

October 5, 2005

VIA E-MAIL AND US MAIL

Alessandro A. Iuppa, Superintendent
ATTN: Vanessa J. Leon, Docket No. INS-05-700
Bureau of Insurance
Maine Department 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

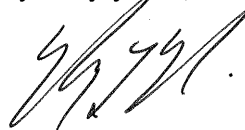
Dear Superintendent Iuppa:

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

1. Filing Cover Sheet; and
2. Information Request Propounded Upon the Dirigo Health Agency by the Maine Automobile Dealers Association Insurance Trust and the Bankers Health Trust.

Thank you for your attention to this matter.

Very truly yours,



Roy T. Pierce

RTP:imm

cc: John Kelly (Via U.S. Mail & Email)
Thomas C. Sturtevant, Jr., Esq. (Via U.S. Mail & Email)
William H. Laubenstein, III, Esq. (Via U.S. Mail & Email)
Christopher T. Roach, Esq. (Via U.S. Mail & Email)
Rufus E. Brown, Esq. (Via U.S. Mail & Email)
D. Michael Frink, Esq. (Via U.S. Mail & Email)
William H. Stiles, Esq. (Via U.S. Mail & 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)
HEALTH FOR THE FIRST) FILING COVER SHEET
ASSESSMENT YEAR)
)
)
DOCKET NO. INS-05-700)

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

Date Filed: October 5, 2005

Names of Parties: Maine Automobile Dealers Association Insurance Trust
and Bankers Health Trust

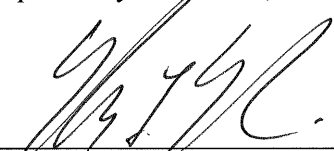
Document Title: Information Request Propounded Upon the Dirigo Health Agency by the
Maine Automobile Dealers Association Insurance Trust and the Bankers
Health Trust

Document Type: Information Request

Confidential: No

Dated: October 5, 2005

Respectfully submitted,



Bruce C. Gerrity, Bar No. 2047
Roy T. Pierce, Bar No. 7541

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

IN RE: REVIEW OF AGGREGATE)	INFORMATION REQUEST
MEASURABLE COST SAVINGS)	PROPOUNDED UPON THE
DETERMINED BY DIRIGO)	DIRIGO HEALTH AGENCY BY
HEALTH FOR THE FIRST)	THE MAINE AUTOMOBILE
ASSESSMENT YEAR)	DEALERS ASSOCIATION
)	INSURANCE TRUST AND THE
DOCKET NO. INS-05-700)	BANKERS HEALTH TRUST

NOW COME the Intervenors, the Maine Automobile Dealers Association Insurance Trust and the Bankers Health Trust (collectively, “the Trusts”), by and through their undersigned counsel, and, pursuant to Bureau of Insurance Rule 350(10) and the Superintendent’s Procedural Order dated September 19, 2005, request the Dirigo Health Agency to respond to the following Information Requests subject to the following definitions and instructions.

DEFINITIONS

1. “Any” should be read as including “all,” and “all” should be read as including “any,” where doing so would make the applicable request more inclusive.
2. “And” should be read as including “or,” and “or” should be read as including “and,” where doing so would make the applicable request more inclusive.
3. “Document” or “documents” means information stored in any physical form, whether paper, electronic media or storage devices, microfilm, or microfiche, magnetic or audio tape, magnetic disks, optical storage media, transparencies, photographic film, computer disks or drives, or any other materials of any nature. For example, these terms encompass, but are not limited to, all non-identical copies (*i.e.*, those bearing marginal notations should be produced as separate documents) and drafts of memoranda, notes, messages, letters, electronic or voice mail,

books, records, telephone records, calendars, diaries, computer printouts, bills, telephone bills, agendas, telegrams and teletypes, voice mail, charts, graphs, illustrations or drawings, technical or owner's manuals, user guides, press releases, photographs, contracts, agreements, flow charts, spreadsheets, mathematical calculations, and any other data compilations. Where a document exists in audio, electronic or computer-readable form, or is in any way stored electronically, it should be translated into a form readable by the Trusts.

4. "Communications" means any and all conversations, discussions, correspondence, electronic transmissions, telephone calls, or other forms of exchanges, written, oral or otherwise.

5. "Describe," when referring to a place, thing, or occurrence, means to identify with sufficient particularity, the place, thing or occurrence so as to enable one to locate, examine, and fully comprehend or understand the place, thing, or occurrence described.

6. "Identify," when used with respect to a person or entity means to produce the following information for each and every person to be identified: (a) full name, occupation, last known home address and telephone number, and last known employer and place of employment; and (b) with respect to any entity, the full name of the entity or organization and the address and telephone number of such entity.

7. "Identify," when used with respect to a document, means to provide the date, author(s), recipient(s) of the document and a detailed summary of its contents.

8. "Person" includes, but is not limited to, individuals, fiduciaries, partnerships, corporations, and government entities.

9. The terms "relating," "relating to," "relates to," or "relate to" are used interchangeably, and mean constituting, comprising, containing, setting forth, showing,

disclosing, reflecting, describing, explaining, summarizing, concerning or referring to, directly or indirectly.

10. “You,” and “your” refer to the Dirigo Health Agency, and all agents, representatives, contractors, and counsel thereof or therefor.

11. The term “Board Filing” means the determination of aggregate measurable cost savings, and the documents attached thereto, filed with the Superintendent of Insurance by the Board of Directors of the Dirigo Health Agency on September 19, 2005.

12. The term “Superintendent” refers to the Maine Superintendent of Insurance, the Maine Bureau of Insurance and all agents, representatives, employees, contractors, and counsel therefor.

13. “Mercer” means Mercer Government Human Services Consulting, or any of its affiliates, officers, agents, employees, representatives, accountants, attorneys, and all other persons who have acted or purported to act on its behalf.

14. “SOP” means the savings offset payment, as referred to in 24-A M.R.S.A. § 6913.

15. The term “Dirigo Methodology” means the methodology used by the Dirigo Health Agency’s Board of Directors to reach its determination of aggregate measurable cost savings set forth in the Board Filing.

INSTRUCTIONS

1. Please respond to each numbered inquiry separately, fully, and in writing.
2. Please repeat each request before your response to it.
3. Please have a duly authorized representative of the Board sign the responses under oath.

4. If you refuse to answer any request in whole or in part, describe the basis for your refusal to answer, including any claim of privilege, in sufficient detail so as to permit a Court to adjudicate the validity of your refusal, and identify each answer, document and oral communication for which a privilege is claimed.

5. To the extent that a full and complete answer to any of the following requests are given in response to any other of the following requests, a cross-reference to the specific response for such information may be listed in lieu of such repetitions.

6. If any document described herein was, but no longer is, within your possession, custody or control, please state in detail:

- a. A summary of the contents of the document;
- b. The disposition of the document;
- c. The date of such disposition;
- d. Whether the original or a copy thereof is within the possession, custody or control of any other person, corporation or entity; and
- e. If the answer to (d) is affirmative, the identity of that person or entity.

INFORMATION REQUESTS

1. Please identify all documents considered by the Board in adopting the Dirigo Methodology.

2. Please provide copies of all documents identified in your response to Request No. 1 above.

3. Please identify all documents on which the Board relied in adopting the Dirigo Methodology.

4. Please identify each person who participated in any way in the preparation of the Dirigo Health Savings Offset Methodologies attached to the Board Filing as Attachment 5.

5. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 4 above.

6. For each person identified to your response to Request No. 4 above, please describe the role that person played in the preparation of Attachment 5 to the Board Filing.

7. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 5 to the Board Filing.

8. Please identify each person who participated in any way in the preparation of the Methodology for Estimation of Savings Attributable to the Limit on Consolidated Operating Margins and Cost Per Case - Mix Adjusted Discharges of Acute Hospitals attached to the Board Filing as Attachment 6.

9. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 8 above.

10. For each person identified in your response to Request No. 8 above, please describe the role that person played in the preparation of Attachment 6 to the Board Filing.

11. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 6 to the Board Filing.

12. Please identify each person who participated in any way in the preparation of the Summary of Savings Initiatives - Savings Amounts attached to the Board Filing as Attachment 8.

13. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 12 above.

14. For each person identified in your response to Request No. 12 above, please describe the role that person played in the preparation of Attachment 8 to the Board Filing.

15. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 8 to the Board Filing.
16. Please identify each person who participated in any way in the preparation of the Draft Final: Dirigo Health Savings Offset Payment (SOP): Methodology and Calculations attached to the Board Filing as Attachment 9.
17. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 16 above.
18. For each person identified in your response to Request No. 16 above, please describe the role that person played in the preparation of Attachment 9 to the Board Filing.
19. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 9 to the Board Filing.
20. Please identify each person who participated in any way in the preparation of the Final Report: Dirigo Health Savings Offset Payment (SOP): Methodology and Calculations attached to the Board Filing as Attachment 11.
21. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 20 above.
22. For each person identified in your response to Request No. 20 above, please describe the role that person played in the preparation of Attachment 11 to the Board Filing.
23. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 11 to the Board Filing.
24. Please identify each person who participated in any way in the preparation of the Calculation of SOP Related to Limits on the Growth in Cost Per CMAD attached to the Board Filing as Attachment 12A.

25. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 24 above.

26. For each person identified in your response to Request No. 24 above, please describe the role that person played in the preparation of Attachment 12A to the Board Filing.

27. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 12A to the Board Filing.

28. Please identify each person who participated in any way in the preparation of the Final Report to DHA SOP: Voluntary Operating Profit Limit attached to the Board Filing as Attachment 12B.

29. Please provide the current *curriculum vitae* of each person identified in your response to Request No. 28 above.

30. For each person identified in your response to Request No. 28 above, please describe the role that person played in the preparation of Attachment 12B to the Board Filing.

31. Please identify the source of all data used, considered, or consulted in the preparation of Attachment 12B to the Board Filing.

32. Please provide copies of all tape recordings (not transcripts) of all meetings of the Board held since January 1, 2005.

33. Please provide copies of all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by the Maine Hospital Association.

34. Please provide copies of all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by the Maine Health Data Organization.

35. Please identify all data, calculations, information, work papers, or documents provided to Mercer by other consultants, including but not limited to Nancy M. Kane, DBA and Beth Kilbreth, hired by the Dirigo Health Agency.

36. Please identify all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by other consultants, including but not limited to Mercer and Beth Kilbreth, hired by the Dirigo Health Agency.

37. Please state the date on which the Dirigo Health Agency retained or otherwise engaged Mercer.

38. Please provide copies of any agreement pursuant to which Nancy M. Kane, DBA has provided services to the Dirigo Health Agency.

39. Please provide copies of any agreement pursuant to which Mercer has provided services to the Dirigo Health Agency.

40. Please state the date on which the Dirigo Health Agency retained or otherwise engaged Nancy M. Kane, DBA.

41. Please state the amount that the Dirigo Health Agency has paid to Nancy M. Kane, DBA to date.

42. Please state the amount that the Dirigo Health Agency has paid to Mercer to date.

43. Please state the rate at which the Dirigo Health Agency has agreed to pay Nancy M. Kane, DBA for services rendered in connection with this proceeding.

44. Please state the rate at which the Dirigo Health Agency has agreed to pay Mercer for services rendered in connection with this proceeding.

45. Please provide all communications between the Dirigo Health Agency and Mercer relating to the Dirigo Health Program.

46. Please provide all communications between or among the Board, the Dirigo Health Agency and Nancy M. Kane, DBA relating to the Dirigo Health Program.

47. Please provide all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by the Dirigo Health Agency.

48. Please provide all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by Mercer.

49. Please provide all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by any employee, agent, representative, or contractor of the government of the State of Maine.

50. Please provide all data, calculations, information, work papers, or documents provided to Nancy M. Kane, DBA by any employee, agent, representative, or contractor of the government of the State of Maine.

51. Please explain in full how the Dirigo Methodology takes account of differing hospital fiscal years and contract cycles.

52. Please explain in full all of the bases for the Board's conclusion that "the Dirigo Group methodology offers a more accurate approach to the measurement of cost savings and a more transparent response to the initiatives identified in the Act" than the so-called Payor Group methodology.

53. Please explain in full how the Board's recommendation to include physician reimbursements in its calculation of aggregate measurable cost savings is accurately and fairly attributable to the operation of Dirigo Health Program.

54. Please state the basis for your assertion that "The Legislature also made it clear that health insurance carriers have a responsibility to pass savings on to employers and

employees through negotiation with health care providers of reimbursement rates” set forth on page 11 of the Board Filing.

55. Please describe the so-called “woodwork effect.”

56. Please identify all data and/or professional literature that you believe supports the validity of the so-called “woodwork effect.”

57. Please describe the so-called “sentinel effect.”

58. Please identify all data and/or professional literature that you believe supports the validity of the so-called “sentinel effect.”

59. Please describe the steps taken, if any, to validate the Dirigo Methodology.

60. Please provide all data, calculations, information, work papers, or documents used, considered, or consulted in any attempt to validate the Dirigo Methodology identified in your response to Request No. 59 above.

61. Please identify each person involved in any attempt to validate the Dirigo Methodology identified in your response to Request No. 59 above.

62. Please produce all documents evidencing any communication between or among any employee or agent of the Dirigo Health Agency, member of the Dirigo Health Agency’s Board of Directors, and any other employee, agent, or representative of the government of the State of Maine relating to:

- a. the need for savings offset payments to maintain the financial viability of the Dirigo Health Program;
- b. the amount of savings offset payments necessary to maintain the financial viability of the Dirigo Health Program;
- c. the cost savings attributable to the operation of the Dirigo Health Program; and
- d. the manner by which cost savings could be attributed to the operation of the Dirigo Health Program.

63. Please identify all statements made by any employee, agent or representative of the Dirigo Health Agency, or by any other employee, agent, or representative of the government of the State of Maine relating to:

- a. the need for savings offset payments to maintain the financial viability of the Dirigo Health Program;
- b. the amount of savings offset payments necessary to maintain the financial viability of the Dirigo Health Program;
- c. the cost savings attributable to the operation of the Dirigo Health Program; and
- d. the manner by which cost savings could be attributed to the operation of the Dirigo Health Program.

64. For each statement identified in your response to Request No. 63 above, please identify:

- a. The person who made the statement;
- b. The date on which the statement was made; and
- c. The person(s) or organization to whom the statement was made.

65. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(1) concerning the total enrollment in Dirigo Health Insurance, including the number of enrollees previously underinsured or uninsured, the number of enrollees previously insured, the number of individual enrollees, and the number of enrollees enrolled through small employers.

66. What consideration, if any, was given by the Board to the reports produced in response to Request No. 65 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

67. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(2) concerning the total number of enrollees covered in health plans through large employers and self-insured employers.

68. What consideration, if any, was given by the Board to the reports produced in response to Request No. 67 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

69. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(3) concerning the number of employers, both small employers and large employers, who have ceased offering health insurance, or contributing to the cost of health insurance for employees, or who have begun offering coverage on a self-insured basis.

70. What consideration, if any, was given by the Board to the reports produced in response to Request No. 69 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

71. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(4) concerning the number of employers, both small employers and large employers, who have begun to offer health insurance or contribute to the cost of health insurance premiums for their employees.

72. What consideration, if any, was given by the Board to the reports produced in response to Request No. 71 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

73. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(5) concerning the number of new participating employers in Dirigo Health Insurance.

74. What consideration, if any, was given by the Board to the reports produced in response to Request No. 73 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

75. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(6) concerning the number of employers ceasing to offer coverage through Dirigo Health Insurance.

76. What consideration, if any, was given by the Board to the reports produced in response to Request No. 75 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

77. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(7) concerning the duration of employers participating in Dirigo Health Insurance.

78. What consideration, if any, was given by the Board to the reports produced in response to Request No. 77 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

79. Please produce copies of all quarterly reports and supplementary information compiled by the Board pursuant to 24-A M.R.S.A. § 6913(8)(A)(8) concerning the comparison of actual enrollees in Dirigo Health Insurance to the projected enrollees.

80. What consideration, if any, was given by the Board to the reports produced in response to Request No. 79 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

81. Please produce copies of all reports and supplementary information compiled by the Board pursuant 24-A M.R.S.A. § 6913(8)(B) concerning the total cost of bad debt and charity care beginning with the base year of 2002.

82. What consideration, if any, was given by the Board to the reports produced in response to Request No. 81 above in reaching its determination of aggregate measurable cost savings set forth in the Board Filing?

83. Please identify all communications between or among any employee or agent of the Dirigo Health Agency, any member of the Dirigo Health Agency's Board of Directors, any employee or agent of the Office of the Attorney General, and any other employee, agent, or representative of the government of the State of Maine relating to:

- a. whether the Legislature contemplated that an adjudicatory hearing would be held by the Board prior to the Board's determination of aggregate measurable cost savings for the First Assessment Year;
- b. whether the Legislature contemplated that an adjudicatory hearing would be held by the Superintendent following the Board's filing of its determination of aggregate measurable cost savings for the First Assessment Year; and
- c. the procedure to be followed by the Board and the Superintendent with respect to the determination of aggregate measurable cost savings for the First Assessment Year.

84. For each communication identified in your response to Request No. 83 above, please identify:

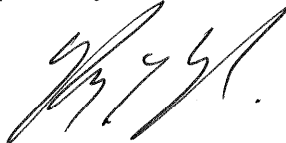
- a. The parties to the communication;
- b. The date of the communication; and

c. The content of the communication.

85. Please produce copies of all documents constituting, evidencing, or relating to any communication identified in your answer to Request No. 83 above.

Dated: October 5, 2005

Respectfully submitted,



Bruce C. Gerrity, Bar No. 2047
Roy T. Pierce, Bar No. 7541

PRETI, FLAHERTY, BELIVEAU, PACHIOS & HALEY, LLP
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CERTIFICATE OF SERVICE

I hereby certify that on this date the foregoing document was served on all counsel of record via first class mail and electronic mail as follows:

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Counsel for Dirigo Health Agency

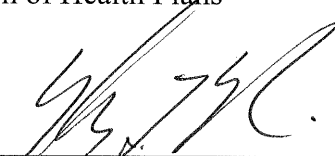
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Dated: October 5, 2005



Roy T. Pierce, Bar No. 7541