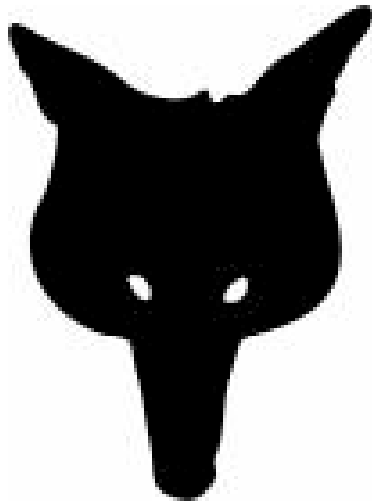


***Fox in the Henhouse?***  
**Anthem's Role as the Provider of DirigoChoice Insurance**



**Maine People's Alliance**  
**February 7, 2006**

## Executive Summary

In 2003, a majority of both houses of the Maine state legislature passed the nationally heralded *Dirigo Health* legislation. A key component of the Dirigo Health plan is the *DirigoChoice* insurance product, which is provided through Anthem Blue Cross and Blue Shield of Maine, the State's largest for-profit insurer.

As of February 1, 2006, 9,270 Maine people have enrolled in the DirigoChoice insurance plan. However, throughout 2005, members of the Maine People's Alliance from around the state reported to the organization that they were having difficulties enrolling in the DirigoChoice plan. In the fall of 2005, the Maine People's Alliance decided to conduct a more systematic study of what was happening when potential enrollees called Anthem to inquire about the DirigoChoice plan.

Between November 10, 2005 and January 28, 2006, 37 volunteers made calls to Anthem producers across the state to request information about the DirigoChoice plan. Based on those calls, the following results were obtained:

- One in three producers (33%) were reported to be “Not enthusiastic at all” when asked about the DirigoChoice plan.
- Less than half of producers (45%) were reported to be “Very accommodating” over the course of the inquiry.
- Forty-percent of the producers called attempted to dissuade callers from enrolling in the DirigoChoice plan.
- More than half of callers (52%) were not informed that they might qualify for discounts on the initial premium and deductible quote they were given.
- Twelve percent of the producers called actually made negative comments about the DirigoChoice plan or its likelihood of succeeding.
- Despite having inquired about the DirigoChoice plan, 1 in 5 callers (20%) were offered a competing plan without necessarily being offered an explanation of differences in coverage or cost.

The results of this study raise real concern that Anthem has failed to represent the DirigoChoice product enthusiastically or accurately—unfortunately, to the detriment of the many thousands of families who might have enrolled had they been treated and informed properly.

Given Anthem's ultimate financial interest in the direction of healthcare reform in Maine, Mainers would be wise to question their involvement as the provider of DirigoChoice insurance.

The results of this study point to the following questions: Has Anthem allowed their political and financial interests to outweigh their contractual obligation? Does Anthem *truly* want the DirigoChoice product to succeed? ***Is Anthem the “Fox in the Henhouse”?***

## **Background: *The Dirigo Health Plan and DirigoChoice Insurance***

In 2003, a majority of both houses of the Maine state legislature passed the nationally heralded *Dirigo Health* legislation. The Dirigo Health plan is designed to address cost, quality, and access in Maine's healthcare system and to achieve universal coverage by 2009. A key component of the Dirigo Health plan is the creation of the *DirigoChoice* insurance product.

The DirigoChoice insurance product is designed to give Maine businesses with 50 or fewer employees, the self-employed, and individuals an affordable, high-quality option for health coverage. DirigoChoice is one of the most comprehensive coverage options on the market. It covers routine preventative care at 100 percent, prescription drug coverage, hospital, physician, and specialist services, emergency care, and offers mental health parity.

One of the most significant aspects of the plan is the discounted premiums available to enrollees with incomes up to 300 percent of the poverty level. For example, a family of four with an income up to \$56,500 or a single household with an income up to \$28,000 will qualify for discounted premiums. Discounts can be as high as 100 percent, making the premiums *free* for the lowest income enrollees.

In June of 2004, Anthem Blue Cross and Blue Shield of Maine, the state's largest private health insurer, submitted a bid to provide *DirigoChoice* health insurance through the Dirigo Health Plan, and the bid was accepted. As a result, to enroll in the DirigoChoice plan, potential enrollees call an Anthem approved producer. A listing of these producers is made available to enrollees at the following website: <http://www.dirigohealth.maine.gov/dhsp02b.html>.

Anthem opened enrollment in DirigoChoice insurance coverage for small businesses and self-employed people in October of 2004 for coverage that begin in January of 2005. Enrollment for individuals began in February. As of February 1, 2006, 9,270 Maine people have enrolled in the DirigoChoice insurance plan. Enrollment for individuals and sole proprietors was capped for the plan's first year at 4,400. Enrollment for individuals and sole proprietors re-opened in November of 2005.

Even with limits on first-year enrollment, the DirigoChoice insurance product became the fastest growing insurance product ever introduced into the Maine marketplace.<sup>1</sup>

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<sup>1</sup> Pohlmann, Lisa, and Frank O'Hara, "Choices: The Policy Choices for Small Business Health Insurance", *Maine Center for Economic Policy*, Vol 11 No 7, August 16, 2005, available at: [http://www.mecep.org/MeChoices05/ch\\_08162005.htm](http://www.mecep.org/MeChoices05/ch_08162005.htm); Smith, Taylor, *Maine Biz*, "Up for Debate" April 18, 2005, quoting Erin Hoeflinger, President, Anthem Blue Cross and Blue Shield of Maine.

## **Purpose of Study: *Cause for Concern about Anthem's Behavior as the Provider of DirigoChoice insurance***

Despite the early success of DirigoChoice on the market and the enthusiasm of DirigoChoice enrollees, the Maine People's Alliance had reason to believe that the delivery of DirigoChoice insurance through Anthem was fraught with problems.

The Maine People's Alliance has 25,000 members in every Maine County. Throughout 2005, members from around the state reported to the organization that they were having difficulties enrolling in the DirigoChoice plan. Many callers reported being given inaccurate quotes for premium rates, making the plan appear to be out of reach for their family budget. Many families who would have been eligible for significant discounts reported not being told about the availability of discounts at all.

Others reported being offered competing Anthem plans, such as the HealthChoice high-deductible option, when they had called about enrollment in DirigoChoice. Some producers reportedly told callers that the HealthChoice plan was no different than the DirigoChoice plan, when in fact the preventative benefits offered through DirigoChoice are much more than what is offered through a typical high-deductible plan. Furthermore, DirigoChoice deductibles are calculated on a sliding scale based on ability to pay, and no deductible offered through DirigoChoice exceeds \$3,500.

For example, one Maine People's Alliance member, the father of a family of four with two young children, reported having been told by a producer: "I can tell you right now the Dirigo plan is going to cost you twice as much as HealthChoice, for the same benefits." The producer then suggested that this family purchase a plan with \$500 per month premiums, a \$10,000 deductible, and few preventative services covered. The producer *did not* mention the availability of premium and deductible discounts or the preventative services that would have been offered through the DirigoChoice plan.

Perhaps most alarmingly, other potential enrollees reported having been told that the DirigoChoice plan had little chance of succeeding over time, and that they should therefore not risk enrollment. One family reported having been told that those involved with selling DirigoChoice were "playing the lottery and looking for new jobs" because the plan was not going to last, and therefore, enrollment was not recommended.

In addition to what the Maine People's Alliance was hearing from our membership, a number of other agencies and legislators had reported to us a substantial number of similar anecdotal reports attesting to Anthem's misrepresentation or under-representation of the DirigoChoice product. The number of anecdotal reports about Anthem's behavior as the provider of DirigoChoice raised significant concern.

At the same time, knowing that only the dissatisfied would be likely to report such information, the Maine People's Alliance felt the need to investigate this matter in a more objective manner. In the fall of 2005, the Maine People's Alliance decided to conduct a more systematic study of what was happening when potential enrollees attempted to enroll in the DirigoChoice plan.

## Study Methodology

The Maine People's Alliance designed a study with a very simple design and procedures that would be easy for participants to follow.

Volunteers were recruited to attempt to acquire information about enrolling in the DirigoChoice plan. Volunteer callers were given little more preparation than the average Mainer would have when calling to inquire about the product. The individuals were asked to contact an Anthem producer who was processing inquiries about DirigoChoice by using the information available on the Dirigo Health Agency website.

Callers were given a simple Observation Sheet on which to report their experience when calling Anthem. (*See Appendix A for sample.*) The observation sheet focused on several general attributes of the discussion as well as specific ones.

The study was launched on November 10<sup>th</sup>, when DirigoChoice enrollment re-opened for individuals and sole-proprietors. Between November 10, 2005 and January 28, 2006, 37 calls were made to Anthem producers across the state requesting information about the DirigoChoice plan. (The study did not control for the number of calls made to freestanding producers versus those available at the statewide Anthem 1-800 number.) The majority of calls were made from the Greater Bangor and Greater Portland areas.

This study was not scientific, and it does not have predictive reliability as such. For example, if the study was replicated with a different or larger group of people and different groups of producers the likelihood of getting essentially the same results cannot be assumed.

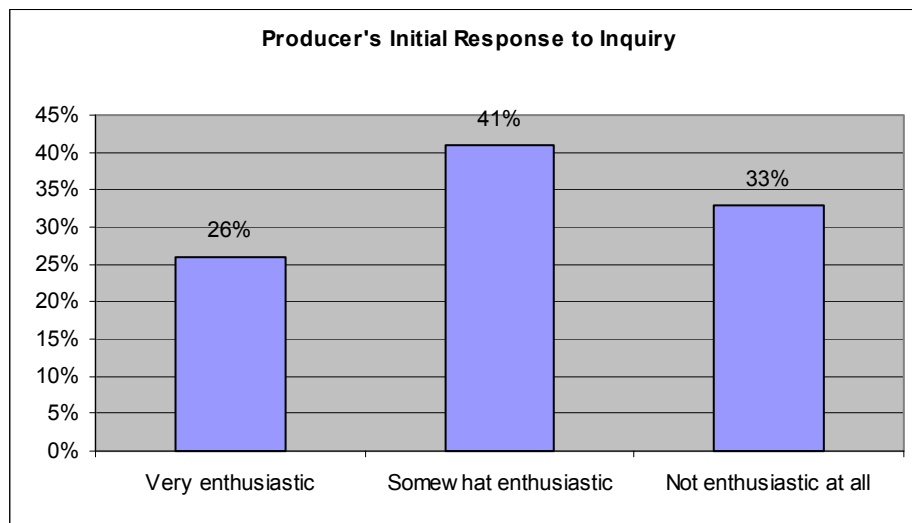
At the same time, neither can the possibility be dismissed. The study does have substantial face validity, especially when considered in conjunction with the anecdotal records reported over the course of 2005. While this study is not conclusive, it raises concern that potential DirigoChoice enrollees are still facing undue barriers to enrollment in the program.

## Study Findings

The Maine People's Alliance was pleased to find that many callers had positive experiences while attempting to acquire information about enrolling in DirigoChoice, some exceedingly so. However, there was also a level of negative response significant enough to raise concern that earlier anecdotal reports were not isolated. The results of the study were as follows:

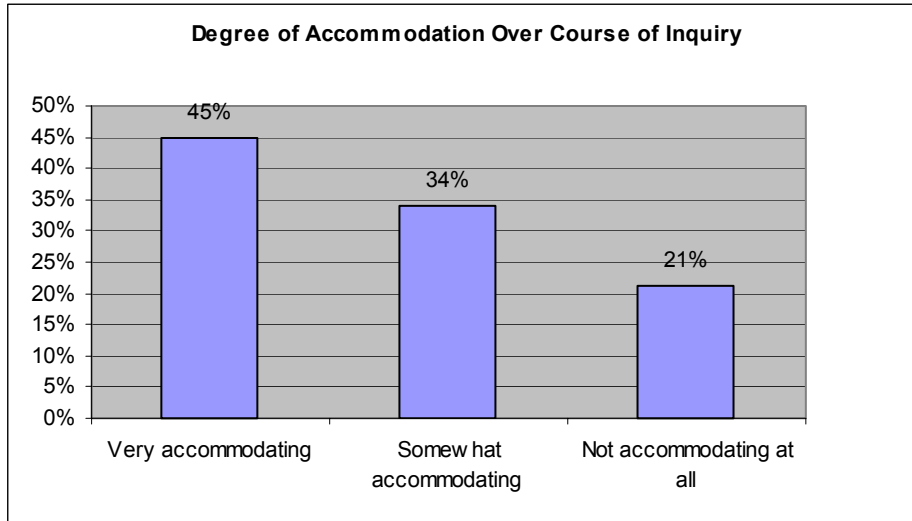
### Producer's Initial Response to Inquiry

One in three producers (33%) were reported to be “Not enthusiastic at all” when asked about the DirigoChoice plan. Overall, 74 percent of producers were less than “Very enthusiastic” about the plan. One caller reported having made three un-returned phone calls to a particular producer over the course of a week, and then feeling “as though I was trespassing on her time.” This caller summarized her experience as “more discouraging than anything.” Another caller reported feeling that the producer called just “didn't particularly want [to] talk to me.”



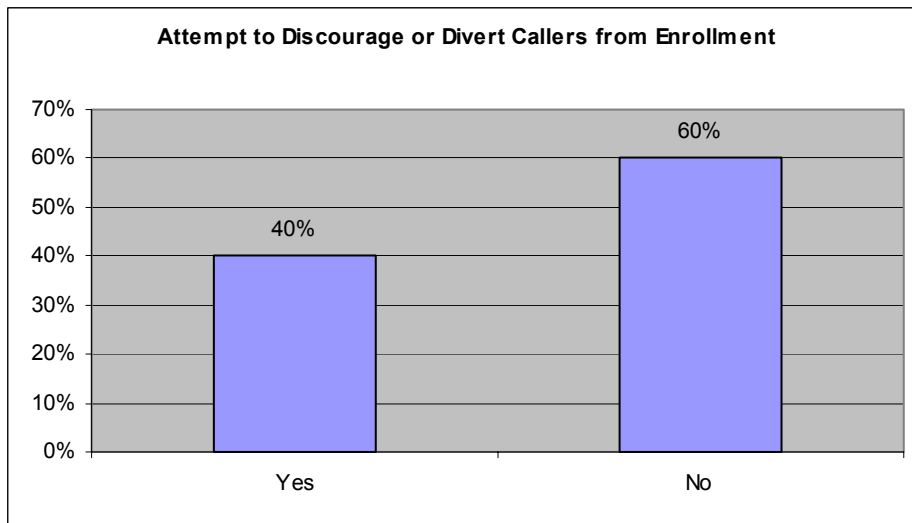
### Degree of Accommodation Over Course of Inquiry

Less than half of producers (45%) were reported to be “Very accommodating” over the course of the inquiry. One caller summarized the producer spoken to as “Not helpful. I was shrugged off. I was told she didn't have the new information.” Another caller reported that the producer called “did not seem very familiar with Dirigo Choice.” Another caller summarized his experience as a “very unsatisfactory and maddening conversation!! Not business-like at all.”



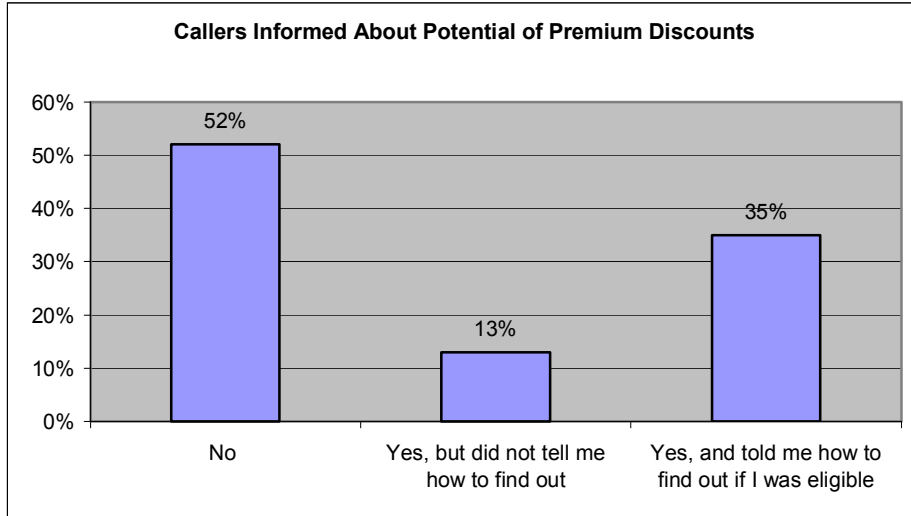
### Attempt to Discourage or Divert Callers from Enrollment

Forty-percent of the producers called attempted to dissuade callers from enrolling in the DirigoChoice plan. One caller reported that the producer called “made DirigoChoice sound like an unrealistic plan. I said I heard it was a good thing and she asked where I heard that!”



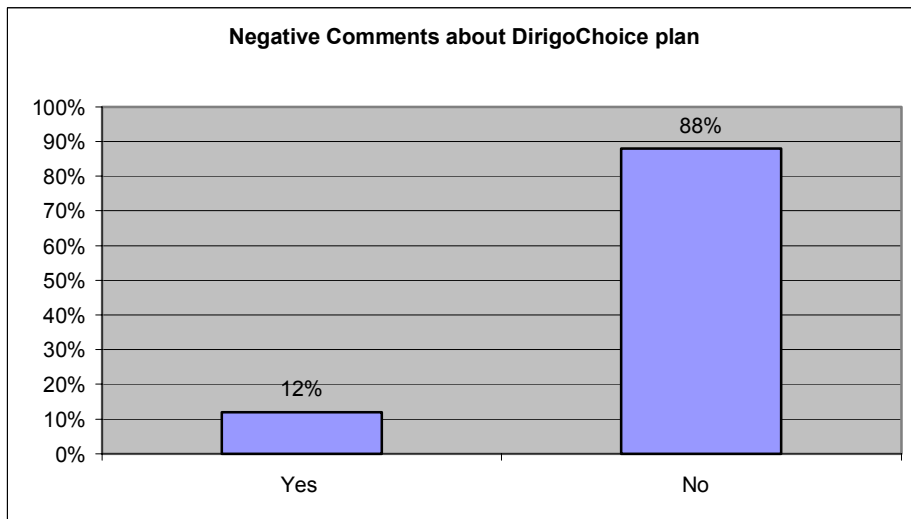
### Callers Informed About Potential of Premium Discounts

More than half of callers (52%) were not informed that they might qualify for discounts on the initial premium quote they were given. Only 35 percent of people were informed of the availability of discounted premiums *and* given information on how to find out if they were eligible. One caller reported that a producer did not lead her to believe that she was likely to qualify for a discount, “yet she didn’t ask how much our income is nor tell me how I could find out.”



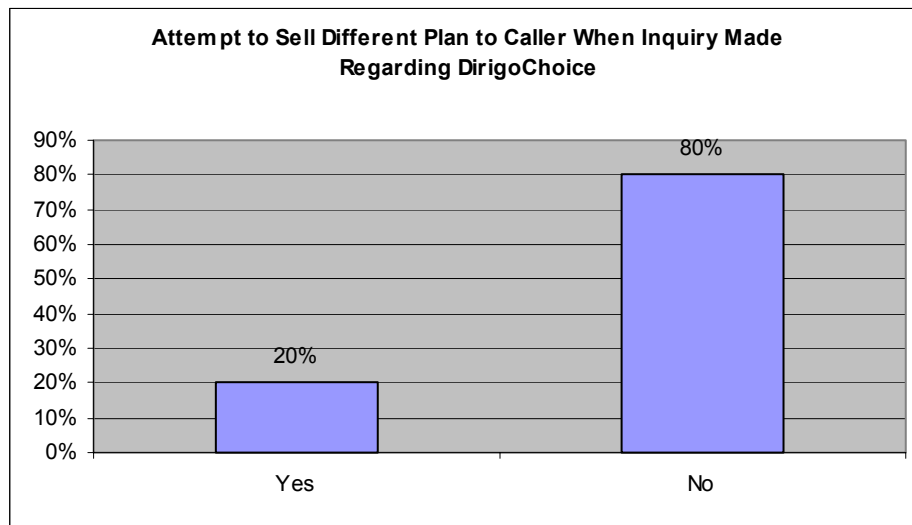
### Negative Comments about DirigoChoice plan

Twelve percent of the producers called actually made negative comments about the DirigoChoice plan or its likelihood of succeeding. One caller reported having been told that “there was a waiting list of 2,000 and the rumor was that only 200 would be taken in January and maybe 300 in February – but all was up in the air.” (In fact, there is no cap for enrollment in 2006.) Another caller reported that the producer “Emphasized that there was no discount or incentive for [an] employer” to offer the plan. Another caller reported having been told that the program was “a political football.” One caller summarized her producer as stating “I don’t know how they (presumably [the] state) are going to pay for it in a negative condescending tone and actually laughed in amazement when she said the above.”



## Attempt to Sell Different Plan to Caller When Inquiry Made Regarding DirigoChoice

Despite having inquired about the DirigoChoice plan, one in five callers (20%) were offered a competing plan. Producers often did not accurately describe the differences in coverage or deductibles between plans. One caller reported that the producer called “Pitched Anthem HealthChoice as a way of avoiding problems and as better plan. [He] had no reasons why Dirigo was better than any other plan and in fact said the benefits for the PPO were identical to other plans Anthem and other insurers offer.” Another caller reported that the producer called “told me she would put together quotes on other plans from Anthem – made it sound as though they might be less expensive but did not compare coverage.” Another caller was told that DirigoChoice rates “were high and they were slow to get information from or about Dirigo” but that the producer “offered to quote me several Anthem Plans.” According to another caller, “When [the] packet arrived in mail there was a cover letter stating that they decided my best option would be BC/BS. Nothing was included about Dirigo even though that is what I had specifically called for when they were too busy to talk and said they would send packet.”



## Other Barriers

In addition to the above results, a number of callers reported having difficulty simply getting calls about the DirigoChoice plan returned or obtaining accurate information. A sampling of their comments is as follows:

- “I called 6 times ... went through the voice mail choices and was eventually disconnected each time.”
- “I left message about inquiring about Dirigo, call was not returned.”
- “Sent me to Dirigo.com – which doesn’t exist.”
- “Said would send information – didn’t.”
- “She took my contact information and said she would get back to me ... [but] never did call back.”

## Conclusion

Although this was not a scientific study, it is reflective of the barriers faced by average Mainers when attempting to enroll in the DirigoChoice program through Anthem.

The results of this study raise real concern that Anthem has failed to represent the DirigoChoice product enthusiastically or accurately—unfortunately, to the detriment of the many thousands of families who might have enrolled had they been treated and informed properly.

The consequences of Anthem's failure to accurately represent the product are significant for Maine's uninsured and under-insured families. While 9,270 Maine families and small businesses have benefited from their enrollment in the DirigoChoice plan, thousands more may have been turned away from enrollment—or enrolled in a less comprehensive Anthem plan—based on discouragement or misinformation from Anthem producers. There is no way to estimate the number of families and small businesses who have missed out on the coverage that would have been available to them through the DirigoChoice plan, or the adverse consequences on their health because they missed out on the comprehensive coverage that could have been obtained. Anthem's failure in this regard should not be shrugged off.

Our standards for those who represent DirigoChoice should be high, because the health of Maine families depends upon their ability to obtain accurate information about the coverage options available to them. When individuals call a number provided for information about DirigoChoice, producers should be enthusiastic, accommodating, encouraging about Dirigo's prospects for success, and knowledgeable about the plan's comprehensive coverage and significant discounts for families below 300 percent of poverty. Maine's uninsured and under-insured families and small businesses deserve nothing less than the best and most helpful information available as they work to determine the best coverage options for their families and employees in a marketplace that is already fragmented and confusing.

While there is no way to make up for the time that has been lost, it is possible for the State to take action *now* to ensure that the DirigoChoice program is being made available to Maine families and small businesses who could benefit from it in the future. Anthem must live up to their contract with the State of Maine to represent the DirigoChoice insurance product. If they will not, the State must investigate other options.

## ***Analysis: Is Anthem the “Fox in the Henhouse”?***

Anthem’s inability to represent the DirigoChoice product enthusiastically and accurately may be accidental, but it should not be assumed to be so.

Anthem is a for-profit insurer that already covers 90 percent of the Maine market. DirigoChoice represents a new and competing product on the market. As a result, Anthem may have an inherent conflict of interest that interferes with their desire to truly see the DirigoChoice product succeed.

Furthermore, as the state’s largest for-profit insurer, Anthem also has a big stake in the outcome of the larger Dirigo Health reform effort as it moves forward—particularly with regard to measures that may limit profit margins or call for greater transparency in business practices of insurance companies. Knowing that the continued success of the DirigoChoice product is important to the ultimate success of the larger reform plan may influence Anthem’s incentive to help the DirigoChoice product succeed.

In addition, though at times they profess to support Dirigo Health, Anthem has not always acted in the best interests of the plan. Most notably, through the Maine Association of Health Plans, a trade organization that represents them, Anthem is currently suing the state over the Savings Offset Payment. The Savings Offset Payment is a recapturing of Dirigo Health’s savings that would enable more low-income people to enroll in the DirigoChoice program. If Anthem fully supports this plan, why have they stood in the way of its progress at so many important junctures?

Given Anthem’s ultimate financial interest in the direction of healthcare reform in Maine, Mainers would be wise to question their involvement as the provider of DirigoChoice insurance. The level of negative results in this simple study raises significant concern about the appropriateness of continuing to allow Anthem to serve as the provider of DirigoChoice insurance. If Anthem is not fulfilling the deal made with the state when they accepted the contract to provide DirigoChoice insurance, the arrangement should be cancelled immediately.

The question to be asked is this: Has Anthem allowed their political and financial interests to outweigh their contractual obligation? Does Anthem *truly* want the DirigoChoice product to succeed?

## ***Is Anthem the “Fox in the Henhouse”?***

## APPENDIX A

Type of Call (circle 1)    Individual    Self-employed    Small Business

<h3>DirigoChoice Application Call Observation Sheet</h3>
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This sheet provides a format for recording your observations about your contact with Anthem regarding DirigoChoice.

*Note: If you are asked for your social security number, indicate that you will only provide it when you make an application for insurance coverage. The producer should provide all the pertinent information you request without your social security number.*

### Observations

1. What was the producer's name? \_\_\_\_\_
2. Circle the option below that best describes the contact's initial response to your inquiry about DirigoChoice:
  - a. Very enthusiastic
  - b. Somewhat enthusiastic
  - c. Not enthusiastic at all
3. Circle the option below that best describes the contact's level of accommodation during the course of your inquiry:
  - a. Very accommodating
  - b. Somewhat accommodating
  - c. Not accommodating at all
4. When you initially asked for information about Dirigo Choice did they try to discourage or divert you in any way?
  - a. No
  - b. Yes - If yes please provide a brief description of what was said  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Did your contact mention that you might be eligible for discounts on premiums?
  - a. No
  - b. Yes, but did not tell me how to find out.
  - c. Yes, and told me how to find out if I was eligible

6. Did your contact say anything negative about DirigoChoice in general or comment on its likelihood of succeeding?

- a. No
- b. Yes – If yes please provide a brief description of what was said.

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7. During the course of the inquiry, did they try to sell you a different plan?

- a. No
- b. Yes – If yes what reason did they give for doing this and what language did they use to introduce this alternative

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8. During the course of the inquiry, did the Anthem producer ask for any information other than that implied in these materials?

- a. No
- b. Yes. If yes, what was requested

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9. If there are any other observations you want to share please record these on a separate sheet of paper. If you were told something that seems strange to you, please try to write down the exact words that were said.

**When you have completed this observation sheet use the enclosed self-addressed envelope to forward it to:**

**Email:** jenny@mainepeoplesalliance.org.

**Mail:** Maine People’s Alliance  
Attn: Milt Hillery  
Penobscot Valley Chapter  
27 State Street. Ste 44  
Bangor ME 04401

**Or Fax:** (207) 990-0772