

Retiree Health Plan Advisory Board Meeting Agenda

Date: Monday, July 21, 2025
Time: 9:30 am – 11:30 am
Location: [Join the meeting now](#) | ANC Atwood 19th Floor
Telephone Only: +1 907-202-7104, 412 453 953#
Board Members: Cammy Taylor, Lorne Bretz, Dallas Hargrave, Paula Harrison, Michael Humphrey, Donna White

- 9:30 am **Call to Order**
- Roll Call and Introductions
 - Approval of Agenda and Minutes
 - Ethics Disclosure
- 9:35 am **Public Comment**
- 9:40 am **Modernization Topics/Priorities**
- Standard Plan Dental Benefit Enhancements
 - Cost Share for In-Network Diagnostic Colonoscopies
 - Foreign Ambulance Services
 - Teladoc
- 11:20 am **Public Comment**
- 11:30 am **Wrap up/Adjourn**

| | | |
|-------------------------|--|---|
| Executive Summary | Standard Dental Enhancements (R030) |  |
| Health Plan Affected | Defined Benefit Retiree Plan | |
| Proposed Effective Date | January 1, 2026 | |
| Reviewed By | Modernization Committee; RHPAB | |
| Review Date | May 8, 2025; June 13, 2025; July 21, 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. Through the work of the RHPAB Modernization committee, the potential benefit enhancements have been narrowed down to the following categories: Preventive Cleanings, X-Rays and Imaging, Other Class I Changes, Crowns, and Orthodontia.

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.

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, May, and June of 2025, it was recommended the following proposed changes be evaluated further and put before the RHPAB for a vote:

- 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.
- 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, to once per tooth every five years. Update the reimbursement allowance from the allowable amount for a metal crown, up to the allowable amount for a porcelain crown.
- 5.) **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:

| Service Name | Utilizers | Plan Paid | Claims per Utilizer |
|--|------------------|------------------|----------------------------|
| <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 & 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 |

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

Legacy Plan claim data for cone beam CTs:

| Total Claim Count | Total Billed | Eligible Claim Count | Total Billed for Eligible Claims |
|--------------------------|---------------------|-----------------------------|---|
| 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 1.00% total
- 3.) **Other Class I Changes:** De minimis impact
- 4.) **Crowns:** Actuarial increase of 0.50% for the frequency limit reduction, and 0.50% for the material allowance for a total of 1.00%
- 5.) **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 \$300,000, or 0.50%, of projected additional claims
- 3.) **Other Class I Changes:** A negligible impact, with less than 0.01% of projected additional claims cost
- 4.) **Crowns:** An additional \$150,000, or 0.25%, of projected additional claims cost for frequency limit

reduction, and \$150,000, or 0.25%, for material allowance upgrade

- 5.) **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% | 0.50% | \$300,000 |
| Other Class I Changes | De Minimis | De Minimis | De Minimis |
| Crowns | 0.50% - 1.00% | 0.25% - 0.50% | \$150,000 - \$300,000 |
| 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 |
| Total | 3.36% - 7.16% | 1.70% - 3.55% | \$1,010,000 - \$2,150,000 |

* 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. |
| Ret Only | \$ 71 | \$ 72 | \$ 12 | \$ 72 | \$ 12 | \$ 75 | \$ 48 | \$ 78 | \$ 84 |
| Ret & Spouse | \$ 142 | \$ 143 | \$ 12 | \$ 145 | \$ 36 | \$ 149 | \$ 84 | \$ 156 | \$ 168 |
| Ret & Children | \$ 129 | \$ 130 | \$ 12 | \$ 132 | \$ 36 | \$ 135 | \$ 72 | \$ 142 | \$ 156 |
| Ret & Family | \$ 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. |
| Ret Only | \$ 75 | \$ 76 | \$ 12 | \$ 77 | \$ 24 | \$ 79 | \$ 48 | \$ 83 | \$ 96 |
| Ret & Spouse | \$ 149 | \$ 150 | \$ 12 | \$ 152 | \$ 36 | \$ 156 | \$ 84 | \$ 164 | \$ 180 |
| Ret & Children | \$ 135 | \$ 136 | \$ 12 | \$ 138 | \$ 36 | \$ 142 | \$ 84 | \$ 149 | \$ 168 |
| Ret & Family | \$ 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; July 21, 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 |
|---|--|---|
| Preventive Cleanings | | |
| 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 |
| X-Rays and Imaging | | |
| Full mouth x-ray & panoramic x-ray | 1x every 5 years | 1x per calendar year |
| 3D Imaging | Plan Exclusion | 1x per calendar year |
| Other Class I Changes | | |
| 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 |
| Crowns | | |
| Crown | 1x 7 years, up to metal allowable | 1x 5 years; enhance benefit to allow full benefit for porcelain crown |
| Dentures | | |
| 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 |
| Inlays and Onlays | | |
| 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 |
| Orthodontics | | |
| 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 |
|--|---------------|-------------|
| Deductible | | |
| Annual individual deductible (applies to Class II and III) | \$50 | \$50 |
| Coinsurance | | |
| Class I (preventive) services | 100% | 100% |
| Class II (restorative) services | 80% | 80% |
| Class III (prosthetic) services | 50% | 50% |
| Benefit Maximums | | |
| 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% |
| Total | 0.86% |

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 |
| Total | 0.45% | \$270,000 |

* 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% |
| Total | 2.00% |

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 |
| Total | 1.00% | \$600,000 |

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 |
| Total | De Minimis |

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 |
| Total | 0.50% |

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 |
| Total | 0.25% | \$150,000 |

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 |
| Total | De Minimis |

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 |
| Total | 5.36% - 8.66% | 2.70% - 4.30% | \$1,610,000 - \$2,600,000 |

* 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.

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
Ronan Tagsip, Division of Retirement and Benefits
Noel Cruse, Segal
Amy McClendon, Segal
Quentin Gunn, Segal

| | | |
|-------------------------|---|---|
| Executive Summary | Diagnostic Colonoscopy Coverage (R032) |  |
| 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.

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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Noel Cruse, Segal
Amy McClendon, Segal
Quentin Gunn, Segal

| | | |
|-------------------------|--|---|
| Executive Summary | Foreign Ambulance Services (R031) |  |
| 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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Quentin Gunn, Segal

| | | |
|-------------------------|--------------------------------------|---|
| Executive Summary | Reintroduce Teladoc (R034) |  |
| Health Plan Affected | Defined Benefit Retiree Plan | |
| Proposed Effective Date | January 1, 2026 | |
| Reviewed By | RHPAB Modernization Committee; RHPAB | |
| Review Date | July 16, 2025; July 21, 2025 | |

1) Background

The Division is considering providing access to additional telemedicine provider options by offering Teladoc services for acute care, dermatology, and behavioral health through Aetna, the medical plan’s current claims administrator. Teladoc services have been offered to AlaskaCare Employee Plan members since September 1, 2018, and were temporarily available to retirees during the COVID pandemic. Teladoc was previously discontinued for retiree members due to minimal use. However, in recent years, retirees aged 65 and over residing in Alaska have reported increased difficulty in accessing timely care from providers who accept Medicare. By reintroducing this provider option, the Division seeks to assist retirees currently experiencing difficulty in finding a provider by expanding access to timely and affordable virtual care.

2) Objectives

Increase virtual provider options for members to access timely and affordable care, as Teladoc provides access to board-certified, state-licensed doctors for treatment of non-emergent conditions 24/7/365. It’s anticipated the increased virtual provider option would be particularly helpful for members who experience difficulty in timely accessing a provider who accepts Medicare, those in rural locations, or those who have limited mobility.

3) Summary of Proposed Change

The AlaskaCare Retiree Health Plan proposes reintroducing Teladoc services for acute care, dermatology, and behavioral health with a \$25 member copay.

| Teladoc Visit | Total | Member Copay | Plan Paid |
|--------------------------------|-------|--------------|-----------|
| Acute Care | \$58 | \$25 | \$33 |
| Dermatology | \$85 | \$25 | \$60 |
| Psychiatry (initial visit) | \$215 | \$25 | \$190 |
| Psychiatry (subsequent visits) | \$100 | \$25 | \$75 |
| Counseling | \$90 | \$25 | \$65 |

4) Impacts

Actuarial Impact to AlaskaCare | Neutral

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

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 0.01% to 0.02%,

or \$100,000 - \$200,000.

Member Impact | Enhancement

Members of the Retiree Plan would benefit from the increase in provider options, especially those experiencing issues with timely access to care, either due to their Medicare status, rural location, or mobility limitations.

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 Teladoc services. 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.

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) Proposal Recommendations

DRB Recommendation

The Division recommends adding Teladoc provider services.

RHPAB Board Recommendation

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

| Description | Date |
|--|---------------|
| Proposal Drafted | July 2025 |
| Reviewed by Modernization Subcommittee | July 16, 2025 |
| Reviewed by RHPAB | July 21, 2025 |



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Memorandum

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

From: Richard Ward, FSA, FCA, MAAA

Date: July 18, 2025

Re: Reintroduce Teladoc for Retirees with \$25 Copays for All Services

The State is considering reintroducing Teladoc services for the Retiree plan. Teladoc is a service that provides 24/7/365 access to board-certified, state-licensed doctors for the treatment of non-emergency conditions by web, phone, or mobile app. The AlaskaCare Employee Health Plan has partnered with Teladoc since September 1, 2018 and Teladoc was available temporarily to retirees during the COVID pandemic.

Expanding access to virtual care allows for non-emergency conditions to be treated sooner and avoid symptoms worsening or complications related to an underlying chronic condition. In addition, most telemedicine visits via Teledoc (or a similar program) are lower cost than other care settings such as an office or urgent care visit and, in some cases, could result in avoiding a trip to the emergency room. For retiree populations, telemedicine can provide expanded access especially if there are challenges based on living in remote geographical areas, limited mobility, or difficulty finding transportation.

Specifically in Alaska, access to providers accepting Medicare is limited and members have reported delays in accessing care. Teladoc is being considered to increase access to care in a timely manner, with an emphasis on acute care. Dermatology and mental health services would also be offered. As Teladoc does not bill Medicare, AlaskaCare would be primary for all members receiving Teladoc services.

There would be no requirement for retirees or their dependents to seek care through Teladoc. For those who utilize these services, a copay would be collected prior to the virtual visit which varies based on the type of service.

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 an expansion of provider options and does not impact the current plan benefits.

Financial Impact

Segal was provided with a model developed by Aetna, the health plan administrator, to estimate the potential financial impact of reintroducing Teladoc services for the retiree population. This model and underlying assumptions were reviewed for reasonableness and used to determine the net financial impact. Initially, the model assumed a \$25 copay for acute care visits and that members would pay the full cost for other service lines. The model has since been updated by Segal to reflect the impact of offering all Teladoc services at a \$25 copay.

The number of estimated Teladoc visits for each line of coverage is shown below:

| Visit Type | Estimated Number of Visits |
|----------------------------|----------------------------|
| Acute Care | 4,200 |
| Dermatology | 900 |
| Psychiatry (initial) | 165 |
| Psychiatry (after initial) | 495 |
| Counseling | 1,500 |

The number of visits are calculated by applying an assumption to the number of members based on experience from the active employee plan and Teladoc book of business data. The total number of visits are estimated to be four (4) visits per claimant for psychiatry and two (2) visits for counseling. These assumptions are based on historical retiree plan experience. It is not uncommon for retirees to be less willing to seek treatment in virtual care settings compared to an active employee population. Segal considered the potential for lower retiree utilization when developing the range of the financial impact.

Teladoc Costs

The table below shows the Teladoc visit fees for calendar years 2026 through 2028, along with proposed copays and plan payment.

| Teladoc Visit Fees | Total | Member Copay | Plan Paid |
|----------------------------|---|--------------|-----------|
| Acute Care | \$58 | \$25 | \$33 |
| Dermatology | \$85 | \$25 | \$60 |
| Psychiatry (initial) | \$215 | \$25 | \$190 |
| Psychiatry (after initial) | \$100 | \$25 | \$75 |
| Counseling | \$90 | \$25 | \$65 |
| Caregiver | same as acute care, members pay for family members not enrolled in plan | | |

The cost of visits under Teladoc was developed by taking the plan paid shown above multiplied by the number of anticipated visits.

To calculate the additional administration costs, the \$0.45 per retiree per month fee for Teladoc was multiplied by the number of retirees times 12 to annualize.

While the emphasis will be on Teladoc's acute care services, the additional service lines for dermatology and mental health must also be offered, consistent with the active employee plan; otherwise, the administrative cost would increase significantly to account for the added customization.

Cost Avoidance

Initially, we are not assuming material savings due to current patients receiving in-person care for dermatology, psychiatry, or counseling services. The Teladoc utilization for these services is expected to be generated by members who otherwise would not have sought care. Over time, new patients may initiate virtual care in lieu of in person care. Therefore, the utilization mix may change over time as current patients complete their care regimen and new patients begin theirs.

In regards to the acute care, it is assumed some members may schedule a virtual visit when they would have otherwise sought care in a more traditional setting (assumed 10%) due to convenience. For the remainder of assumed utilization, the virtual visit through Teladoc would replace treatment at a higher cost setting such as an office visit with a primary care provider or a trip to an urgent care facility or emergency room.

Aetna assumed the avoided care would be split between PCP or urgent care visits (93.4%) and emergency room (6.6%). We consider this to be a reasonable assumption. This was multiplied by the average cost of the visit based on the setting depending on whether the member was enrolled in Medicare. For non-Medicare participants the average visit savings was assumed to be \$200 for primary or urgent care and \$3,600 for the emergency room. For Medicare participants, average visit savings was assumed to be \$720 for the emergency room. No savings was assumed for primary or urgent care under Medicare since the coordination of benefits would be close to the amount the plan paid under Teladoc.

Net Financial Impact

To determine the net financial impact the anticipated additional visit and administration costs under Teladoc was compared to the potential cost avoidance of shifting care to a lower-cost virtual setting. Based on our review, we estimate the net financial impact to the retiree plan to result in a plan cost increase of \$100,000 to \$200,000.

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 increase in annual costs to the Plan of 0.01% to 0.02%.

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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ENGAGEMENT | SIMPLICITY | VALUE

AlaskaCare: Retiree Teladoc Analysis

July 15, 2025





Teladoc Health is the global leader in virtual care

90M+

Members¹

5000+

Employees Worldwide²

500M+

Health Interactions³

60M+

Cumulative Virtual Care Visits⁴

60+

NPS⁵

#1

Most recognized virtual care brand⁶

1. Includes U.S. paid members and visit fee only access

2. Teladoc Health data, 2023

3. Includes health interactions across all Teladoc Health businesses

4. Teladoc Health data, virtual care visits delivered since 2015

5. Member surveys across Teladoc Health products and services, 2021-2022

6. Based on Unaided Virtual Care Service Recall for September 2022

Retiree Teladoc Analysis – Services Proposed

Proposed Virtual Services

Acute Primary Care

- 24/7 on demand access to board-certified doctors by phone or video. Request a visit or schedule an appointment for a later time.

Dermatology

- Upload images and provide details about your skin condition and receive a response in just 1 business day from a licensed dermatologist.
- Includes 7-day in-app messaging follow up for any questions or needs.

Behavioral Health

- Meet with a therapist, psychologist or psychiatrist 7 days a week (7 am to 9 pm local time) from the comfort of your home by video or phone and get support for anxiety, depression, stress and more.
- Services available for adolescents 13-17 as well (video only)

NOTE: Teladoc would be covered in a primary position for all members, as they do not bill Medicare.



General Medical can be used for:



Pediatric care
for all ages (0+)



If your **doctor**
is unavailable



If there's **no time**
for an office visit



If **distance** makes
an office visit difficult



If you need a short-term
prescription refill*



If you're on **vacation**
or a business trip in
the U.S.

Acute Care Services



General Medical



How General Medical works:

Convenient, cost-effective care

- **General Medical Services** provide convenient, high-quality care at a lower cost, available 24/7
- **Members have the choice** of on-demand or scheduled visit with a U.S. board-certified doctor via phone or video
- **They can be** diagnosed, treated or prescribed medication, if necessary
- **Treatment for a wide range** of non-emergency conditions within minutes including: flu, cough, seasonal allergies, rash, backache and more

1

Register

The member **provides basic information through web, mobile, or phone.**

S/he completes medical history similar to the paperwork requirements at a doctor's office.

2

Request

The member **requests a visit on demand** or schedules an appointment.

3

Visit

A physician reviews the medical history and any uploaded images and **contacts the member via their preferred method—**by phone or video.

4

Follow-up

A physician diagnoses the member and, if necessary, **provides treatment plans or prescribes medication electronically** to the member's pharmacy of choice.

A member can also be referred to a brick-and-mortar setting.

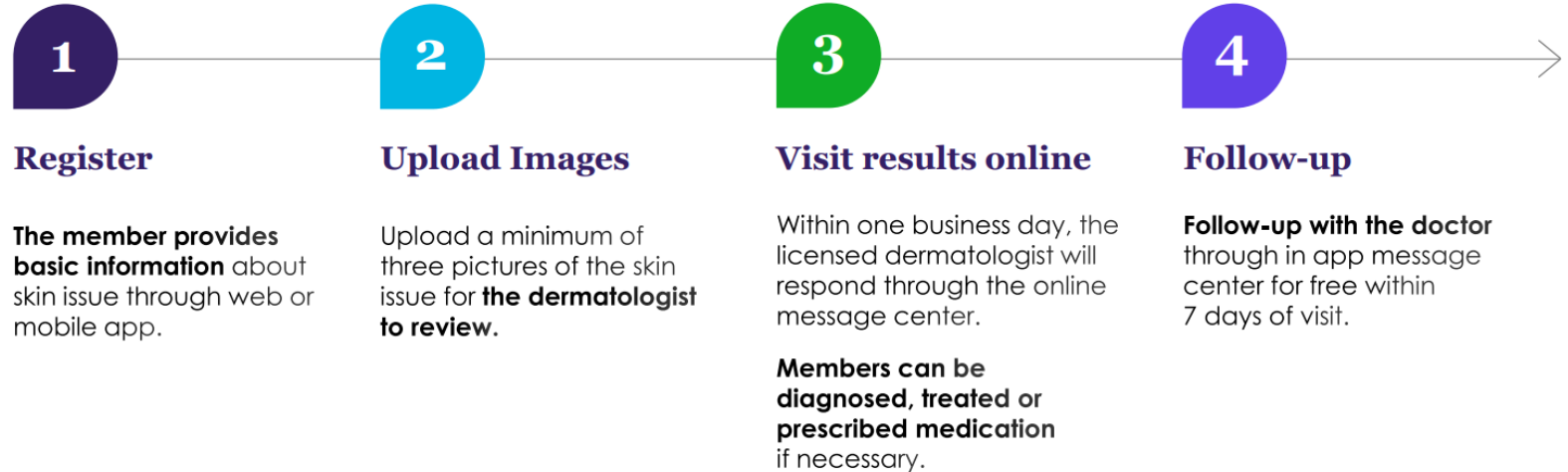
Dermatology Services

Dermatology

Quick, reliable access to skin specialists

- Upload images and provide details about your skin condition to a **board-certified dermatologist** via web or app
- Receive a **diagnosis within one business day** from the dermatologist through the online message center
- **Treats acute or ongoing skin conditions** like psoriasis, skin infection, rosacea and more
- **Providers can prescribe** approved medications
- **Follow-up with the doctor** via in-app messaging within 7 days after the visit at no additional charge

How Dermatology works:



Behavioral Health / Mental Health Services



Mental Health Care

Ongoing support

- **Patients select their choice** of board-certified psychiatrists, licensed psychologists, therapists or counselors
- **Talk to the same provider** on-going for anxiety, eating disorders, depression, grief, family difficulties and more
- **Available 7 days a week** from 7am–9pm local time by video or phone
- **Receive support** from wherever the member is most comfortable



How Mental Health Care works:

1

Register for the program

The **member initiates** through app or web.

*Provider options include Psychiatrist, Psychologist, or Licensed Therapist.
**If the selected provider does not have individual appointment slots available, the member can propose 3 appointment times that work for them. The provider will review their proposal and work to coordinate the appointment with them through their Teladoc Health account.



2

Choose a Provider*

The **member chooses a care provider** by reviewing provider profiles, including specialty, language, gender and ability to prescribe medication.
May use the same provider through course of care.

3

Select date and time**

The member selects an appointment time that works best for them from the providers available appointment slots. The first available visit time will always be 72 hours from the current day/time.
Access a provider 7 days a week, 7 am to 9 pm member's local time.

4

Meet with Provider

The care **provider meets with the member by video or phone** and provides treatment and goal setting.

5

Ongoing treatment as needed

The member can **schedule future appointments** with the same provider and follow-up through the secure online message center.

Retiree Teladoc Analysis – Fee and Cost Structure

Costs: 2026-2028

Administration

- \$0.45 PRPM (per retiree per month)

Cost Per Service

- The total allowed cost per service from 2026-2028 are as follows:
 - Acute Primary care - \$58
 - Dermatology - \$85
 - Behavioral Health Psychiatrist – initial visit - \$215; follow-up visit \$100
 - Behavioral Health Licensed Therapist - \$90

Copay

- Proposed copay of \$25 for all services

Retiree Teladoc Analysis – Financial Impact

Administration

- \$0.45 PRPM (per retiree per month) - **\$255K per year** based on an average of 47,200 retiree subscribers

Financial Analysis (6.0% utilization of general medical services)

- General Medical Visit Cost: **\$141K per year**, 4,260 visits
- Avoided costs:
 - 807 NonMedicare Primary Care/Urgent Care visits: **\$161K savings per year (there is no difference in visit cost for Medicare Primary members at a \$25 Teladoc Copay)**
 - 253 Avoided Emergency Room Visits (NonMedicare and Medicare group with appropriate per visit savings for each group): **\$346K savings per year**
- **Net Impact: \$112K annual savings considering administration, the cost of care and the savings from more expensive avoided care**
- **Net Impact (3.0% general medical utilization):**
 - To show multiple assumptions and to be conservative – we wanted to also model the scenario of 3.0% utilization (half of Book of business), all other assumptions about where folks would have gone without Teladoc being proportional.
 - **Scoring at 3.0% utilization instead of the 6.0% book of business usage rate is an annual cost of \$70K (administration, claims, avoided claims saved combined)**

Dermatology / Behavioral Health Impact is negligible

- Weighting based on utilization rates and cost of ‘like’ visits on both the Medicare Primary and Non-Medicare populations, the cost per visit is roughly \$26 more expensive with Teladoc for dermatology and \$24 less expensive for Behavioral Health.
- Based on utilization of each service type by Medicare Primary and NonMedicare retirees (see details on assumptions slide) – the resulting net impact is \$5-\$10K. We assumed the same overall consumption of services with Teladoc included in the package. If 20% more Medicare Primary members use this service, proportionally, it could score at a plus \$40-\$50K annual cost.

Retiree Teladoc Analysis – Methods and Assumptions

Benchmark utilization (visits per year divided by members enrolled, 7.5M members)

- General medical: 5.9% (AlaskaCare active employees – 6.4%)
- Mental Health: 1.4% (AlaskaCare active employees – 2.9%)
- Dermatology: 0.3% (AlaskaCare active employees – 0.8%)

Assumptions

- Financial analysis was done assuming BoB utilization for retirees (6%) as well as a more modest of 3%
- We assumed 90% of Teladoc visit would have resulted in a visit elsewhere had Teladoc not been offered (and that 6.6% of visits would have used the ER, and 93.4% would have used a PCP or Urgent Care, based on Teladoc post-visit survey data)
- We assumed 10% wouldn't have received care at all.
- We performed separate analysis for the costs and savings based on the specific economics (and membership size) of the Medicare and non-Medicare retirees
- For dermatology, we assumed a 2.0% utilization rate, considering the higher frequency of dermatologic utilization and diagnosis rate in retiree population.
- For behavioral health, we assumed a 2.5% utilization rate, considering retirees are using far less behavioral health compared to the active population, but also considering Teladoc would create additional access to the Medicare population who today are expressing some challenges finding providers with appointment access who are accepting Medicare.
- For both dermatology and behavioral health, we assumed the same baseline number of visits and analyzed the differences in per visit costs for the Medicare Primary and non-Medicare population separately, weighting the composite marginal costs and savings based on the utilization rate of 'like' services consumed by those two populations today.