

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

IN RE: REVIEW OF AGGREGATE)
MEASURABLE COST SAVINGS)
DETERMINED BY DIRIGO) HEARING QUESTIONS FOR
HEALTH FOR THE FOURTH) CITATIONS TO THE RECORD
ASSESSMENT YEAR)
)
)
Docket No. INS-08-900)

Memorialized in writing below are the questions asked by the Superintendent's panel at the September 9, 2008, hearing in this matter. As previously explained at the hearing, all parties may file with the Superintendent no later than 12:00 noon on Thursday September 11, 2008, a table that contains the question posed and which provides citations to relevant responsive evidence in the record. No briefing shall be provided on the question, although a one sentence summary of the relevant evidence on the question presented may be included in the tabular filing. While the question was presented to a specific party, all parties may file citations to the record in response to any question posed. The filing must comply with all filing requirements previously established in this proceeding, modified only as to the deadline, which again is 12:00 noon on Thursday, September 11, 2008.

Hospital Initiatives

- In the order requested, please point to the record where each of the following can be found. In those cases where the information in question is not in the record, please point to those places in the record which explain why the requested information is not in the record, or failing that, please indicate explicitly that the information is not in the record. In responding to this request, please bear in mind that your answer, to the greatest extent possible, given what has been placed on the record, should provide a clear path for someone reviewing the record and attempting to replicate the findings presented in the Schramm-Raleigh report:
 1. All source data sets used as a basis for the calculations estimated AMCS related to voluntary reductions in cost per CMAD
 2. All programs and queries used to transform the source data sets into the files used in the regression analysis for savings related to cost per CMAD. Please include reference to any information regarding the exact order in which these steps could be followed by someone wishing to replicate the calculations, including all steps related to:
 - a. Testing for data quality problems.
 - b. Steps taken to edit and/or remove observations, fields, or other information from the source files (e.g., anomalous values) and whether and how retention of anomalous values were assess for their impact on the results.
 - c. Steps to taken to calculate values from the raw source information (for example, demonstrate whether and how hospital tax, physician practice costs, etc. were removed from the MCR data).

- d. Steps to taken to impute, aggregate, or otherwise transform the source data into the analytical data sets.
3. All programs used to perform the regression analyses, including:
 - a. Explanation of the reasoning and/or theory behind the selection of variables, the use of Ordinary Least Squares vs. other regression models that could have been chosen.
 - b. Explanation of diagnostic tests run on the regression results to test for failures in the assumptions underlying the form of regression model chosen and the reasoning for addressing or ignoring any such failures.
 - c. Those regression specifications that were run but not presented in the report and the reasons for not including in them in the report.
 4. Statistical tests performed to test the significance of regression results and the analyst's conclusion about the importance of those tests and their impact on the interpretation of the results.
- For any statistical critiques leveled at the analysis presented in the Schramm-Raleigh report, please point to those places in the record where your consultants adjusted for these criticisms (heteroscedasticity, autocorrelation, correction for omitted variables bias, logging the dependent variable, recalculation of the CMAD formula to match the most recent statutory definition, etc.) and re-presented adjusted results.
 - Is there any evidence in the record that demonstrates how and whether cost per CMAD might change had Dirigo used the statutory formula?
 - Please identify in the record the findings/compilations regarding the other states, approximately 29, that showed Dirigo savings.

Uninsured / Underinsured Initiatives

In the order requested, please point to the record where each of the following can be found. In those cases where the information in question is not in the record, please point to those places in the record which explain why the requested information is not in the record, or failing that, please indicate explicitly that the information is not in the record. In responding to this request, please bear in mind that your answer, to the greatest extent possible given what has been placed on the record, should provide a clear path for someone reviewing the record and attempting to replicate the findings presented in the Schramm-Raleigh report:

1. All source data sets used as a basis for the calculations estimated AMCS related to voluntary reductions Bad Debt and Charity Care.
2. All programs and queries used to transform the source data sets into the files used in the regression analysis for savings related to Bad Debt and Charity Care. Please include

reference to any information regarding the exact order in which these steps could be followed by someone wishing to replicate the calculations, including all steps related to:

- a. Testing for data quality problems.
 - b. Steps taken to edit and/or remove observations, fields, or other information from the source files.
 - c. Steps to taken to calculate values from the raw source information.
 - d. Steps to taken to impute, aggregate, or otherwise transform the source data into the analytical data sets.
3. All programs used to perform the regression analyses, including:
- a. Explanation of the reasoning and/or theory behind the selection of variables, the use of Ordinary Least Squares vs. other regression models that could have been chosen.
 - b. Explanation of diagnostic tests run on the regression results to test for failures in the assumptions underlying the form of regression model chosen and the reasoning for addressing or ignoring any such failures.
 - c. Those regression specifications that were run but not presented in the report and the reasons for not including in them in the report.
4. Statistical tests performed to test the significance of regression results and the analyst's conclusion about the importance of those tests and their impact on the interpretation of the results.
- Is there any quantified analysis in the record that supports an additional explanation for the reported decline in the rate of uninsurance in Maine from 1999 - 2006 besides the following offered explanations:
 1. MaineCare expansion of non-categorical adults
 2. MaineCare expansion of adults >150% of FPL
 3. Dirigo enrollment of previously uninsured
 4. Global impacts of Dirigo initiative

Medical Loss Ratio

- Is there any evidence in the record that any small group carriers in Maine have adjusted their pricing to reflect the possibility of a refund payable because of loss ratios below 78% for a three year period?

DATED: September 9, 2008