

State of Alaska Department of Administration Division of Retirement and Benefits	AlaskaCare Retiree Health Plan Amendment	Number: 2016-2
		Effective Date: May 25, 2016
	Amends:	Review Date:
	<u>Amends:</u> (1) Effect of Medicare (2) Coordination of Benefits	Distribution: Deputy Commissioner Chief Health Official Vendor Manager Appeals Supervisor Communications Supervisor Legal Counsel TPA File

The State of Alaska provides, by means of self-insurance, health benefits covering individuals entitled to coverage under AS 14.25, AS 22.25, AS 39.35 or former AS 39.37, and their dependents. Such benefits are set forth in the *Retiree Insurance Information Booklet* (the “Plan”). Under authority of AS 39.30.090-098, the Commissioner of Administration hereby amends the Plan as follows:

Section 1: Amended Provisions

1. Effect of Medicare

Replaced in whole the Effect of Medicare section found on page 16.

You or your eligible dependent **must** elect Medicare Part A and B at age 65, regardless of any other coverage you have. If you or your eligible dependent are eligible for Medicare coverage (and most people are eligible at age 65), the benefits available under this Plan become supplemental to your Medicare coverage. The claims administrator will assume you and/or your dependents have coverage under Medicare Part A when you or your dependent reach age 65. If you are not provided with Medicare Part A free of charge, you should submit a copy of your letter from Medicare stating that you are not eligible to the Division. **Everyone is eligible for Medicare Part B.**

If you do not enroll in Medicare coverage, the estimated amount Medicare would have paid will be deducted from your claim before processing by this Plan. Relevant deductibles, coinsurance amounts and out-of-pocket limits continue to apply to both Medicare and the Plan. If you receive care outside the United States, Medicare does not cover your expenses; the Retiree Health Plan will take this into account. If you enter into a private contract with a provider that has opted out of Medicare, neither Medicare nor the Retiree Health Plan will pay benefits for their services.

2. Coordination of Benefits

Replaced in whole the Coordination of Benefits section under General Provisions found on pages 101-105.

The Plan protects you and your family to the extent of covered costs incurred. If you are entitled to benefits from other sources, such as employer or government sponsored health plans, the Retiree Health Plan has the right to offset against or recover from those other plans or persons so that you do not duplicate recovery of covered medical expenses.

The Retiree Health Plan coordinates benefits with other group health care plans to which you or your covered dependents belong. Other group plans are defined as benefit sources recognized for coordination of benefits and some examples are listed below; this list is non-exclusive:

- Group or blanket disability insurance or health care programs issued by insurers, health care services contractors, and health maintenance organizations.
- Labor-management trustee, labor organization, employer organization, or employee benefit organization plans.
- Governmental programs, including Medicare.
- Plans or programs required or provided by any statute.
- Group student coverage provided or sponsored by a school or policy, whether it is subject to coordination or not.
- The State of Alaska Group Health Plans.

You may be covered both as a retiree and as a dependent of another covered person or you may have more than one health plan. If that occurs, you will receive benefits from both plans. However, the benefits received will be subject to the coordination of benefits provisions as indicated in this section.

Here's how benefits are coordinated when a claim is made:

- The primary plan pays benefits first, without regard to any other plan.

- When the Retiree Health Plan is secondary, the amount it will pay will be figured by subtracting the benefits payable by the other plan from 100% of expenses **covered** by the retiree plan on that claim. The plan pays the difference between the amount the other plan paid and 100% of expenses the Retiree Health Plan would cover.
- In addition, when the retiree plan is the secondary plan, charges shall be applied to satisfy the retiree plan deductible in the order received by the claims administrator. Two or more charges received at the same time will be applied starting with the largest first.
- Neither plan pays more than it would without coordination of benefits. Benefits payable under another plan include the benefits that would have been payable whether or not a claim was actually submitted to that plan.
- Services which are limited to a maximum number of services in a year are not increased by having other coverage. For example, if you have two plans that each cover a single vision exam each year, the plans coordinate to cover up to 100% of a single vision exam; they do not pay for two vision exams in a year.

Example

This example assumes that the retiree has Medicare so Medicare pays first.

	Medicare	Retiree Health Plan
Covered Expenses	\$ 1,000.00	\$ 1,000.00
Less Retiree Deductible ¹	- 166.00	- 150.00
	= 834.00	= 850.00
Plan Coinsurance	x 80%	x 80%
Plan Payment without coordination	= <u>667.20</u>	= <u>680.00</u>
Plan Payment with coordination	= 667.20	= 332.80

Determining Order of Payment

A plan without coordination provisions is always the primary plan. If all plans have a coordination provision:

- The Retiree Health Plan is secondary to Medicare except if Medicare is provided before age 65 due to end stage Renal disease. Then the Retiree Health Plan

¹ Medicare deductible amount is governed by, and may change based on, federal statutes and regulations.

remains primary for 30 months after Medicare was effective. Relevant deductibles, coinsurance and out-of-pocket limits continue to apply to both Medicare and the Plan.

- Any active plan, whether it covers you as the retiree or a dependent, is primary to Medicare.
- A plan covering the retiree directly, rather than as a dependent, is the primary plan.
- A plan covering the person as a retired employee is secondary to a plan that covers that person as an active employee.
- If a child is covered under both parents' plans, the plan of the parent whose birthday falls earlier in the year (not the oldest) is the primary plan. If both parents have the same birthday, the plan that has covered a parent longer is the primary plan.

Following are exceptions to this birthday rule:

- If the other plan does not have this birthday rule, the other plan's rule is used to decide which plan is primary.
- If you are separated or divorced, the plans pay in the following order:
 - First, the plan of the parent whom the court has established as financially responsible for the child's health care (The claims administrator must be informed of the court decree. However, even though you are divorced and required to pay for medical coverage, your dependents are not automatically eligible for this plan. See the sections on *Eligibility* on pages 6-7 and *Continued Health Coverage* on pages 95-99.
 - Second, the plan of the parent with custody of the child.
 - Third, the plan of the spouse of the parent with custody of the child.
 - Fourth, the plan of the parent who does not have custody of the child.

If none of the above rules apply, the plan that has covered the patient longer is primary.

It is your responsibility to report the existence of and the benefits payable to you under any plan and to file for those benefits in the interests of computing services or benefits due under this Plan.

When a plan provides benefits in the form of services rather than cash payments, the reasonable cash value of each service rendered is considered a covered service and a

benefit paid. The reasonable cash value of any services that any service organization provides is considered an expense incurred by you or your covered dependent, and the liability under this Plan is reduced accordingly.

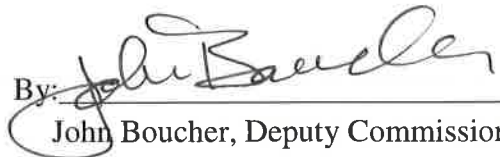
Section 2: Conflict

In the event of a conflict between the language contained in this Amendment and previously adopted language contained in the Retiree Health Plan, the provisions of this Amendment shall control.

Section 3: Effective Date.

This amendment is effective for claims submitted for payment with dates of service on or after May 25, 2016.

Adopted this 25th day of May, 2016.

By: 
John Boucher, Deputy Commissioner