



**Consumers for
AFFORDABLE
Health Care**

*Advocating the right to health care
for every man, woman and child.*

39 Green Street
Post Office Box 2490
Augusta, ME 04338-2490

Tel: 207 / 622 – 7045
Fax: 207 / 622 – 7077
E: consumerhealth@mainecahc.org
Web: www.mainecahc.org

FOR IMMEDIATE RELEASE:

July 24, 2008

Contact: Cherilee Budrick
207-622-7083 X 211
cbudrick@mainecahc.org

Dirigo Lowers Mainers' Rising Health Costs by \$149.8 Million Now Consumers Demand Insurers Lower Premiums

(Augusta) The Dirigo Health Agency Board of Trustees determined today the cost containment and health coverage initiatives of the Dirigo Health Program saved Maine consumers at least \$149.8 million in 2007. Members made this decision after two full days of hearings in a trial like proceeding and four hours of deliberation.

As Maine's largest consumer health coalition, Consumers for Affordable Health Care (CAHC) sees this as proof insurance companies are taking advantage of Maine people.

We want health insurance companies in Maine to lower their rates. These government initiatives through Dirigo have lowered hospital costs. However, insurance companies have not been lowering theirs. Now we know how Anthem was able to make \$75 million in profits in 2006 and \$40 million in profits in 2005. These government cost controls lowered the costs to insurers for hospital care, but Anthem didn't share those lower costs with consumers. Reasonable profits are one thing, but excessive profits are another. It just isn't fair.

- Joe Ditré, Executive Director Consumers for Affordable Health Care.

Mr. Ditré is a lawyer who represented his organization, CAHC, in the proceeding. He commends the DHA Board members for their job.

This was a complex litigation with experts and half a dozen lawyers with charts and graphs and testimony. The Dirigo Board members did a remarkable job in grasping tough concepts and mathematical equations. -Joe Ditré, Executive Director Consumers for Affordable Health Care.

The Dirigo Agency hired a world renowned independent economist who reported Dirigo Health initiatives saved Maine more than \$190 million. The Attorney General's Office spoke on behalf of the savings. Anthem, the Maine State Chamber of Commerce, the Maine Automobile Dealers Association Insurance Trust, and the Maine Association of Health Plans argued against the economist's report. The DHA Board then had to weigh both sides.

It is our responsibility to the people of Maine to make a determination, even if it takes all weekend. - Mary McAleney, Dirigo Health Agency Board- South Portland.

The cost savings result from three major initiatives which began in 2003 by the Dirigo Health Program. They include hospitals voluntarily reducing costs (hospital savings), increasing the amount of people with insurance (which reduces hospitals' bad debt and charity care) and insurance companies being required to refund some ratepayers (medical loss ratio). Refer to the Chart Below.

DHA Board of Directors' Determination of Dirigo Health Savings			
Savings Initiatives Measured	Recommended by Dirigo Health Agency Consultants	Adopted by the Dirigo Health Agency Board	TOTAL
<i>Hospital Savings (CMAD)</i>	\$147.9 M	\$119.6 M	\$119.6 M
<i>Reductions in Bad Debt and Charity Care</i>	\$35.7 M	\$23.6 M	\$23.6 M
<i>Medical Loss Ratio</i>	\$6.6 M	\$6.6 M	\$6.6 M
<i>Overlap</i>	\$0.0	\$0.0	\$0.0
<i>TOTAL</i>	\$190.2 M	\$149.8 M	\$149.8 M

The Superintendent of Insurance will review the DHA board's decision in early September and give a final determination then.

###

For more information Contact:
 Cherilee Budrick
 Communications Coordinator- C.A.H.C.
 207-622-7083
cbudrick@mainecahc.org

“Health care should be a right, not a privilege.”