


**Retiree Health Plan Advisory Board  
Modernization Committee  
Meeting Agenda**

**Date:** Friday, June 13, 2025  
**Time:** 9:00 am – 11:00 am  
**Location:** [Join the meeting now](#) | ANC Atwood 19<sup>th</sup> Floor  
**Telephone Only:** [+1 907-202-7104, 368 732 037#](#)  
**Committee Members:** Cammy Taylor, Michael Humphrey, Mauri Long, Judy Salo

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- |          |                                                                                                                                                                                                                                                                                                                          |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9:00 am  | <b>Call to Order</b> <ul style="list-style-type: none"><li>• Roll Call and Introductions</li><li>• Approval of Agenda</li><li>• Ethics Disclosure</li></ul>                                                                                                                                                              |
| 9:10 am  | <b>Public Comment</b>                                                                                                                                                                                                                                                                                                    |
| 9:20 am  | <b>Modernization Topics/Priorities</b> <ul style="list-style-type: none"><li>• Standard Plan Dental Benefit Enhancements</li><li>• Cost share for in-network diagnostic colonoscopies</li><li>• Foreign Ambulance Services</li><li>• Telemedicine</li><li>• Teladoc</li><li>• Travel</li><li>• Massage Therapy</li></ul> |
| 10:50 am | <b>Public Comment</b>                                                                                                                                                                                                                                                                                                    |
| 11:00 am | <b>Wrap up/Adjourn</b>                                                                                                                                                                                                                                                                                                   |

Executive Summary	<b>Standard Dental Enhancements (R030)</b>	
Health Plan Affected	Defined Benefit Retiree Plan	
Proposed Effective Date	January 1, 2026	
Reviewed By	RHPAB; RHPAB Modernization Committee	
Review Date	May 8, 2025; June 13, 2025	

## 1) Background

During the October 2024 Modernization committee meeting and November 2024 Retiree Health Plan Advisory Board (RHPAB) meeting, the Board indicated an interest in exploring additional benefit enhancements to potentially implement under the Standard Dental-Vision-Audio (DVA) Plan’s dental benefit. In February 2025, the RHPAB, in collaboration with the Division, decided to proceed with an analysis of potential benefit enhancement options, grouped by class, service, and estimated impact. Those potential benefit enhancements have been broken into the following categories: Preventive Cleanings, X-Rays and Imaging, Other Class I Changes, Crowns, Dentures, Inlays and Onlays, and Orthodontics.

### *Preventive Cleanings*

Effective January 1, 2025, through the implementation of Delta Dental’s Preventive First program, preventive cleanings are covered at 100% of the recognized charge, and do not count toward the member’s annual deductible or benefit limit. Currently, the Standard DVA Plan allows coverage for prophylaxis (cleaning) or periodontal maintenance up to two times per benefit year, or up to four times per benefit year for those with periodontal disease. Additionally, through Delta Dental’s Oral Health Total Health (OHTH) program, Standard DVA Plan members with diabetes have access to two additional yearly cleanings, and members in their third trimester of pregnancy have access to one additional cleaning.

### *X-Rays and Imaging*

Under the terms of the Standard DVA Plan, coverage for X-rays and dental imaging is limited to complete series or panoramic, periapical, occlusal, and bitewing images provided as a Class I preventive service for intra-oral x-rays to assist in determining required dental treatment. Full mouth and panoramic x-rays are covered once every five years. All covered dental X-rays are considered Class I “Preventive Services” regardless of the reason they are taken (i.e. even if they are received for diagnostic purposes). As a Class I service, all eligible dental X-rays for Standard DVA Plan members are paid at 100% coinsurance. Currently, 3-D dental imaging is not a covered benefit under the Standard DVA Plan.

### *Other Class I Changes*

Additional Class I preventive services which are being considered for enhancement include the topical application of fluoride, sealant, sealant repair, and preventive resin restoration. Currently, the topical application of fluoride is limited to twice in a calendar year up to age 19, and for those age 19 and older, up to twice in a calendar year only if there is a history of periodontal surgery, high risk of decay due to medical disease, chemotherapy, or a similar type of treatment. Sealant application or repair, per tooth, and preventive resin restoration for a permanent tooth of a moderate to high caries risk patient is also currently covered. However, coverage is limited to the unrestored occlusal surfaces of permanent molars once per

tooth in any five-year period. If performed within two years by the same provider, the sealant is not billable to the patient.

#### *Crowns*

Coverage for crowns is provided under the Standard DVA Plan as a Class III Prosthetic Service, when necessary to restore decayed or broken teeth to a state of functional acceptability. Coverage is limited to once in a seven-year period per tooth, and up to the allowable amount for a metallic crown. The difference between the metallic crown and porcelain crown is currently paid by the member.

#### *Dentures*

Removable prosthetics (partials and dentures), complete maxillary (upper arch) overdentures, complete mandibular (lower arch) overdentures, and partial maxillary (upper arch) overdentures are also currently covered as Class III Prosthetic Services under the Standard DVA Plan. Coverage is currently limited to once in a seven-year period, only if the tooth, tooth site, or teeth involved have not received a cast restoration benefit in the last seven years.

#### *Inlays and Onlays*

Porcelain or ceramic inlays and onlays, and noble and base metal inlays and onlays are also currently covered as Class III Prosthetic Services under the Standard DVA Plan. Coverage is currently limited to once in a seven-year period.

#### *Orthodontia*

Orthodontics are a Plan exclusion and therefore are not currently a covered benefit under either of the DVA Plans.

## **2) Objectives**

Continue to modernize the Standard DVA Plan to meet evolving member needs.

## **3) Summary of Proposed Change**

In collaboration with the RHPAB, the AlaskaCare Retiree Health Plan is evaluating potential enhancements to the Standard Dental-Vision-Audio (DVA) Plan. Through the meetings held in February 2025 and May 2025, it was recommended the following proposed changes be evaluated further:

- 1.) **Preventive Cleanings:** Remove Delta Dental's OHTH program, and increase Plan coverage from two, to four prophylaxis, scaling, and periodontal maintenance visits per calendar year for all members.
- 2.) **X-Rays and Imaging:** Allow Plan coverage for 3D imaging, which is currently a Plan exclusion, once per calendar year. Potentially remove the 5-year restriction for full mouth x-ray and panoramic x-ray and allow coverage for one per calendar year.
- 3.) **Other Class I Changes:** Increase the allowance for the topical application of fluoride from two times per calendar year based on age criteria, to four times per calendar year with no age limit. Remove current eligibility criteria for sealant application, sealant repair, preventive resin restoration in a moderate to high carries risk patient for a permanent tooth and allow once per tooth per year for each service.
- 4.) **Crowns:** Reduce the frequency limit from once per tooth every seven years, up to the allowable

amount for a metal crown, to once per tooth every five years, up to the allowable amount for a porcelain crown.

- 5.) **Dentures:** Reduce the current frequency limits for removable prosthetics (partials and dentures), complete maxillary (upper arch) overdentures, complete mandibular (lower arch) overdentures, and partial maxillary (upper arch) overdentures from once every seven years, to one partial or full denture per arch every five years.
- 6.) **Inlays and Onlays:** Reduce the current frequency limits for porcelain/ceramic inlays and onlays, and noble and base metal inlays and onlays, from once every seven years to once every five years.
- 7.) **Orthodontics:** Implement an orthodontia benefit with a lifetime maximum benefit of either \$1,500, \$2,000, or \$2,500.

#### 4) Analysis

The current Standard DVA Plan member utilization of each of the services under consideration, based on CY 2024, are provided in the table below:

<b>Service Name</b>	<b>Utilizers</b>	<b>Plan Paid</b>	<b>Claims per Utilizer</b>
<i>Prophylaxis - Adult</i>	17,218	\$2,985,332	1.7
<i>Prophylaxis - Child</i>	115	\$13,211	1.5
<i>Scaling</i>	85	\$7,026	1.2
<i>Periodontal Maintenance</i>	4,882	\$1,754,506	2.3
<i>Full mouth x-ray &amp; panoramic x-ray</i>	3,463	\$448,630	1
<i>3D Imaging**</i>	8	\$225	1
<i>Topical fluoride</i>	406	\$26,629	1.5
<i>Sealant application, repair, preventive resin restoration per tooth</i>	47	\$11,009	1.1
<i>Crowns</i>	4,194	\$3,010,432	1.1
<i>Removable prosthetics - partials, dentures</i>	213	\$186,702	1
<i>Overdenture - Complete Maxillary</i>	0	0	N/A
<i>Overdenture - Complete Mandibular</i>	0	0	N/A
<i>Overdenture - Partial Maxillary</i>	0	0	N/A
<i>Inlays (porcelain/ceramic)</i>	0	0	N/A
<i>Inlays (noble and base metal)</i>	0	0	N/A
<i>Onlays (porcelain/ceramic)</i>	0	0	N/A
<i>Onlays (noble and base metal)</i>	0	0	N/A

\*\* 1,006 claims for 3D dental imaging were denied

During the May 2025 RHPAB meeting, the board requested the following Legacy DVA Plan utilization data:

<b>Service Name</b>	<b>Utilizers</b>	<b>Plan Paid</b>	<b>Claims per Utilizer</b>
<i>Removable prosthetics - partials, dentures</i>	301	\$279,991.09	1
<i>Overdenture - Complete Maxillary</i>	0	\$0.00	N/A
<i>Overdenture - Complete Mandibular</i>	1	\$1,194.50	1
<i>Overdenture - Partial Maxillary</i>	0	\$0.00	N/A
<i>Inlays (porcelain/ceramic)</i>	0	\$0.00	N/A

<i>Inlays (noble and base metal)</i>	0	\$0.00	N/A
<i>Onlays (porcelain/ceramic)</i>	0	\$0.00	N/A
<i>Onlays (noble and base metal)</i>	0	\$0.00	N/A

The board also requested Legacy Plan claim data for cone beam CTs:

<b>Total Claim Count</b>	<b>Total Billed</b>	<b>Eligible Claim Count</b>	<b>Total Billed for Eligible Claims</b>
1035	\$280,233.25	1006	\$277,502.25

## 5) Impacts

### **Actuarial Impact to AlaskaCare | Increase**

The Division's contracted benefit consultant, Segal, has provided the following actuarial value estimates for the Standard DVA Plan by each proposed enhancement set (for a breakdown by individual service added, please see the accompanying Segal memo):

- 1.) **Preventive Cleanings:** Actuarial increase of 0.86% total
- 2.) **X-Rays and Imaging:** Actuarial increase of 2.00% total with frequency limit removed, or 1% if the frequency limit is unchanged
- 3.) **Other Class I Changes:** De minimis impact
- 4.) **Crowns:** Actuarial increase of 1.00% total
- 5.) **Dentures:** Actuarial increase of 0.50% total
- 6.) **Inlays and Onlays:** De minimis impact
- 7.) **Orthodontics:** Actuarial increase by option:
  - a. \$1,500 lifetime maximum benefit: 1.0% - 2.5%
  - b. \$2,000 lifetime maximum benefit: 1.2% - 3.3%
  - c. \$2,500 lifetime maximum benefit: 1.4% - 4.3%

### **Financial Impact to AlaskaCare | Increase**

Segal has provided the financial impact estimates for each proposed enhancement set below. In their analysis, Segal indicated each of these estimates are based on the most recent DVA claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated financial impact to the entire DVA program in 2026 is as follows (to see a breakdown by individual service, see the accompanying Segal memo):

- 1.) **Preventive Cleanings:** An additional \$270,000, or 0.45%, of projected annual claims cost
- 2.) **X-Rays and Imaging:** An additional \$600,000, or 1.00%, of projected additional claims cost if frequency limit is removed, and \$300,000 or 0.50% if frequency limit is unchanged
- 3.) **Other Class I Changes:** A negligible impact, with less than 0.01% of projected additional claims cost
- 4.) **Crowns:** An additional \$300,000, or 0.50% of projected additional claims cost
- 5.) **Dentures:** An additional \$150,000, or 0.25% of projected additional claims cost
- 8.) **Inlays and Onlays:** A negligible impact, costing less than 0.01% of projected additional claims cost.
- 9.) **Orthodontics:** Depending on the lifetime maximum benefit selected, an additional \$600,000 to \$2,810,000, or 1.0% to 4.7% of projected additional claims cost in the first year, and \$290,000 to \$1,280,000, or 0.5% to 2.1% of projected annual claims cost in subsequent years.

### Total Actuarial and Financial Estimated Impact

Category	Actuarial Impact*	Financial Impact (%)**	Financial Impact (\$)
Preventive Cleanings	0.86%	0.45%	\$270,000
X-Rays and Imaging	1.00% - 2.00%	0.50% - 1.00%	\$300,000 - \$600,000
Other Class I Changes	De Minimis	De Minimis	De Minimis
Crowns	1.00%	0.50%	\$300,000
Dentures	0.50%	0.25%	\$150,000
Inlays and Onlays	De Minimis	De Minimis	De Minimis
Orthodontia - \$1,500 LTM	1.0% - 2.5%	0.5% - 1.3%	\$290,000 - \$760,000
Orthodontia - \$2,000 LTM	1.2% - 3.3%	0.6% - 1.7%	\$350,000 - \$990,000
Orthodontia - \$2,500 LTM	1.4% - 4.3%	0.7% - 2.1%	\$420,000 - \$1,280,000
<b>Total</b>	<b>5.36% - 8.66%</b>	<b>2.70% - 4.30%</b>	<b>\$1,610,000 - \$2,600,000</b>

\* Impact to Standard Dental Plan

\*\* Impact to entire DVA program

### Potential Standard DVA Plan Premium Impacts

The charts below illustrate the relative cost impact to retirees by Plan based on potential rate changes:

Coverage Level	Standard Monthly	1%		2%		5%		10%	
		Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.
<b>Ret Only</b>	\$ 71	\$ 72	\$ 12	\$ 72	\$ 12	\$ 75	\$ 48	\$ 78	\$ 84
<b>Ret &amp; Spouse</b>	\$ 142	\$ 143	\$ 12	\$ 145	\$ 36	\$ 149	\$ 84	\$ 156	\$ 168
<b>Ret &amp; Children</b>	\$ 129	\$ 130	\$ 12	\$ 132	\$ 36	\$ 135	\$ 72	\$ 142	\$ 156
<b>Ret &amp; Family</b>	\$ 202	\$ 204	\$ 24	\$ 206	\$ 48	\$ 212	\$ 120	\$ 222	\$ 240

Coverage Level	Legacy Monthly	1%		2%		5%		10%	
		Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.
<b>Ret Only</b>	\$ 75	\$ 76	\$ 12	\$ 77	\$ 24	\$ 79	\$ 48	\$ 83	\$ 96
<b>Ret &amp; Spouse</b>	\$ 149	\$ 150	\$ 12	\$ 152	\$ 36	\$ 156	\$ 84	\$ 164	\$ 180
<b>Ret &amp; Children</b>	\$ 135	\$ 136	\$ 12	\$ 138	\$ 36	\$ 142	\$ 84	\$ 149	\$ 168
<b>Ret &amp; Family</b>	\$ 212	\$ 214	\$ 24	\$ 216	\$ 48	\$ 223	\$ 132	\$ 233	\$ 252

### Member Impact | Enhancement

Members of the Standard DVA Plan would benefit from the proposed benefit enhancements. However, the degree of potential impact varies by the enhancement option(s) selected. The changes would allow all members to access additional cleanings, receive coverage for services that are not currently available under the terms of the Plan, or where frequency limits are reduced, increase access to care sooner. For some of the proposed changes, current utilization is low, and therefore the estimated member impact is anticipated to be low. Depending on the option(s) selected, the potential enhancement(s) may result in the need to increase monthly premiums to support the changes implemented.

**Operational Impact (DRB)| Minimal**

The Division anticipates minimal operational impacts. The Division will follow the standard process for making plan changes per 2 AAC 39.390 and provide directions to the Third-Party Administrator to implement the selected changes. Once the implementation activities are complete, the Division does not anticipate any additional operational impact.

**Operational Impact (TPA) | Minimal**

The impact to the Third-Party Administrators (TPAs) is anticipated to be low. If the decision is made to remove the OHTH program, the administrative burden of communicating eligible members from the Medical TPA to the Dental TPA, and the outreach made by the Dental TPA regarding the OHTH program, would be removed.

**Provider Impact | Minimal**

Provider impact is expected to be minimal.

**6) Implementation and Communication Overview**

Division staff will follow the standard process to make changes to the AlaskaCare Retiree Standard DVA Plan, which includes completion of the following:

- Proposal analysis and stakeholder input
- Public comment period(s)
- Any needed language updates to the Retiree Insurance Information Booklet

**7) Proposal Recommendations**

**DRB Recommendation**

The Division recommends assessing and prioritizing which of the proposed changes would have the greatest impact or benefit, while being mindful of the anticipated impact to Plan cost to keep the benefit accessible.

**RHPAB Board Recommendation**

The RHPAB board voted on ##/##/## to recommend/not to recommend...

Description	Date
Proposal Drafted	February/May 2025
Reviewed by Modernization Subcommittee	June 13, 2025
Reviewed by RHPAB	February 6, 2025; May 8, 2025

## Memorandum

**To:** Steve Ramos, Chief Health Administrator, Division of Retirement and Benefits

**From:** Richard Ward, FSA, FCA, MAAA

**Date:** June 6, 2025

**Re:** Standard Plan Dental Benefit Enhancements Including Orthodontics

The State is evaluating the following potential enhancements to the dental benefits offered under the Standard Retiree Plan (Oral Health, Total Health is abbreviated to OHTH):

Service Name	Standard Plan Benefit (Current)	Standard Plan Proposed Changes
<b>Preventive Cleanings</b>		
Prophylaxis – Adult	2x per calendar year	Remove OHTH and change to 4x per calendar year
Prophylaxis – Child	2x per calendar year	Remove OHTH and change to 4x per calendar year
Scaling in presence of generalized moderate or severe gingival inflammation	2x per calendar year	4x per calendar year
Periodontal maintenance	2x per calendar year	Remove OHTH and change to 4x per calendar year
<b>X-Rays and Imaging</b>		
Full mouth x-ray & panoramic x-ray	1x every 5 years	1x per calendar year
3D Imaging	Plan Exclusion	1x per calendar year
<b>Other Class I Changes</b>		
Topical application of fluoride	2x per calendar year up to age 19. 19 and older 2x per calendar year based on history.	Change to match cleaning frequency (4x per calendar year), no age limit
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient – permanent tooth	Limited to the unrestored occlusal surfaces of permanent molars once per tooth in any 5 year period. If performed within 2 years by the same provider, the sealant is not billable to the patient.	1x per tooth per year – no age limit
<b>Crowns</b>		
Crown	1x 7 years, up to metal allowable	1x 5 years; enhance benefit to allow full benefit for porcelain crown
<b>Dentures</b>		
Removable prosthetics – Partial, dentures	1x every 7 years	1x every 5 years
Overdenture – Complete Maxillary (Upper arch)	1x every 7 years, alternate benefit of D5110	Partial or full denture per arch 1x every 5 years



Service Name	Standard Plan Benefit (Current)	Standard Plan Proposed Changes
Overdenture – Complete Mandibular (Lower arch)	1x every 7 years, alternate benefit of D5120	Partial or full denture per arch 1x every 5 years
Overdenture – Partial Maxillary (Upper arch)	1x every 7 years, alternate benefit of D5130	Partial or full denture per arch 1x every 5 years
<b>Inlays and Onlays</b>		
Inlays (porcelain/ceramic)	1x every 7 years D6600 Alt benefit of D6602 on teeth 1, 2, 15-19, 30-32 D6601 Alt benefit of D6603 on teeth 1, 2, 15-19, 30-32	1x every 5 years
Inlays (noble and base metal)	1x every 7 years	1x every 5 years
Onlays (porcelain/ceramic)	1x every 7 years D6608 Alt benefit of D6610 on teeth 1, 2, 15-19, 30-32 D6609 Alt benefit of D6611 on teeth 1, 2, 15-19, 30-32	1x every 5 years
Onlays (noble and base metal)	1x every 7 years	1x every 5 years
<b>Orthodontics</b>		
Orthodontics – Child and Adult	None	\$1,500, \$2,000, or \$2,500 Lifetime maximum

As part of this review, Segal conducted an actuarial analysis incorporating current estimated impacts provided by Delta Dental of Alaska (DDAK), alongside projections of expected utilization and the associated cost impacts of the proposed changes. The following sections outline the key benefit changes and the resulting financial implications.

Below is a table outlining the current benefits offered under the Dental plan benefits:

Dental Benefits	Standard Plan	Legacy Plan
<b>Deductible</b>		
Annual individual deductible (applies to Class II and III)	\$50	\$50
<b>Coinsurance</b>		
Class I (preventive) services	100%	100%
Class II (restorative) services	80%	80%
Class III (prosthetic) services	50%	50%
<b>Benefit Maximums</b>		
Annual individual maximum (applies to all classes)	\$3,000	\$2,000

The Standard Plan dental benefits include a Prevention First provision, which excludes preventive services from the annual deductible and benefit limit.

The Standard Plan and Legacy Plan do not currently provide coverage for orthodontia.

No changes are being made to the vision or audio benefit. No changes are being made to the Legacy plan benefits.

## Actuarial Value – Preventive Cleanings

The State is considering enhancement to prophylaxis benefits by removing the Oral Health, Total Health program and allowing all plan members to receive up to 4 cleanings per calendar year. The covered benefits include prophylaxis for adults and children, scaling in presence of generalized moderate or severe gingival inflammation, and periodontal maintenance. Exams and bitewing x-rays would still be limited to twice per calendar year.

Below is a summary of the utilization for the reviewed services for calendar year (CY) 2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Prophylaxis – Adult	17,218	\$2,985,332	1.7
Prophylaxis – Child	115	\$13,211	1.5
Scaling	85	\$7,026	1.2
Periodontal maintenance	4,882	\$1,754,506	2.3

Many utilizers are currently receiving fewer than two prophylaxis cleanings per year, and for those that are receiving two annually, many will not seek additional cleanings beyond the ADA recommended two per year. Therefore, the overall impact will be limited to a subset of members. There are already programs in place to allow for periodontal maintenance, which results in members on average receiving more than two services per year. We have revised our initial estimates to adjust for those in the OHTH program that are already receiving more than two services per year.

Service Name	Actuarial Value Impact
Prophylaxis – Adult	0.40%
Prophylaxis – Child	0.05%
Scaling	0.01%
Periodontal maintenance	0.40%
<b>Total</b>	<b>0.86%</b>

## Financial Impact – Preventive Cleanings

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be an additional \$270,000 or 0.45% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)*	Financial Impact (\$)
Prophylaxis – Adult	0.20%	\$125,000
Prophylaxis – Child	0.03%	\$15,000
Scaling	0.01%	\$5,000
Periodontal maintenance	0.20%	\$125,000
<b>Total</b>	<b>0.45%</b>	<b>\$270,000</b>

\* Totals may not add up due to rounding.

## Actuarial Value – X-Rays and Imaging

The State is considering enhancement to the frequency limitation of full mouth and panoramic x-rays and removing the plan exclusion of 3D imaging. Exams and bitewing x-rays would still be limited to twice per calendar year.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Full mouth x-ray & panoramic x-ray	3,463	\$448,630	1.0
3D Imaging	8	\$225	1.0

We are expecting an increase in utilization of services after frequency limitations of one every five years are dropped to once per year for full mouth and panoramic x-rays and removing the plan exclusion of 3D imaging. For 3D imaging, we are projecting that a portion of care that would potentially benefit from the use of 3D imaging, such as crowns or root canals, will have the imaging completed. However, given that this is a new and evolving procedure with increasing availability across Alaska and the lower 48, the actual experience may differ greatly, either positively or negatively.

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Full mouth x-ray & panoramic x-ray	1.00%
3D Imaging	1.00%
<b>Total</b>	<b>2.00%</b>

## Financial Impact – X-Rays and Imaging

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be an additional \$600,000 or 1.00% of projected additional claims cost to the program in 2026. This percentage represents the

impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Full mouth x-ray & panoramic x-ray	0.50%	\$300,000
3D Imaging	0.50%	\$300,000
<b>Total</b>	<b>1.00%</b>	<b>\$600,000</b>

## Actuarial Value – Other Class I Changes

The State is considering enhancement to the frequency limitation for the topical application of fluoride to align with the number of cleanings and removing the age limit. In addition, the State is considering enhancement to the sealant and preventive resin restoration frequency limit.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Topical application of fluoride	406	\$26,629	1.5
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient – permanent tooth	47	\$11,009	1.1

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Topical application of fluoride	De Minimis
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient – permanent tooth	De Minimis
<b>Total</b>	<b>De Minimis</b>

## Financial Impact – Other Class I Changes

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be negligible, costing less than 0.01% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Topical application of fluoride	De Minimis	De Minimis
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient- permanent tooth	De Minimis	De Minimis

## Actuarial Value – Crowns

The State is considering enhancement to the frequency limitation of crowns along with an enhancement to reimbursement of materials being based on porcelain rather than metal.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Crowns	4,194	\$3,010,432	1.1

During CY2024, there was approximately \$250,000 in billed charges denied due to frequency limitations.

The estimated overall actuarial value impact for the crown benefit change is 1.0%.

## Financial Impact – Crowns

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be an additional \$300,000 or 0.50% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the

impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

The estimated impact for the crown benefit change improvement is 0.50%.

## Actuarial Value – Dentures

The State is considering enhancement to the frequency limitation of dentures and removing the benefit paying at alternate levels in some instances.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Removable prosthetics – Partial, dentures	213	\$186,702	1.0
Overdenture – Complete Maxillary (Upper arch)	0	\$0	N/A
Overdenture – Complete Mandibular (Lower arch)	0	\$0	N/A
Overdenture – Partial Maxillary (Upper arch)	0	\$0	N/A

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Removable prosthetics – Partial, dentures	0.50%
Overdenture – Complete Maxillary (Upper arch)	De Minimis
Overdenture – Complete Mandibular (Lower arch)	De Minimis
Overdenture – Partial Maxillary (Upper arch)	De Minimis
<b>Total</b>	<b>0.50%</b>

## Financial Impact – Dentures

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be approximately \$150,000 or 0.25% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents

the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Removable prosthetics – Partials, dentures	0.25%	\$150,000
Interim Complete denture	De Minimis	De Minimis
Overdenture - Complete Maxillary (Upper and Lower arch)	De Minimis	De Minimis
Overdenture - Partial Maxillary (Upper and Lower arch)	De Minimis	De Minimis
<b>Total</b>	<b>0.25%</b>	<b>\$150,000</b>

## Actuarial Value – Inlays and Onlays

The State is considering enhancement to the frequency limitation of inlays and onlays and changes to alternate benefits in some instances.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Inlays (porcelain/ceramic)	0	\$0	N/A
Inlays (noble and base metal)	0	\$0	N/A
Onlays (porcelain/ceramic)	0	\$0	N/A
Onlays (noble and base metal)	0	\$0	N/A

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Inlays (porcelain/ceramic)	De Minimis
Inlays (noble and base metal)	De Minimis
Onlays (porcelain/ceramic)	De Minimis
Onlays (noble and base metal)	De Minimis
<b>Total</b>	<b>De Minimis</b>

## Financial Impact – Inlays and Onlays

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be negligible, costing less than 0.01% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Inlays (porcelain/ceramic)	De Minimis	De Minimis
Inlays (noble and base metal)	De Minimis	De Minimis
Onlays (porcelain/ceramic)	De Minimis	De Minimis
Onlays (noble and base metal)	De Minimis	De Minimis

## Actuarial Value – Orthodontics

The State is considering adding child and adult orthodontic coverage with a \$1,500, \$2,000, or a \$2,500 lifetime maximum (LTM).

There is currently no benefit offered, so there are no utilization metrics to compare to. Estimated impacts were provided by DDAK, which were considered along with industry studies, current plan enrollment and taking into the account the specific demographics for this retiree plan. As a result, a range of estimates was developed for each option. The annual estimates are based on a mature basis, though we expect that the first-year cost could be higher to account for pent up demand. We believe this variance is accounted for in the estimated ranges. However, because the plan is capped by a lifetime maximum, rather than annual limit, we expect that there will be drop off from the initial wave of claims activity.

The estimated overall actuarial value impact for each plan changes on a mature basis is below.

Service Name	Actuarial Value Impact
Option 1 - Orthodontia - \$1,500 LTM	1.0% - 2.5%
Option 2 - Orthodontia - \$2,000 LTM	1.2% - 3.3%
Option 3 - Orthodontia - \$2,500 LTM	1.4% - 4.3%



## Financial Impact – Orthodontics

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The first year estimated cost to the program in 2026 is projected to be 1.0% up to 4.7%, depending on the lifetime maximum. However, on an on-going basis the programming is estimated to cost between 0.5% up to 2.1%, depending on the lifetime maximum. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each option. Only one of the options would be implemented.

Service Name	First Year Financial Impact (%)	First Year Financial Impact (\$)	On-going Financial Impact (%)	On-going Financial Impact (\$)
Option 1 - Orthodontia - \$1,500 LTM	1.0% - 2.7%	\$600,000 - \$1,590,000	0.5% - 1.3%	\$290,000 - \$760,000
Option 2 - Orthodontia - \$2,000 LTM	1.3% - 3.6%	\$760,000 - \$2,130,000	0.6% - 1.7%	\$350,000 - \$990,000
Option 3 - Orthodontia - \$2,500 LTM	1.5% - 4.7%	\$920,000 - \$2,810,000	0.7% - 2.1%	\$420,000 - \$1,280,000

## Summary

Below is a chart summarizing each category of plan change and the associated actuarial and financial impact. Only one orthodontics option would be implemented.

Category	Actuarial Impact*	Financial Impact (%)**	Financial Impact (\$)
Preventive Cleanings	0.86%	0.45%	\$270,000
X-Rays and Imaging	2.00%	1.00%	\$600,000
Other Class I Changes	De Minimis	De Minimis	De Minimis
Crowns	1.00%	0.50%	\$300,000
Dentures	0.50%	0.25%	\$150,000
Inlays and Onlays	De Minimis	De Minimis	De Minimis
Option 1 - Orthodontia - \$1,500 LTM	1.0% - 2.5%	0.5% - 1.3%	\$290,000 - \$760,000
Option 2 - Orthodontia - \$2,000 LTM	1.2% - 3.3%	0.6% - 1.7%	\$350,000 - \$990,000
Option 3 - Orthodontia - \$2,500 LTM	1.4% - 4.3%	0.7% - 2.1%	\$420,000 - \$1,280,000
<b>Total</b>	<b>5.36% - 8.66%</b>	<b>2.70% - 4.30%</b>	<b>\$1,610,000 - \$2,600,000</b>

\* Impact to Standard Dental

\*\* Impact to entire DVA program

## Additional Notes

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

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cc: Chris Murray, Division of Retirement and Benefits  
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Quentin Gunn, Segal

Executive Summary	<b>Diagnostic Colonoscopy Coverage (R032)</b>	
Health Plan Affected	Defined Benefit Retiree Plan	
Proposed Effective Date	January 1, 2026	
Reviewed By	RHPAB – Modernization Committee	
Review Date	June 13, 2025	

## 1) Background

A colonoscopy is a procedure to check for any abnormal tissue, polyps, or other signs of cancer in the colon or rectum. There are two types of colonoscopies: screening and diagnostic.

- A diagnostic colonoscopy is a procedure furnished to a person with signs and symptoms of colorectal cancer, a prior positive colorectal cancer screening (such as Cologuard at home testing), or a personal history of polyps, abnormal tissue, or gastrointestinal conditions or symptoms.
- A screening colonoscopy is a procedure furnished to a person without signs or symptoms of gastrointestinal conditions, no family or personal history of colorectal cancer, and no previous polyps or other irregularities in the large intestine, for the purpose of early detection of colon cancer.

Currently, diagnostic colonoscopies are subject to the medical Plan’s general benefit provisions, and covered at 80% of the recognized charge, with a retiree coinsurance of 20%. Under the preventive care provisions, screening colonoscopies are covered at 100% of the recognized charge when received in-network, or when precertification is obtained when a network provider is not available. The Division is considering the removal of the members’ cost share (coinsurance and deductible) for non-preventive colonoscopy services when received in-network.

## 2) Objective

Provide access to colonoscopies for diagnostic purposes with no out-of-pocket costs for our members.

## 3) Summary of Proposed Change

The AlaskaCare Retiree Health Plan would remove the member cost-share for colonoscopies when received in-network.

## 4) Impacts

### **Actuarial Impact to AlaskaCare | Increase**

The Division’s contracted benefit consultant (Segal) has estimated an actuarial value increase for the Plan to be between 0.01% and 0.02%.

### **Financial Impact to AlaskaCare | Minimal**

The financial impact to the Plan, based on the retiree medical and pharmacy claims projection of \$856,400,000 for 2025 (dated September 27, 2024) and trended forward at 7% to \$916,400,000 for 2026, equates to approximately \$100,000 to \$155,000 in additional annual costs to the Plan, which equates to 0.01% to 0.02%.

**Member Impact | Enhancement**

Members of the Retiree Plan would benefit from the ability to access diagnostic colonoscopies without a cost share.

**Operational Impact (DRB) | Minimal**

The Division anticipates minimal operational impacts. The Division will follow the standard process for making plan changes per 2 AAC 39.390 and provide directions to the Third-Party Administrator to implement the benefit change. Once the implementation activities are complete, the Division does not anticipate any additional operational impact.

**Operational Impact (TPA) | Minimal**

The impact to the Third-Party Administrator (TPA) is anticipated to be low.

**Provider Impact | Minimal**

The provider impact is estimated to be minimal.

**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 period(s)
- Any needed language updates to the Retiree Insurance Information Booklet

**6) RHPAB Recommendations**

The Retiree Health Plan Advisory Board voted on Month/Day 2025 to recommend/not to recommend implementation of this proposal.

Description	Date
Proposal Drafted	May 2025
Reviewed by Modernization Subcommittee	June 13, 2025
Reviewed by RHPAB	



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## Memorandum

**To:** Steve Ramos, Chief Health Administrator, Division of Retirement and Benefits

**From:** Richard Ward, FSA, FCA, MAAA

**Date:** April 21, 2025

**Re:** Removal of Cost Share for Non-Preventive Colonoscopies (Retiree Plan)

The State is considering removal of cost-sharing for non-preventive colonoscopy procedures, including sigmoidoscopy, as a benefit under the Retiree Plan.

Currently, the plan covers routine cancer screening colonoscopies based on age, family history, and frequency guidelines, which are:

- a. Evidence-based items or services that have in effect a rating of A or B in the recommendations of the United States Preventive Services Task Force; and
- b. Evidence-informed items or services provided in the comprehensive guidelines supported by the Health Resources and Services Administration.
- c. Found in the American Cancer Society guidelines for colorectal cancer screening.

However, when there is a diagnostic need for a colonoscopy or related screening, 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	\$8,000,000	
Prescription Drugs	Up to 90 Day or 100 Unit Supply	
Up to 90 Day or 100 Unit Supply	Generic	Brand Name
Network pharmacy copayment	\$4	\$8
Mail order copayment	\$0	\$0

## Actuarial Value

Most colonoscopy procedures are preventive in nature and are currently covered with no cost share requirement from the member. As a result, 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 between 0.01% and 0.02%.

## Financial Impact

Segal's analysis included a comprehensive review of colonoscopy claims with member cost share greater than \$0 without restriction based on a diagnostic categorization. We then projected forward based on future expectations of costs.

Based on the most recent retiree medical and pharmacy claims projection of \$856,400,000 for 2025 (dated September 27, 2024), and trended forward at 7% to \$916,400,000 for 2026, this equates to approximately \$100,000 - \$155,000 in additional annual costs to the Plan, which equates to 0.01% to 0.02%. Depending on the effective date of the plan change, there could be a partial fiscal year impact during the first year.

## Additional Notes

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

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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.

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cc: Chris Murray, Division of Retirement and Benefits  
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Noel Cruse, Segal  
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Executive Summary	<b>Foreign Ambulance Services (R031)</b>	
Health Plan Affected	Defined Benefit Retiree Health Plan	
Proposed Effective Date	January 1, 2026	
Reviewed By	RHPAB – Modernization Committee	
Review Date	May 8, 2025; June 13, 2025	

## 1) Background

Under the terms of the AlaskaCare Defined Benefits Retiree Health Plan (Plan), coverage for transportation by professional ambulance is limited to services received within the United States. Specifically, the Plan states:

The Medical Plan pays travel and ambulance costs within the contiguous limits of the United States, Alaska, and Hawaii. This includes:

a) Transportation to the nearest hospital by professional ambulance. A professional ambulance is a land or air vehicle specially equipped to transport injured or sick people to a destination capable of caring for them upon arrival. Specially equipped means the vehicle contains the appropriate stretcher, oxygen, and other medical equipment necessary for patient care enroute. A medical technician trained in lifesaving services accompanies the transported patient. Following an emergent event, returning transportation costs to the site of illness or injury are eligible for reimbursement subject to the provisions as outlined in section b.

Therefore currently, if a member is traveling or living outside of the United States, and requires emergency medical transportation services, they would be unable to receive Plan coverage for their foreign ambulance claim.

## 2) Objectives

To support members traveling or living outside of the United States who may require emergency medical transportation services.

## 3) Summary of Proposed Change

The Division is considering an enhancement to the benefit, by extending coverage to medically necessary professional ambulance services received outside of the United States. This would include ambulance transportation by ground or air, via fixed wing aircraft and/or helicopter, for patients with life-threatening conditions needing immediate medical attention.

## 4) Analysis

The potential cost of ambulance travel outside of the United States varies by country. Segal, the Division's contracted benefit consultant, indicates most countries charge an initial flat fee, with additional charges by distance, similar to the United States, while a small number of remaining countries provide services free of charge or at a low rate. Based on current enrollment data, there are less than 250 retirees and dependents residing outside of the United States.

## 5) Impacts



### **Actuarial Impact to AlaskaCare | Neutral**

The Division's contracted benefit consultant, Segal, has indicated that since the extension of this coverage would be considered an enhancement only for the small population of members who reside or travel outside of the United States, and benefits for those living and receiving treatment within the United States would not be impacted, the total impact to the Plan's actuarial value would be de minimis.

### **Financial Impact to AlaskaCare | Minimal Increase**

Segal indicated the anticipated financial impact of this change, based on the most recent retiree medical and pharmacy claims projection of \$856,400,000 for 2025 (dated September 2024), and trended forward at 7% to \$916,400,000 for 2026, equates to an annual cost increase to the Plan of between 0.02% and 0.04%.

Since this is not currently a benefit under the terms of the Plan, the estimate is based on a review of AlaskaCare emergency ambulance transportation claims (not including the cost of services received during transport or subsequent hospitalization) incurred by the entire AlaskaCare Retiree population. Based on their analysis, it's estimated coverage of foreign emergency ambulance services would cost an additional \$150,000 to \$300,000 annually.

### **Member Impact | Enhancement**

Members of the Retiree Plan who are traveling or living outside of the United States and find themselves in a situation where they would need emergency medical transportation services would benefit from the enhancement. Members who receive medical services domestically would not be affected by the change. As for all foreign claims submitted under the Medical Plan, members with claims for foreign ambulance services would need to submit their claim to the Medical Third-Party Administrator (TPA) directly.

### **Operational Impact (DRB) | Minimal**

The Division anticipates minimal operational impacts. The Division will follow the standard process for making plan changes per 2 AAC 39.390 and provide directions to the Third-Party Administrator to implement the enhancement. Once the implementation activities are complete, the Division does not anticipate any additional operational impact.

### **Operational Impact (TPA) | Minimal**

The impact to the Medical TPA is anticipated to be low.

### **Provider Impact | Minimal**

There is no anticipated impact on providers as a result of this change.

## **6) Implementation and Communication Overview**

Division staff will follow the standard process to make changes to the Defined Benefit Retiree Health Plan, which includes completion of the following:

- Proposal analysis and stakeholder input
- Public comment period(s)
- Any needed language updates to the AlaskaCare Retiree Insurance Information Booklet

## 7) Proposal Recommendations

### DRB Recommendation

The Division recommends implementation of the proposal.

### RHPAB Board Recommendation

The RHPAB board voted on ##/##/## to recommend/not to recommend...

Description	Date
Proposal Drafted	May 2025
Reviewed by Modernization Subcommittee	June 13, 2025
Reviewed by RHPAB	May 8, 2025



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## Memorandum

**To:** Steve Ramos, Chief Health Administrator, Division of Retirement and Benefits

**From:** Richard Ward, FSA, FCA, MAAA

**Date:** April 15, 2025

**Re:** Addition of Foreign Emergency Ambulance Transportation

The State is considering the addition of foreign emergency ambulance transportation for the Retiree plan, which is currently not covered. This would include coverage for ambulance transportation via ground and air, including both helicopters and fixed wing planes, for patients with life-threatening conditions needing immediate medical attention.

The cost of ambulance transportation varies widely by country. Most countries charge an initial flat call out fee with additional charges based on distance, similar to the United States. While a small number of other countries provide ambulance transportation free of charge or at very low cost.

Generally, Medicare does not cover the cost of medical services received outside of the United States, including ambulance transportation, with certain exceptions.

Based on enrollment data, there are currently less than 250 retirees and dependents that reside outside of the United States. This would be in addition to any members who may encounter a medical emergency while traveling abroad.

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	\$8,000,000	
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 extension of this coverage would be considered an enhancement only for the small population of retirees and dependents who are residing or traveling outside of the United States. Benefits for those living and receiving treatment within the United States would not be impacted. As a result, the total impact to the plans actuarial value would be de minimis.

## Financial Impact

Segal performed a review of AlaskaCare ambulance claims incurred during calendar years 2023 and 2024. Ambulance claims were identified as either emergency or non-emergency and ground or air based on medical billing codes associated with each claim.

Only the costs related to the ambulance transport were included. We did not include the cost of services performed during the ambulance trip or cost of subsequent hospitalization. We also excluded any non-emergency transportation to other facilities once the patient was stabilized.

Due to the limited number of members living outside of the United States and because these services are not currently covered for this population, we relied on the ambulance incidence rates for ground and air ambulance for the entire AlaskaCare retiree population. We assumed the average cost for ground and air foreign ambulance would be similar to that of AlaskaCare retiree population living in the United States; however, the cost can vary significantly depending on the country in which the services are received as well as the foreign currency exchange rate.

Costs can also vary widely depending on the severity of the medical emergency and we have seen claims as high as \$100,000 for emergency air ambulance services. As a point of comparison to our estimate, Aetna, the health plan administrator for AlaskaCare, provided Segal with a claims summary of billed ambulance charges submitted for those who reside outside of the United States.

Based on our analysis, we estimate the financial impact of covering foreign emergency ambulance would result in an additional cost of approximately \$150,000 to \$300,000.

Using the most recent retiree medical and pharmacy claims projection of \$856,400,000 for 2025 (dated September 27, 2024), trended forward at 7% to \$916,400,000 for 2026, this equates to an annual cost increase to the Plan of between 0.02% and 0.04%.


## 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.

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Executive Summary	<b>Telemedicine Policy Continuation (R033)</b>	
Health Plan Affected	Defined Benefit Retiree Plan	
Proposed Effective Date	September 1, 2025	
Reviewed By	RHPAB – Modernization Committee	
Review Date	June 13, 2025	

## 1) Background

In response to the COVID-19 national public health emergency declared on January 31, 2020, the Division of Retirement and Benefits (Division) implemented temporary changes to the AlaskaCare Retiree Health Plan (Plan) to support the public health response and members’ access to care. One change was the expansion of telemedicine services beyond those covered at the time. The scope of temporary expanded services was established in alignment with the Centers for Medicare & Medicaid Services’ (CMS) temporary COVID-19 related telemedicine coverage, as they were the fastest to expand coverage and served as a common industry reference. In 2023, the Division decided to continue supporting the liberalized COVID-19 telemedicine services under the Plan, in alignment with CMS guidelines.

According to the March 2025 Full-Year Continuing Appropriations and Extensions Act, Medicare will no longer cover the liberalized telehealth services for non-behavioral health visits after September 30, 2025. Therefore, the Plan’s telemedicine coverage practices must be reassessed to determine whether the Plan will continue to align with CMS. The Division is considering continuing coverage of telemedicine services under the Plan based on the claims administrator’s policy, in anticipation of the CMS change. As the Plan is secondary coverage to Medicare for Medicare-eligible claims, and a majority of Plan members have Medicare as primary, it is anticipated that the decision to adopt the claims administrator’s telemedicine coverage policies would have a financial impact to the Plan. However, telemedicine benefits our members by helping to increase access to timely care, especially for those with limited mobility or in remote locations.

## 2) Objectives

To continue to support members in their ability to access timely care, potentially from rural locations, or for those who have limited mobility by adopting the claims administrator’s telemedicine policies.

## 3) Summary of Proposed Change

The AlaskaCare Retiree Health Plan proposes to continue to provide Plan coverage for telemedicine services which were previously expanded as part of the COVID-19 liberalizations, in alignment with the claims administrator’s policy.

## 4) Impacts

### **Actuarial Impact to AlaskaCare | Neutral**

Segal, the Division’s contracted benefit consultant, indicates the addition would be considered a continuation of provider service approach options and does not impact the current Plan benefits.

### **Financial Impact to AlaskaCare | Increase**

Segal indicated the anticipated financial impact of this change, based on the most recent retiree medical and pharmacy claims projection of \$856,400,000 for 2025 (dated September 2024), and trended forward at

7% to \$916,400,000 for 2026, equates to an annual cost increase to the Plan of between 0.16% and 0.27%. The estimated financial impact to the Retiree Plan for adopting the claims administrator’s telemedicine coverage is an additional cost of \$1.5 to \$2.5 million, without anticipating changes in provider or member behavior due to the adjustments made by Medicare.

The additional cost would primarily be driven by the Plan becoming the primary payer due to Medicare no longer supporting expanded telehealth services for non-behavioral health visits. During Segal’s independent review of AlaskaCare Retiree Plan claims from CY 2023 and 2024, impacted claims were determined using the list of liberalized COVID-19 services provided by Aetna, repriced to assume the Plan would become primary payer.

**Member Impact | Moderate**

It is expected that members of the Retiree Plan would benefit from continued coverage of telehealth and telemedicine services, especially those in rural areas or with limited mobility.

**Operational Impact (DRB) | Minimal**

The Division anticipates minimal operational impacts. The Division will follow the standard process for making plan changes per 2 AAC 39.390 and provide directions to the Third-Party Administrator to implement the proposal. Once the implementation activities are complete the Division does not anticipate any additional operational impact.

**Operational Impact (TPA) | Minimal**

The impact to the Third-Party Administrator (TPA) is anticipated to be low.

**Provider Impact | Minimal**

Provider impact is estimated to be minimal as there would not be a change in coverage currently available.

**5) Implementation and Communication Overview**

Division staff will follow the standard process for making changes to the Defined Benefit Retiree Plan.

**6) Proposal Recommendations**

**DRB Recommendation**

The Division recommends adopting the claims administrator's telemedicine coverage policy.

**RHPAB Board Recommendation**

The RHPAB board voted on ##/##/## to recommend/not to recommend...

Description	Date
Proposal Drafted	May 2025
Reviewed by Modernization Subcommittee	June 13, 2025
Reviewed by RHPAB	



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## Memorandum

**To:** Steve Ramos, Chief Health Administrator, Division of Retirement and Benefits

**From:** Richard Ward, FSA, FCA, MAAA

**Date:** April 2, 2025

**Re:** Telemedicine Policy Continuation

The State is considering continuing to cover telemedicine services for the Retiree plan based on the current policy despite a change in the Medicare policy towards coverage for non-behavioral health visits. These telemedicine and telehealth services are covered through the Aetna medical benefits and are separate and distinct from services provided via Teladoc.

The State is currently covering certain procedure codes based on the liberalized COVID-19 telemedicine services. During 2023, the State decided to continue supporting the liberalized telemedicine services despite the end of the COVID-19 pandemic and changes to Aetna's Standard Virtual Policy. Based on the March 2025 Continuing Resolution, Medicare will no longer cover the liberalized telehealth services for non-behavioral health visits after September 30, 2025.

The State may continue to cover the liberalized telemedicine services; however, Medicare will no longer pay primary resulting in additional claims cost incurred by the State. Alternatively, the State may decide to align with Medicare and Aetna's Standard Virtual Policy and no longer cover these telemedicine services.

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	\$8,000,000	
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

This addition would be considered a continuation of provider service approach options and does not impact the current plan benefits.

## Financial Impact

Aetna, the health plan administrator for AlaskaCare, provided Segal with a claims summary and preliminary estimate of the financial impact of continuing telehealth services for the retiree population. The additional cost would primarily be driven by the State becoming the primary payer due to Medicare no longer supporting the expanded telehealth services for non-behavioral health visits.

Segal performed an independent review of AlaskaCare retiree claims during calendar years 2023 and 2024. Impacted telemedicine claims were determined using the list of liberalized COVID-19 services identified as being conducted via telemedicine based on their procedure code modifiers which was provided by Aetna. The telemedicine claims were then repriced assuming the State would become the primary payor and compared to current plan costs.

Based on our analysis, we estimate the financial impact to the retiree plan of continuing the current telemedicine coverage would result in an additional cost of \$1.5 to \$2.5 million. In our analysis, we are not anticipating major changes in either provider or member behavior due to the broader adjustments being made by Medicare.

Using the most recent retiree medical and pharmacy claims projection of \$856,400,000 for 2025 (dated September 27, 2024), trended forward at 7% to \$916,400,000 for 2026, this equates to an annual cost increase to the Plan of 0.16% to 0.27%. Due to an effective date of September 1, 2025, there would also be an impact to the claims incurred in the last quarter of 2025.

## 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.

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cc: Chris Murray, Division of Retirement and Benefits  
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