

October 16, 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. First Response Of The Maine Automobile Dealers Association Insurance Trust And The Bankers Health Trust To The Information Request Propounded By The Consumers For Affordable Health Care.

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 Email)
Christopher T. Roach, Esq. (Via Email)
Rufus E. Brown, Esq. (Via Email)
D. Michael Frink, Esq. (Via Email)
William H. Stiles, Esq. (Via 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 16, 2005

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

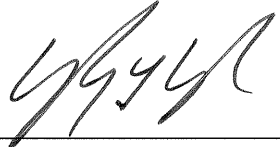
Document Title: First Response Of The Maine Automobile Dealers Association Insurance
Trust And The Bankers Health Trust To The Information Request
Propounded By The Consumers For Affordable Health Care

Document Type: Discovery responses

Confidential: No

Dated: October 16, 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) FIRST RESPONSE OF THE MAINE
MEASURABLE COST SAVINGS) AUTOMOBILE DEALERS
DETERMINED BY DIRIGO HEALTH) ASSOCIATION INSURANCE TRUST
FOR THE FIRST ASSESSMENT YEAR) AND THE BANKERS HEALTH TRUST
) TO THE INFORMATION REQUEST
) PROPOUNDED BY THE CONSUMERS
Docket No. INS-05-700) FOR AFFORDABLE HEALTH CARE

The Maine Automobile Dealers Association Insurance Trust and the Bankers Health Trust respond to the Information Request Propounded by the Consumers for Affordable Health Care (“CAHC”) as follows:

1. Please identify, by name, address and business or professional affiliation every consultant or expert retained by the Trusts with regard to the present proceeding.

Response: None.

2. For each person or entity identified in response to Request No. 1, please provide a copy of the contract or other agreement pursuant to which services were retained.

Response: Not applicable.

3. For each person or entity identified in response to Request No. 1, please state the rate of compensation and how much has been paid to date to each person.

Response: Not applicable.

4. 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. 1, whether or not such reports are to be introduced into evidence in this proceeding.

Response: Not applicable.

5. If the Trusts intend to present an alternative methodology to the methodology adopted by the Dirigo Board, please describe the alternative methodology in detail.

Response: The Trusts do not intend to present an alternative methodology.

6. Please provide all data, calculations, information, work papers, documents and other materials of whatever kind and nature related to any alternative methodology to be presented by the Trusts and your determination of aggregate measurable cost savings.

Response: Not applicable.

7. With regard to your response to Request No. 6, please identify the sources of all data used.

Response: Not applicable.

8. If not already provided, 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.

Response: Not applicable.

9. If the Trusts contend 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.

Response: The Trusts will respond to this Request within the time set for in the Superintendent's Order on Information Requests dated October 14, 2005.

10. If the Trusts contend 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.

Response: See Response to Request No. 9 above.

11. If the Trusts contend that netting the amounts of cost avoided by hospitals that met Dirigo voluntary targets should be netted 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.

Response: CAHC has withdrawn this request.

12. 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 known 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 charges.

Response: See Response to Request No. 9 above.

13. 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.

Response: The Trusts do not subscribe to the methodology presented by the payor group and, therefore, are in no position to comment thereon.

14. If the Trusts contend 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 that relate to this contention.

Response: See Response to Request No. 9 above.

15. If the Trusts contend 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 that relate to this contention.

Response: The Trusts do not so contend.

16. Apart from whether or not attributable to Dirigo, do the Trusts 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 Trusts disagree; and
- b. How the hospitals accounted for the settlements.

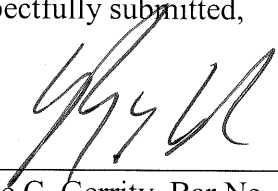
Response: See Response to Request No. 9 above.

17. Assuming the methodology is accepted, do the Trusts 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: See Response to Request No. 9 above.

Dated: October 16, 2005

Respectfully submitted,



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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 electronic mail as follows:

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Counsel for Dirigo Health Agency

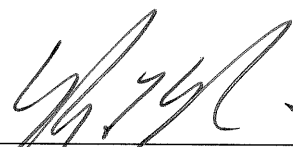
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Dated: October 16, 2005



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