

October 11, 2005

Via mail & email

Alessandro A. Iuppa, Superintendent
Attn: Vanessa J. Leon, Docket No. INS-05-700
Bureau of Insurance
Maine Department of Professional and Financial Regulation
34 State House Station
Augusta, Maine 04333-0034
vanessa.j.leon@maine.gov

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

Dear Superintendent Iuppa:

Please find enclosed the following:

1. Filing Cover Sheet.
2. Two hard copies of Dirigo Health Information Request to Anthem Health Plans.

Thank you for your assistance with this matter.

Yours very truly,

/s/William H. Laubenstein, III

William H. Laubenstein, III
Assistant Attorney General

cc: (Via mail and email)
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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) FILING COVER SHEET
HEALTH FOR THE FIRST)
ASSESSMENT YEAR)
Docket No. INS-05-700)

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

Date Filed: October 11, 2005

Name of Party: Dirigo Health Board of Directors

Document Title: Dirigo Health Information Request to Anthem Health Plans

Document Type: First Request for Interrogatories

Confidential: No

Dated: October 11, 2005

Respectfully submitted,

/s/William H. Laubenstein, III

William H. Laubenstein, III
Assistant Attorney General

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

IN RE: REVIEW OF AGGREGATE)	DIRIGO HEALTH
MEASURABLE COST SAVINGS)	INFORMATION
DETERMINED BY DIRIGO)	REQUEST TO ANTHEM
HEALTH FOR THE FIRST)	HEALTH PLANS
ASSESSMENT YEAR)	
)	
Docket No. INS-05-700)	

The Board of Directors of Dirigo Health (the "Board"), pursuant to Bureau of Insurance Rules Chapter 350 (10) and the Superintendent's Procedural Order dated September 19, 2005 requests the Anthem Health Plans (Anthem) respond to the following Information Requests.

1. Please identify by name, address and business or professional affiliation every person or entity involved in the Anthem's development of questions set forth in its Informational Request to the Board dated October 7, 2005.
2. Please identify, if not done so in response to Request No. 1, by name, address and business or professional affiliation every consultant or expert retained by Anthem with regard to the present proceeding.
3. For each person or entity identified in response to Request No. 2, please provide a copy of the contract or other agreement pursuant to which services were retained.
4. For each person or entity identified in response to Request No. 2, please state the rate of compensation and how much has been paid to date to each person.
5. Please provide a copy of all reports prepared for this proceeding or related to the determination of aggregate measurable cost savings by each person identified in response

to Request No. 2, whether or not such reports are to be introduced into evidence in this proceeding.

6. If the Anthem intends to present an alternative methodology to the methodology adopted by the Board, please describe the alternative methodology in detail.

7. If your response to Request No. 6 was "yes", please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature related to the methodology and your determination of aggregate measurable cost savings.

8. With regard to your response to Request No. 7, please identify the sources of all data used.

9. If not already provided in response to Request No. 6 or question No. 5, please provide a copy of all reports prepared or related to the alternative methodology, whether or not such reports are to be introduced into evidence in this proceeding.

10. If Anthem contends that there have been increased costs in the health care system as a result of the operation of Dirigo Health, please:

- a. Identify each cost
- b. State the amount of each cost identified
- c. State how each cost identified is the result of the operation of Dirigo Health
- d. Provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature used in developing each cost identified

11. If Anthem contends that there are savings in the health care system not the result of the operation of Dirigo Health, please:

- a. Identify each savings
- b. State the amount of each saving identified

- c. State how each savings identified was achieved
 - d. Provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature used in developing each savings identified.
12. If Anthem contends that netting the amounts of cost avoided by hospitals that met Dirigo voluntary targets against the amounts of cost above target for hospitals that did not meet the voluntary targets, please describe how this addresses the objection that the Dirigo methodology will not capture the valid effort to respond to Dirigo targets by those hospitals that reduced their cost.
13. Please describe how the private sector contracting process for health care services with hospitals works. Include in your answer:
- a. How far in advance of the first year of the operation of Dirigo health rates for services were negotiated
 - b. The basis upon which the rates were negotiated
 - c. Whether the rates negotiated for the first year of the operation of Dirigo health can be changed based on information about hospital costs and profits that is not know until the third year of the operation of Dirigo health
 - d. How frequently private insurers negotiate charge reductions with hospitals rather than discounts off those charge
14. Please explain how the methodology presented by the payor group to the Board, a methodology that uses hospital charges per adjusted discharge (“CPAD”), reflects the actual rates of payment that are negotiated.
15. If Anthem contends that changes in volume account for increases or decreases in Cost per Case Mixed Adjusted Discharge (“CMAD”) please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature relate to this contention.

16. If Anthem contends that hospitals raise charges whenever the government announces cost containment initiatives, please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature related to this contention.

17. If Anthem contends that hospitals pass uncompensated care on to the private payors on the basis of cost of uncompensated care, and not on the basis of gross charges foregone, please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature relate to this contention.

18. Please provide for each Maine hospital the average percentage discount by payer and year for the period 2000 through 2005.

19. With regard to your response to Request No. 18, please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature related to your response.

20. For each Maine health insurance carrier, please provide the average percentage discount by hospital and associated contract terms for the period 2000 through 2005.

21. With regard to your response to Request No. 22, please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature related to your response.

Dated: October 11, 2005

Respectfully submitted,

/s/William H. Laubenstein, III

William H. Laubenstein, III
Assistant Attorney General

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:

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Dated: October 11, 2005

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