/Kane analysis of costs saving based on an alleged absence of attribution is

inappropriate in the absence of Dirigo generated costs and in the absence of any other known competing factors influencing hospital costs. He will further testify that, in his opinion, the suggestion of measuring hospital trends through charges is not valid because of the substantial variation in charges among hospitals and variations from year to year.

c. In his testimony, Dr. Thorpe will address savings from lower Consolidated Operating Margins ("COM"). He will testify that he examined the approach of Mercer and concluded that their estimate of savings is reasonable, but conservative. He is in the process of examining other data to compare with the Mercer estimates. In the context of the COM analysis his testimony will be that the argument for netting makes no sense.

d. In his testimony, Dr. Thorpe will address savings from reduction in bad debt and charity care through a statistical model that he has developed which estimates the dollar volume of uncompensated care traced to the uninsured by state. His testimony will also address the woodwork effect and enrollment increases in MaineCare and SCHIP.

e. In his testimony, Dr. Thorpe will give his opinion that the Mercer analysis of cost savings from voluntary reduction of underwriting gain ("VUG") is reasonable.

2. Steven Schramm and or Nancy Kane

Steven Schramm of Mercer Government Human Services Consulting, and /or Nancy Kane will testify concerning savings from the settlements of hospital MaineCare reimbursement claims, the time value of money on the historical claims, the PIP increases and the increased payment to physicians consistent with Mercer's Final Report dated September 19, 2005.

3. Rebecca Wyke

Rebecca Wyke is the Commissioner of the Department of Administrative & Financial Services. She was involved in the decision-making by the Governor's Office concerning the timing of the payment of the settlements of the historical MaineCare claims by hospitals and the amounts and timing of MaineCare PIP payments to hospitals and payments to physicians. She will testify that the Dirigo Health Initiatives were a material and substantial factor in the State's budget decisions on those matters.

Dated: October 14, 2005

Respectfully submitted,


/s/ Rufus E. Brown

Rufus E. Brown, Esq.

Brown & Burke
85 Exchange Street
P.O. Box 7530
Portland, ME 04112
207-775-0265
*Attorney for Consumers for
Affordable Health Care*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on October 14, 2005, a copy of Consumers for Affordable Health Care's Witness Designation was served electronic and US mail on each of the persons listed below:

Thomas C. Sturtevant, Jr.
Assistant Attorney General
Department of the Attorney General
6 State House Station
Augusta, Maine 04333-0006

Compass Health Analytics, Inc.
Attn: John Kelly
465 Congress Street 7th Floor
Portland, Maine 04101

Roy T. Pierce, Esquire
PretiFlaherty
One City Center
P.O. Box 9546
Portland, Me. 04112-9546

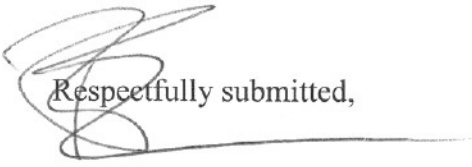
William H. Laubenstein, III, Esquire
Office of The Attorney General
6 State House Station
Augusta, Maine 04333-0006

William H. Stiles, Esquire
Verrill Dana, LLP
One Portland Square
Portland, Me. 04101

Christopher T. Roach, Esq.
Pierce Atwood
One Monument Square
Portland, ME 04101

D. Michael Frink, Esquire
Curtis, Thaxter, Stevens, Broder
& Micoleau, LLC
One Canal Plaza
P.O. Box 7320
Portland, Me. 04112-7320

DATED: October 14, 2005


Respectfully submitted,

Rufus E. Brown, Esq.
Brown & Burke
85 Exchange Street
P.O. Box 7530
Portland, ME 04112
207-775-0265
*Attorney for Consumers for
Affordable Health Care*