


Proposal Title	Vision for Standard DVA (R026)	
Health Plan Affected	Retiree Standard DVA Plan	
Proposed Effective Date	January 1, 2025	
Reviewed By	Retiree Health Plan Advisory Board	
Review Date	05/30/2024, 06/21/2024, 08/08/2024	

1) Background

Upon retirement, AlaskaCare retirees may choose to participate in a voluntary Dental-Vision-Audio (DVA) plan to provide coverage for themselves and their eligible dependents. Effective for plan year 2020, AlaskaCare began offering two retiree Dental Plan options, the Legacy Dental Plan, and the Standard Dental Plan. Although the Legacy and Standard Dental Plans have different dental coverage provisions, they have had identical vision and audio benefits. If approved, going forward, there will be two DVA packages or plans, the Legacy DVA plan and the Standard DVA plan.

The Legacy dental plan is the plan that was in place prior to 2014 and one of its noteworthy differences from the Standard dental plan is that it reimburses out of network providers at a higher rate. The Division has committed to maintaining the Legacy plan as an option for members to choose during annual open enrollments and to maintain fidelity with the plan provisions that were in place prior to 2014.

This proposal discusses changes to the vision benefits in the Standard DVA Plan only. Currently, coverage for vision services is offered under an indemnity plan arrangement. The current vision coverage does not utilize a network and has a fixed cost sharing arrangement for covered services. Members must pay for services and supplies up front and then file claims for reimbursement. This results in a less customer-friendly experience and doesn't provide members with any network discounts.

2) Objectives

- a) Optimize member support in maintaining optical health.
- b) Offer a modernized vision plan option.
- c) Provide better value to members.
- d) Improve the vision plan customer experience.

3) Summary of Proposed Changes for the Standard DVA Plan Only

Two changes are being considered:

- 1. Implement the VSP provider network. With a network provider, members would only be responsible for copayments and charges for options that exceed the plan benefit. Network providers would determine the member cost share, file a claim with VSP, and only bill the member for their appropriate portion. Plan reimbursements for services and supplies obtained from out-of-network (OON) providers must be lower than those for network providers. Members who obtain care from an out-of-network provider will be responsible for an increased share of the costs under the Standard DVA plan than they would under the Legacy DVA plan. Members residing more than 25 miles from a network provider should contact VSP for special claim handling.
- 2. Enhance the network benefit allowances to reduce retiree costs for a variety of vision products and services.

4) Actuarial and Financial Impacts of Proposed Changes

The actuarial impact of this proposal on the Standard DVA Plan is estimated to be an actuarial increase by approximately 6%. The network saving will reduce the plan paid by \$2.27M or 4.2% while enhancing the benefits. The financial impact to the Standard DVA plan is projected to be a savings of \$2,270,000, or 4.2%, primarily due to savings from the introduction of a network.