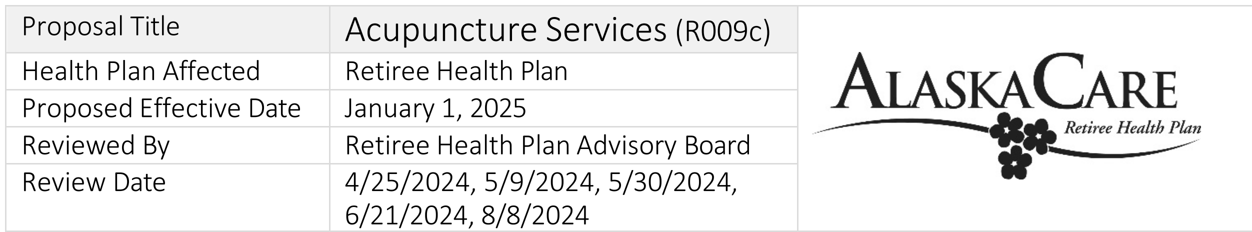
DRAFT – For Consideration



Proposal Title	Acupuncture Services (R009c)
Health Plan Affected	Retiree Health Plan
Proposed Effective Date	January 1, 2025
Reviewed By	Retiree Health Plan Advisory Board
Review Date	4/25/2024, 5/9/2024, 5/30/2024, 6/21/2024, 8/8/2024

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1) Background

Acupuncture is a technique in which practitioners insert fine needles into the skin to treat health problems. The needles may be manipulated manually or stimulated with small electrical currents (electroacupuncture). Acupuncture has been in use in some form for at least 2,500 years. It originated from traditional Chinese medicine but has gained popularity worldwide since the 1970s.[1] Unless received as a form of anesthesia, the AlaskaCare Retiree Plan does not provide coverage for acupuncture services, they are a plan exclusion.[2] Members seeking acupuncture services pay out of pocket. For members who have enrolled in the optional Health Flexible Spending Account (HFSA), acupuncture is an eligible expense and members can submit a claim for reimbursement.

[1] Acupuncture: What You Need To Know. National Center for Complementary and Integrative Health. https://www.nccih.nih.gov/health/acupuncture-what-you-need-to-know.

[2] AlaskaCare Retiree Insurance Information Booklet – Jan 2024. *Section 5.1 Medical Expenses Not Covered*. https://drb.alaska.gov/docs/booklets/DB-RetireeInsuranceBooklet_WEB.pdf

In 2016 and 2017, Aetna updated its clinical policy bulletin[3] (CPB) to state that acupuncture is considered medically necessary for treatment of specific conditions, including chronic neck pain, chronic headache, and back pain. In 2020, the Centers for Medicare & Medicaid Services (CMS) issued a National Coverage Determination stating that Medicare would cover acupuncture for patients with chronic low back pain, as part of an effort to support alternative, non-opioid pain therapies.[4]

The retiree plan currently excludes coverage of acupuncture therapy, unless performed by an eligible physician as a form of anesthesia in connection with surgery. Additionally, licensed acupuncturists are not covered providers under the terms of the Plan at this time.

2) Objectives

a) Provide an additional treatment option for members as a complement to other health strategies.
b) Update the plan as evidence-based medical science evolves.
c) Cover safe, low-cost, and evidence-based approaches to pain care.

3) Summary of Proposed Changes and Analysis

This proposal contemplates adding coverage of acupuncture for medically necessary indications in alignment with Medicare and the medical Third-Party Administrator's (Aetna) current CPB. This would include the addition of licensed acupuncturists to the list of covered providers under the terms of the Plan.

Note: 1. Enhancing the AlaskaCare retiree benefits to include diagnoses that are not covered by Medicare would move the AlaskaCare retiree plan from the secondary payor (20%) to the primary payor position (80%) for claims for retiree members over age-65.

2. Medicare does not recognize acupuncture therapists. Making acupuncturists "recognized providers" for the AlaskaCare retiree plan would move the AlaskaCare retiree plan from the secondary payor (20%) to the primary payor position (80%) for claims for retiree members over age-65.

For retirees with Medicare as primary (O65)

The plan would provide coverage up to 10 visits per year for the following medically necessary indications in accordance with an ongoing and written plan of care, when administered by a health care provider practicing within the scope of his/her license.

A. Chronic (minimum 12 weeks duration) neck pain; *or*
B. Chronic (minimum 12 weeks duration) headache; *or*
C. Nausea of pregnancy; *or*
D. Pain from osteoarthritis of the knee or hip (adjunctive therapy); *or*
E. Post-operative and chemotherapy-induced nausea and vomiting; *or*
F. Post-operative dental pain; *or*
G. Temporomandibular disorders (TMD)

Medicare covers acupuncture for the treatment of low back pain, up to 12 visits in a 90-day period with 8 additional

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[3] Aetna Clinical Policy Bulletin No. 0135: Acupuncture and Dry Needling. https://www.aetna.com/cpb/medical/data/100_199/0135.html.

[4] Acupuncture for Chronic Lower Back Pain (CLBP). Medicare Coverage Database; National Coverage Determination. https://www.cms.gov/medicare-coverage-database/view/ncd.aspx?NCDId=373. 1/12/2020.

visits if improvement is demonstrated, for no more than 20 visits in a 12-month period. Medicare recognizes the following provider types: medical doctors, chiropractors, osteopathic doctors, physical therapists, physician's assistants and nurse practitioners. Medicare does not recognize provider types of acupuncturists and naturopaths.

For retirees with AlaskaCare as Primary (U65)

The plan would provide coverage up to 10 visits per year for the following medically necessary indications in accordance with an ongoing and written plan of care, when administered by a recognized health care provider practicing within the scope of his/her license.

A. Chronic (minimum 12 weeks duration) neck pain; *or*
B. Chronic (minimum 12 weeks duration) headache; *or*
C. Low Back Pain, *or*
D. Nausea of pregnancy; *or*
E. Pain from osteoarthritis of the knee or hip (adjunctive therapy); *or*
F. Post-operative and chemotherapy-induced nausea and vomiting; *or*
G. Post-operative dental pain; *or*
H. Temporomandibular disorders (TMD)

For all retiree plan members

Maintenance treatment, where the member's symptoms are neither regressing nor improving, is considered not medically necessary. If no clinical benefit is appreciated after four weeks of acupuncture, then the treatment plan should be reevaluated. Further acupuncture treatment is not considered medically necessary if the member does not demonstrate meaningful improvement in symptoms.

Acupuncture should be provided in accordance with an ongoing, written plan of care. The treatment goals and subsequent documentation of treatment results should specifically demonstrate that acupuncture services are contributing to such improvement.

In alignment with plan provisions and the medical third-party administrator's CPB, acupuncture coverage excludes experimental and investigational procedures. Acupuncture is not a proven and accepted therapy for all conditions. A list of the procedures excluded from coverage due to being considered experimental and investigational is contained in CPB 0135.

4) Impacts

Actuarial Impact to AlaskaCare | Increase

The Division's contracted benefit consultant (Segal) has estimated an actuarial value increase for the plan of 0.07%.

Financial Impact to AlaskaCare | Minimal

The financial impacts to the Plan based on the most recent retiree medical and pharmacy claims projection of $721,000,000 for 2024 (dated August 31, 2023), and trended forward at 6% to $764,000,000 for 2025, equates to approximately $500,000 in additional annual costs to the Plan depending on the cost sharing provisions.

Member Impact | Moderate

The member impact is expected to be moderate and positive. The proposed benefit will add acupuncture coverage for members seeking care for medically necessary treatment.

Operational Impact (DRB) | Minimal

The Division anticipates the initial operational impacts associated with implementation and member communication to be minimal, given the following considerations:

- Staff will need to coordinate and oversee implementation of the changes with the TPA.
- Staff will need to create, review, and distribute communications to educate and increase awareness.
- Staff will need to update the Plan Booklet.

After implementation, the ongoing operational impacts are anticipated to be minimal, and will include reporting, fiscal impact monitoring, and updates to communication materials as appropriate.

Operational Impact (TPA) | Initial: Moderate, Ongoing: Minimal

The initial operational impact to Aetna is anticipated to be moderate. Aetna will need to update and test their internal claim processing workflows and systems to ensure that the changes are appropriately applied and implemented. After implementation, the ongoing operational impacts are anticipated to be minimal, and will include preparing reporting, fiscal impact monitoring, and updates to communication materials as appropriate.

Provider Impact | Minimal

Provider impact is estimated to be both minimal and positive as this removes potential barriers to care for their patients.

5) Implementation and Communication Overview

Division staff will follow the standard process for making changes to the Defined Benefit retiree plan, which includes completion of the following:

- Proposal analysis and stakeholder input
- Public comment periods
- Any needed language updates to the Retiree Insurance Information Booklet
- Education outreach to benefit recipients

6) Proposal Recommendations

DRB Recommendation

The Division recommends/does not recommend implementation of Option XX

RHPAB Board Recommendation

The RHPAB board voted on ##/##/## to recommend/not to recommend Option XX

Commissioner of Administration Recommendation

The plan administrator made the determination on ##/##/## to recommend/not recommend implementation of Option XX

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Memorandum

To: Ajay Desai, Director, Division of Retirement and Benefits

From: Richard Ward, FSA, FCA, MAAA

Date: April 1, 2024

Re: Addition of Acupuncture Benefit

The State is considering introducing coverage for acupuncture as a benefit for the Retiree Plan. Acupuncture visits would not be subject to an annual limit but would be subject to the medical necessity criteria in the plan document.

The Plan applies the general benefit provisions, such as deductible, coinsurance and out-of-pocket limits, to determine any portion of the costs that are the member's responsibility. If the member has additional coverage, such as Medicare or other employer provided coverage, any portion of the costs covered by that plan is also considered. Below is a table outlining the current benefits offered under the Plan:

Deductibles	
Annual individual / family unit deductible	$150 / up to 3x per family
Coinsurance	
Most medical expenses	80%
Most medical expenses after out-of-pocket limit is satisfied	100%
Second surgical opinions, Preoperative testing, Outpatient testing/surgery • No deductible applies	100%
Out-of-Pocket Limit	
Annual individual out-of-pocket limit • Applies after the deductible is satisfied • Expenses paid at a coinsurance rate other than 80% do not apply against the out-of-pocket limit	$800
Benefit Maximums	
Individual lifetime maximum • Prescription drug expenses do not apply against the lifetime maximum	$2,000,000
Annual reinstatement once lifetime maximum is reached	$5,000
Individual limit per benefit year on substance abuse treatment without precertification. Subject to change every three years	$12,715
Individual lifetime maximum on substance abuse treatment without precertification. Subject to change every three years	$25,430

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Prescription Drugs	Up to 90 Day or 100 Unit Supply	
	Generic	Brand Name
Network pharmacy copayment	$4	$8
Mail order copayment	$0	$0

Actuarial Value

The inclusion of this benefit for the Plan can be viewed as an enhancement favorable that will have a slight impact on actuarial value. The anticipated increase in actuarial value for the plan is anticipated to be 0.07%

Financial Impact

Based on the most recent retiree medical and pharmacy claims projection of $721,000,000 for 2024 (dated August 31, 2023), and trended forward at 6% to $764,000,000 for 2025, this equates to approximately $500,000 in additional annual costs to the Plan depending on the cost sharing provisions.

Additional Notes

The data used for this analysis was reviewed, but not audited, and found to be sufficient and credible.

The above projection is an estimate of future cost and is based on information available to Segal at the time the projection was made. Segal has not audited the information provided. A projection is not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, change in demographics, overall inflation rates and claims volatility. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time.

cc: Steve Ramos, Division of Retirement and Benefits
Teri Rasmussen, Division of Retirement and Benefits
Chris Murray, Division of Retirement and Benefits
Noel Cruse, Segal
Debbie Donaldson, Segal
Quentin Gunn, Segal