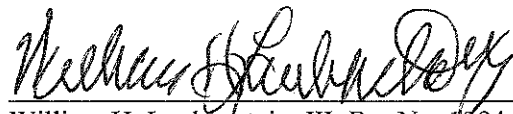


STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE: REVIEW OF AGGREGATE)
MEASURABLE COST SAVINGS)
DETERMINED BY DIRIGO) FILING COVER SHEET
HEALTH FOR THE THIRD)
ASSESSMENT YEAR)
)
)
Docket No. INS-07-900)

TO: Eric A. Cioppa, Acting Superintendent
Attn: Vanessa J. Leon
Bureau of Insurance
Maine Department of Professional and Financial Regulation
34 State House Station
Augusta, ME 04333-0034

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DHA – Year 3 AMCS

Responses to Questions asked by Superintendent

Initiative	Question	Summary Response	Citations in Record
Hospital <i>Dirigo</i>	Can you point to evidence in the record that counters the payor intervenors' claim that MaineCare cuts to hospitals were \$24.5 million in SFY 2004 and \$33.7 million in SFY 2005?	There is evidence in the record that MaineCare cuts were offset by MaineCare increases.	<ul style="list-style-type: none"> ▪ P4860 – 4861 E-mail from G. Green ▪ P518 G. Green Year 3 Board testimony ▪ P2071-2073, 2088, and 2090 R. Wyke Year 2 Board testimony ▪ P2247-2250 and 2265-2266 G. Green Year 2 Board testimony
Hospital <i>Dirigo</i>	Can you point to evidence in the record that, a) addresses the manner in which cost-based reimbursement adjustments were handled for years other than 2006, and b) the way in which this approach affects the level and validity of the calculation of the change in the rate of growth in cost per case mix adjusted discharge?	a) Only complete data for CY2006 is in the record. DHA's CY2006 programmatic change reduced the cost savings by adjusting the CY2006 actual CMAD upward. b) If DHA had adjusted the base period and the resulting projected CMAD, the result would have been a slightly higher projected rate of growth but a similar overall savings figure.	<ul style="list-style-type: none"> ▪ P4082-4096 and 4126 CMAD Worksheet (refer also to electronic version of CMAD worksheet; Schramm Ex 2A Tab 26 part2.xls – 'CAH Data' and 'Virtual Hospital (Reference)' Tabs)
Hospital <i>MEAHP</i>	Can you point to evidence in the record that documents the degree to which the MaineCare cuts discussed in MEAHP's brief on page 25 would be manifested as cost reductions vs. charge increases?	There is no evidence in the record as to how hospitals would respond to hospital cuts.	N/A

DHA – Year 3 AMCS
Responses to Questions asked by Superintendent

Initiative	Question	Summary Response	Citations in Record
Hospital <i>MEAHP</i>	Can you point to evidence in the record that documents MaineCare cuts to hospitals for SFY2006?	The record contains only a portion of the SFY05 and 06 budgets. P6051-6052 are a snapshot from PL2005, CH386 which is the part 2 Supplemental budget of PL2005 CH12 original 2005/6 and 2006/7 budgets which shows a reduction to the increases originally called for.	<ul style="list-style-type: none"> ▪ P6051-6052 Portion of DHHS Budget ▪ P5890 and P5984 Older version of Current MaineCare Hospital Inpatient Rate Formula ▪ P6016 Sample MaineCare Hospital Inpatient Rate Table
Hospital <i>Chamber</i>	Can you point to evidence in the record about the average degree to which hospitals in Maine increased outpatient charge levels as compared to increasing inpatient charge levels – that is, relative increases in price changes as opposed to volume changes?	No, this information is not in the record.	N/A
Health Care Provider Fee <i>Chamber</i>	The points raised on page 28 of the Chamber's brief regarding PIP cite to AR 6,049. Can you point to evidence in the admitted record regarding the information contained in AR 6,049?	See AR 548.	See AR 548.
Health Care Provider Fee <i>Chamber</i>	Please identify where in the hearing transcript Chamber Exhibit 10B was offered and admitted into the record?	See AR 548.	See AR 548.

DHA – Year 3 AMCS

Responses to Questions asked by Superintendent

Initiative	Question	Summary Response	Citations in Record
<p><i>Question to</i> Health Care Provider Fee <i>Dirigo</i></p>	<p>Can you point to evidence in the record to refute the arguments raised by the Chamber about PIP, a) regarding the general increasing nature of PIP payments and b) the effect of the tax match on PIP payments and the related time value of money calculation?</p>	<p>a) PIP are not automatically increased each year due to budget pressure as referenced in Commissioner Wyke’s testimony (P2089) and as evidenced by the Maine Hospital Association’s (MHA)’s newsletter (P6691) calculating their dollars owed by the State based on the PIP fixed at 2005 levels. b) Only a portion of the PIP is directly related to the tax (P512). In addition, DHA already accounted for the net cost of paying the tax in the CMAD calculation (P5305 and 5311).</p>	<ul style="list-style-type: none"> ▪ P2089 R. Wyke’s Year 2 Board testimony ▪ P6691 MHA newsletter ▪ P511-513 G. Green’s Year 3 Board testimony ▪ P5305 and 5311 DHA Exhibit 3A
<p>Health Care Provider Fee <i>Dirigo</i></p>	<p>Can you point to evidence in the record to a) counter Mercier’s testimony that investment income is an offset to interest expense, and b) would, in the event interest expense exceeds investment income, reduce costs measured in the numerator of the cost/CMAD calculation?</p>	<p>a) Mercier testified that impacting investment income is only one alternative (P522) for how hospitals could change their operations as a result of the receiving the PIP increase early and the fact that depending upon the type of investment income, investment income is not always an offset to interest expense per Medicare reimbursement rules ((P6055). Mr. Mercier testified that (P523) that he does not know what hospitals have done with their PIP increases. b) there is no evidence in the record to counter that in the event interest expense exceeds allowable investment income, the cost would be reduced as measured in the numerator of the cost/CMAD calculation.</p>	<ul style="list-style-type: none"> ▪ P6055 CFR Medicare regulations ▪ P522-523 R. Mercier’s Year 3 Board testimony

DHA – Year 3 AMCS

Responses to Questions asked by Superintendent

Initiative	Question	Summary Response	Citations in Record
<i>Question to</i> Health Care Provider Fee	Can you point to evidence in the record that investment income exceeds interest expense in Maine, for any individual hospital or in total?	No.	N/A
<i>Dirigo</i> Health Care Provider Fee	Can you point to evidence in the record that contains interest expense and investment income for Maine hospitals, individually and in aggregate?	No.	N/A
<i>Chamber</i> Uninsured/ Under- insured <i>Payor</i> <i>Intervenors</i>	Can you point to evidence in the record where any party has attempted to quantify how Mr. Burke's calculation should be further adjusted to correct for the alleged misleading characterization of the number of uninsured?	No.	N/A
Uninsured/ Under- insured <i>Payor</i> <i>Intervenors</i>	Can you point to evidence in the record that the "did not responds" break down differently than the "responds" with respect to their previous insurance status?	No.	N/A

CERTIFICATE OF SERVICE

I, William H. Laubenstein, III, Assistant Attorney General for DIRIGO Health, do hereby certify that on this date the foregoing document was served on all counsel of record via U.S. first class mail, postage prepaid, and electronic mail as follows:

1. The original and two (2) hard copies via U.S. Mail addressed to:

Eric A. Cioppa, Acting Superintendent
Attn: Vanessa J. Leon, Docket No. INS-07-900
Bureau of Insurance
Maine Department of Professional and Financial Regulation
34 State House Station
Augusta, Maine 04333-0034

2. One (1) hard copy via mail addressed to the Superintendent's legal counsel:

Thomas C. Sturtevant, Jr., AAG
Office of the Attorney General
6 State House Station
Augusta, ME 04333-0006

3. One (1) hard copy via U.S. Mail addressed to the Superintendent's consultant:


John Kelly
Compass Health Analytics, Inc.
477 Congress St., 7th Fl.
Portland, ME 04101

4. One (1) identical electronic copy addressed to the following pursuant to the August 7, 2007 Order on Intervention and Procedures and the parties' Designation for Service List filed in this matter:

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Dated: September 12, 2007



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