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D. Michael Frink  
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October 17, 2005

**Via Electronic Mail and Regular Mail**

Alessandro A. Iuppa, Superintendent  
Attn: Vanessa J. Leon, Docket No. INS-05-700  
Bureau of Insurance  
Maine Dept. of Professional & Financial Regulation  
34 State House Station  
Augusta, ME 04333-0034

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

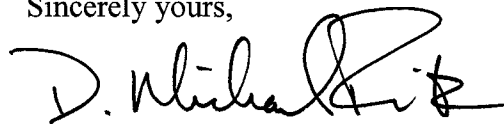
Dear Superintendent Iuppa:

Enclosed please find two (2) copies of the following documents:

1. Filing Cover Sheet
2. Responses of Maine Association of Health Plans to Information Requests of Consumers for Affordable Health Care

Thank you.

Sincerely yours,



D. Michael Frink

DMF/lc  
Enclosure

Cc: John Kelly (w/enc)  
Thomas C. Sturtevant, Jr., Esq. (w/enc)  
William H. Laubenstein, III, Esq. (w/enc)  
Christopher T. Roach, Esq. (w/enc)

Alessandro A. Iuppa, Superintendent  
October 17, 2005  
Page 2

Rufus E. Brown, Esq. (w/enc)  
Roy T. Pierce, Esq. (w/enc)  
William H. Stiles, Esq. (w/enc)

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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 FIRST ASSESSMENT YEAR) )  
Docket No. INS-05-700 )

**FILING COVER SHEET**

**TO:** Alessandro A. Iuppa, Superintendent  
ATTN: Vanessa J. Leon

**Submitted by:** D. Michael Frink

**Date Filed:** October 17, 2005

**Party:** Maine Association of Health Plans

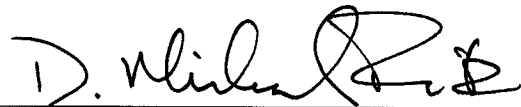
**Document:** Responses of Maine Association of Health Plans to Information  
Requests of Consumers for Affordable Health Care

**Document Type:** Discovery

**Confidential:** No

Dated: October 17, 2005

Respectfully submitted,



D. Michael Frink (Bar No. 2637)  
CURTIS THAXTER STEVENS BRODER  
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STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE

IN RE:	)	
	)	
REVIEW OF AGGREGATE	)	
MEASURABLE COST SAVINGS	)	<b><u>RESPONSES OF MAINE</u></b>
DETERMINED BY DIRIGO HEALTH	)	<b><u>ASSOCIATION OF HEALTH</u></b>
FOR THE FIRST ASSESSMENT YEAR	)	<b><u>PLANS TO INFORMATION</u></b>
	)	<b><u>REQUESTS OF CONSUMERS</u></b>
	)	<b><u>FOR AFFORDABLE</u></b>
	)	<b><u>HEALTH CARE</u></b>
	)	
	)	
Docket No. INS-05-700	)	

The Maine Association of Health Plans (“MEAHP”) responds to the Information Requests propounded by Consumers for Affordable Health Care, as follows:

1. Apart from whether or not attributable to Dirigo, do the Plans agree that the historical settlements reduced hospital costs resulting in savings by \$96.4 million as calculated by Mercer as set forth in its September 19, 2005 Report (Tab 11 of the Board’s Filing) and if not, explain in detail:
  - A. Why the Chamber disagrees; and
  - B. How the hospitals accounted for the settlements.

**RESPONSE:**

**OBJECTION:**

This request calls for a response by the Chamber and not the MEAHP. Moreover, this request seeks information that is not relevant to this proceeding because the Dirigo Board

rejected the \$96.4 million as calculated by Mercer as being part of “aggregate measurable cost savings resulting from the operations of Dirigo Health.”

a. Without waiving this objection, the MEAHP notes that the Board did not explain in its September 19, 2005 filing the reasons for excluding this amount, in whole or in part (other than the time value of money). The MEAHP believes that there are several valid reasons to have excluded this amount from the calculation of measurable cost savings. First, there was no proof submitted to the Board as to how much of these funds were in fact paid to hospitals in Maine, and when. There was also no proof submitted to the Board that any such payments, once received by hospitals, resulted in reduced charges by any hospital, and if so, by how much and when. Further, there was no proof submitted to the Board that this money was anything other than funds that were owed to the hospitals, nor that it was “found money” that reduced bad debt or charity care. Absent proof on any of these points, the Board was correct in concluding that no measurable savings to those who pay for health care in Maine in fact has occurred.

b. The MEAHP does not know how the hospitals accounted for these settlements.

2. Assuming the methodology is accepted, do the Plans agree with the analysis of the other Dirigo Initiatives by Mercer as set forth in its September 19, 2005 Report (Tab 11 of the Board’s Filing) and if not, why not.

**RESPONSE:**

**OBJECTION:**

This request is overly broad, ambiguous and unduly burdensome. The request does not specify to which “methodology” it refers. The Plans do not agree with many aspects of the analysis by Mercer of each of the other Dirigo initiatives as set forth in its September 19, 2005

Report (Tab 11), and this will be the subject of its pre-hearing memorandum and pre-filed testimony. It is unduly burdensome to re-state in this response all of the flaws in the methodology adopted by the Board that the Plans believe exist, especially when the request does not reference any particular parts of the Mercer report with any specificity.

DATED: October 17, 2005



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*Attorney for Maine Association of Health Plans*

**CERTIFICATE OF SERVICE**

I hereby certify that on this date the foregoing document was served on the following parties via first class mail and electronic mail:

Alessandro A. Iuppa, Superintendent  
Attn: Vanessa J. Leon, Docket No. INS-05-700  
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I further certify that the foregoing documents were served on counsel of record in this case via electronic mail only, as follows:


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Dated: October 17, 2005

A handwritten signature in black ink, appearing to read "D. Michael Frink", written over a horizontal line.

D. Michael Frink, Bar No. 2637