

## **Retiree Health Plan Advisory Board Meeting Agenda**

**Date:** Thursday, September 18, 2023  
**Time:** 1:00pm – 03:00pm  
**Location:** Video Teleconference | ANC Atwood 19<sup>th</sup> Floor  
[Click here to join the meeting](#)  
**Telephone Only:** (907) 202-7104 ID 311 648 908#  
**Board Members:** Lorne Bretz, Dallas Hargrave, Paula Harrison, Michael Humphrey, Cammy Taylor, Nan Thompson

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- 1:00 pm**      **Call to Order – Cammy Taylor, Board Vice Chair**
- Roll Call and Introductions
  - Approval of Agenda
  - Approval of Minutes
  - Ethics Disclosure and Public Comment Script
- 1:15 pm**      **Public Comment**
- 1:30 pm**      **Department & Division Update**
- Contracting Update
  - DVA Rates for 2024
  - CO approval of proposals
  - Plan Booklet updates – public comment period
  - DVA Open Enrollment is Oct 11 – Nov 22.
  - Proposal Prioritization
- 2:30 pm**      **Public Comment**
- 2:45 pm**      **Wrap up/Adjourn**

The next Retiree Health Plan Advisory Board meeting is scheduled for Thursday November 9, 2023.

# Retiree Health Plan Advisory Board

## Special Board Meeting Minutes

Date: Thursday, June 29, 2023

Location: Atwood Building, Anchorage; HSS Building, Juneau; Microsoft Teams (virtual)

### Meeting Attendance

Name of Attendee	Title of Attendee	
<i>Retiree Health Plan Advisory Board (RHPAB) Members</i>		
Cammy Taylor	Vice Chair	Present
Lorne Bretz	Member	Present
Dallas Hargrave	Member	Present
Paula Harrison	Member	Absent
Michael Humphrey	Member	Present
Nan Thompson	Member	Present
<i>State of Alaska, Department of Administration Staff</i>		
Betsy Wood	Acting Chief Health Administrator, Retirement + Benefits	
Teri Rasmussen	Program Coordinator, Retirement + Benefits	
Andrea Mueca	Health Operations Manager, Retirement + Benefits	
Kathy O'Leary	Administrative Support, Retirement + Benefits	
Steve Ramos	Vendor Manager, Retirement + Benefits	
Chris Murray	Program Coordinator, Retirement and Benefits	
Ajay Desai	Division Director, Retirement + Benefits	
<i>Others Present + Members of the Public</i>		
Inmaly Inthaly	Agnew::Beck Consulting (contracted support)	
Kristen Kelley	Hinge Health	
Randall Burns	Public member	
Judy Salo	Public member	
Richard Ward	Segal Consulting (contracted actuarial)	
Deborah Donaldson	Segal Consulting (contracted actuarial)	
Noel Cruse	Segal Consulting (contracted actuarial)	

## Meeting Minutes

### Item 1. Call to Order + Introductory Business

Vice Chair Cammy Taylor called the meeting to order at 1:03 p.m. A quorum was present.

Approval of Meeting Agenda and Minutes

Vice Chair Cammy Taylor reviewed the agenda, and it was approved.

Ethics Disclosure

Vice Chair Cammy Taylor requested that Board members state any ethics disclosures in the meeting and remind members of the disclosure form available from staff, to keep any necessary disclosures on file.

- No disclosures were stated by Board members.

### Item 2. Public Comment

Before beginning public comments, the Board established who was present on the phone or online, and who intended to provide public comments. Individuals were asked to state their full name for the record, and that if there are several people wishing to provide comment, comments will be limited to 3 minutes per person, at the discretion of the chair. Vice chair Taylor also reminded Board members and members of the public of the following:

- 1) A retiree health benefit member's retirement benefit information is confidential by state law;
- 2) A person's health information is protected by HIPAA;
- 3) Testimony will be posted on the Board's website and will be publicly available, including both written comments and statements made verbally in meetings and recorded in the minutes;
- 4) By giving public testimony on those subjects, the person will be treated as having waived their right to confidentiality regarding the subject of their testimony;
- 5) An individual cannot waive this right on behalf of another individual, including spouse or family member;
- 6) The chair will stop testimony if any individual shares protected health information.

Members of the public who provide comments are also encouraged to submit their comments in writing to the Retiree Health Plan Advisory Board: [rhpab@alaska.gov](mailto:rhpab@alaska.gov).

Public Comments

- Randall Burns, RPEA President, expressed gratitude for the board meeting to review the proposals and hopes for the proposals to be adopted and implemented as soon as possible.

### Item 3. Modernization Topics/Advisory Vote

Special meeting to consider three proposals for the retiree health plan.

- Lifetime Maximum
- Supplemental Non-Emergent Surgery and Travel Benefits
- Virtual Physical Therapy and Musculoskeletal Care Program

An overview of each proposal is included in the meeting materials, along with a resolution document. The modernization subcommittee reviewed and updated the resolutions at their last meeting. The Division is requesting a recommendation vote.

The vice chair extended a thank you to the Division for the summary proposals and compilation of the public comments. It is great to see that so many people that commented also attend the town hall meetings, which is a wonderful program for members to get their questions answered and hear about new information, it's a great way to keep members informed.

### Lifetime Maximum

*Materials: Agenda beginning page 2 of 6/29/2023 RHPAB meeting packet*

**Motion** by Nan Thompson to approve Resolution 2023-01; Mike Humphrey seconded.

The board discussed the following:

- Lorne Bretz recommended adding language in the resolution that outlines the Division's perspective for the recommended changes and has the authority to make these changes. Recommends a justification in addition to the actuarial information.
  - Cammy noted that the attached memorandum provides the background and the purpose for the resolution.
  - Betsy added that when resolutions are provided to the board as the framework for the board to consider and further develop to reflect the voice of the board. She added that the Division's perspective is built into the proposal (included in the packet), then the board's recommendation is made via the resolution. After that, the Division writes a memorandum to the commissioner with a summary of the proposal analysis and the board's recommendation.
  - Lorne added that while there are assumptions and studies completed, he sees a future need to increase the lifetime maximum multiple times due to inflationary adjustments if it's not removed. He spoke in favor of simplifying the resolution by removing most of the financial details from the resolution and drafting language from a retiree perspective and from the employer's perspective.
  - Cammy noted that the details on the financial assumptions have contributed to the reason for the board's support for the proposed recommendations. The legislative history does not suggest that there should be a lifetime maximum, the analysis ultimately concluded in the long term that the difference between raising or eliminating the lifetime max is relatively minor, so why keep the administrative burden to manage what people are spending going, its cleaner to remove it.
  - Lorne stated that he would be more in favor of striking the financial analysis and stating it would be good for the retirees during a catastrophic event.
  - Mike reminded the group the DC plan does not have a lifetime maximum.
  - Lorne stated that the DC plan can adjust the premiums.
  - Betsy noted that gene therapy related services received through the GCIT program do are not subject to the lifetime maximum today. If the member is Medicare eligible the plan pays as secondary, and the Medicare fee schedule will be limiting factor. If they are not enrolled in Medicare, the plan will assume what Medicare would have paid and pay 20% of that.
  - Nan offered that removal of the cap will have a huge impact on a few members.
  - Lorne would like to see more of a retiree perspective in the resolution rather than an employer perspective.
  - Cammy noted that the financials are a piece of the information that came together to help evaluate the proposal.

- Mike noted that the financial exposure gets smaller over time as more members turn 65 and become Medicare eligible.
- Lorne noted the percentages of public comment in favor and opposition of the resolution may not be needed.
  - Dallas stated he is in favor of the resolution as drafted, and there is a benefit to including the information.
  - Cammy added that the public comments were added by the Modernization Committee in consideration to backlash the state received when changes were made without community input incorporated. The division has done its due diligence to obtain public comment through several different avenues, to let retirees know about the plan changes. She was impressed by the number of people who responded, and this language reflects the interactions the division has made with the public through the process.
  - Betsy added that, in addition to retirees, she has received several phone calls on the topic from active state employees who are preparing to retire.
- Cammy noted the primary issue this resolution is solving is the 2 million cap can prevent some members from gaining access to healthcare.
  - Nan noted the 5k reinstatement is also preventing some members from getting additional coverage.

**Vote:** Motion passes.

Bretz	Hargrave	Humphrey	Taylor	Thompson
Yes	Yes	Yes	Yes	Yes

### Supplemental Non-Emergent Surgery and Travel Benefits (SurgeryPlus)

**Motion** by Nan Taylor to approve Resolution 2023-02.

The board discussed the following:

- Cammy confirmed that this plan does not cover surgeries for cancer treatment. Betsy noted the importance of maintaining clear language in the plan booklet in addition to communications to members about what is and is not included in the program, and that this program is supplemental and optional.
- Betsy noted that the Division feels confident Hinge Health can support their needs. Additionally, the Division will ensure that there is clarity on the process for this program for Medicare-eligible members. Upon approval by the board and then the commissioner to approve implementation, the Division will also ensure that Medicare-eligible members are supported before implementing this for retirees. Mike noted the importance of explaining to members how the program works for pre-Medicare and Medicare members.

**Vote:** Motion passes.

Bretz	Hargrave	Humphrey	Taylor	Thompson
Yes	Yes	Yes	Yes	Yes

### Virtual Physical Therapy and Musculoskeletal Care Program (Hinge Health)

**Motion** by Nan Taylor moved to approve Resolution 2023-03 and deliver the recommendation to the Department of Administration; Dallas Hargrave seconded the motion.

The board discussed the following:

- Nan expressed appreciation to the Modernization Committee on wordsmithing the resolutions.
- Cammy expressed gratitude to the division for the materials provided to support the proposals.

**Vote:** Motion passes.

Bretz	Hargrave	Humphrey	Taylor	Thompson
Yes	Yes	Yes	Yes	Yes

#### Item 4. Public Comment

*See Item 2 in the meeting minutes for public comment guidelines.*

Vice chair Taylor reminded meeting attendees of the guidelines for public comments provided in the meeting and invited anyone who wishes to provide public comment at this time to speak.

- Judy Salo thanked the division for the work on the proposals for the methodical and diligent process used to review ways to modernize the plan. Once the litigation was resolved and we were able to move forward, it was a great idea to have the maximum amount of information available and to approach the process slowly and carefully. Additionally, the town halls have been helpful as there have been several members who already know what items are in the pipeline for approval as they've been engaged through town halls and newsletters. I like that the resolutions included the public comment feedback. Especially for the lifetime maximum, the work is very important.

#### Item 5. Closing Thoughts + Meeting Adjournment

- Cammy shared the Medicare Information Office is holding a monthly information meeting. The Division will include this information in the retiree newsletter and share this feedback with the MIO. We can also ask Jeanne to talk about their events at the next townhall.

Betsy thanked the board for their work to review the proposals with us. We are proud of the process built with the board, and the way the public has been brought in. Health care is such a critical part of members' lives, it's critical to hear their feedback.

**Motion** by Dallas Hargrave to adjourn the meeting. **Second** by Nan Thompson.

**Result:** No objection to adjournment. The meeting was adjourned at 1:48 p.m.

**The next Retiree Health Plan Advisory Board regular quarterly meeting will be on Monday, September 18, 2023.**

## Common Acronyms

The following acronyms are commonly used during board meetings and when discussing the retiree health plan generally:

- ACA = Affordable Care Act (formal name: Patient Protection and Affordable Care Act)
- ARMB = Alaska Retirement Management Board
- CMO = Chief Medical Officer
- CMS = Center for Medicare and Medicaid Services
- COB = Coordination of Benefits
- COVID-19 = Novel Coronavirus Disease (identified 2019), also known as SARS-CoV-2
- DB = Defined Benefit plan (for Tier 1, 2, 3 PERS employees and Tier 1, 2 TRS employees)
- DCR = Defined Contribution Retirement plan (Tier 4 PERS employees, Tier 3 TRS employees)
- DOA = State of Alaska Department of Administration
- DRB = Division of Retirement and Benefits, within State of Alaska Department of Administration
- DVA = Dental, Vision, Audio plan available to retirees
- EGWP = Employer Group Waiver Program, a federal program through Medicare Part D that provides reimbursement for retiree pharmacy benefits
- EOB = Explanation of Benefits, provided by the plan administrator detailing claims coverage
- GCIT = Gene-Based, Cellular and Innovative Therapies
- HIPAA = Health Insurance Portability and Accountability Act (1996)
- HRA = Health Reimbursement Arrangement account, a mechanism for the employer to reimburse high-income Medicare enrollees for any premium charge for their plan (IRMAA)
- IRMAA = Income Related Monthly Adjustment Amount, a surcharge from CMS for a Medicare plan for individuals or households earning above certain thresholds
- MA = Medicare Advantage, a type of Medicare plan available in many states
- MAGI = Modified Adjusted Gross Income, based on an individual or household's tax returns and used by CMS to determine what if any premium must be paid for a Medicare plan.
- NDC = National drug code
- OAH = Office of Administrative Hearings, a quasi-judicial body that hears some types of appeals
- OPEB = Other Post Employment Benefits; an accounting term used to describe retirement benefits other than pension benefits, and the retiree health trust
- OTC = Over the counter medication, does not require a prescription to purchase
- PBM = Pharmacy Benefit Manager, a third-party vendor that performs claims adjudication and network management services
- PEC = proposal evaluation committee (part of the procurement process to review vendors' bids)
- PHI = protected health information, a term in HIPAA for any identifying health or personal information that would result in disclosure of an individual's medical situation.
- PMPM = Per member per month, a feature of capitated or managed-care plans
- PPO = Preferred Provider Organization, a type of provider network
- RDS = Retiree Drug Subsidy program (a federal pharmacy subsidy program)
- ROI = Return on Investment
- RFP = Request for Proposals (a term for a procurement solicitation)
- RHPAB = Retiree Health Plan Advisory Board
- RPEA = Retired Public Employees of Alaska
- TPA = Third Party Administrator
- USPSTF: U.S. Preventive Services Task Force

# Contracting Update

## AlaskaCare Vendor Partners

September 2023





# AlaskaCare Contracting Overview

- The State of Alaska provides health insurance through the AlaskaCare plans and other benefit offerings to certain active State employees, retirees, and their dependents.
- The AlaskaCare health plans are self insured, meaning the state is responsible for paying the claims incurred, and are managed in the Division of Retirement and Benefits (Division).
- The Division hires contractors, or Third-Party Administrators (TPAs), to assist in administration of the benefits.



# AlaskaCare Contracting Overview

- TPA duties may include adjudicating claims, developing a network of providers, establishing the systems necessary to process claims, providing a call center for members, and other activities necessary to carry out the functions of a health plan or benefit offering.
- Periodically the Division competitively bids these contracts through a Request For Proposal (RFP). This gives the Division an opportunity to seek better service at lower cost for members and the plan and ensure that the contracts are market competitive.



# Contract Timeline Overview

Year	SurgeryPlus/HH	OptumRx	MetLife	Wellcove (CHCS)	Aetna	Delta Dental
2021	First Renewal Option (contract eff. 8/1/2018)	Initial Contract Term (eff. 1/1/2019)	Initial Contract Term (eff. 7/17/2019)	Prior Contract (6/30/21)	Initial Contract Term (eff. 1/1/2020)	Initial Contract Term (eff. 1/1/2020)
2022		First Renewal Option		Initial Contract Term (eff. 10/4/2021)		
2023	Second Renewal Option	Second Renewal Option	First Renewal Option			
2024	Second Renewal Option [FINAL YEAR]	Third Renewal Option	Second Renewal Option			
2025		Fourth Renewal Option	Third Renewal Option	Second Renewal Option	Second Renewal Option	Second Renewal Option
2026		Fifth Renewal Option	Fourth Renewal Option [FINAL]	Third Renewal Option [FINAL]	Third Renewal Option	Third Renewal Option
2027		Sixth Renewal Option			Fourth Renewal Option	Fourth Renewal Option
2028		Seventh Renewal Option			Fifth Renewal Option [FINAL]	Fifth Renewal Option [FINAL]
2029		Eighth Renewal Option [FINAL]				

# AlaskaCare Supplemental Surgery & Travel: SurgeryPlus

*AlaskaCare Virtual MSK Support: Hinge Health*

2018

2019

2020

2021

2022

2023

2024

- Provides supplemental travel benefits and access to a narrow network of high-quality providers for non emergent surgeries and procedures.
- Through a subcontractor (Hinge Health), provides access to a virtual musculoskeletal care and support program.
- Services provided to employee plan
- Last RFP: Issued in 2017; contract awarded in 2018
- Initial Contract Term: 2.5 years
- Optional Renewals: 2 two-year renewal options

## ***What's Next?***

- The Division is working to issue an RFP for these services in early 2024, for a new contract to take effect in 2025
- Possible service expansion to the retiree plan



# AlaskaCare Pharmacy Benefit Manager: OptumRx



- Provides administrative and claims processing services related to AlaskaCare pharmacy benefits
- Services provided to active employees and retirees
- Last RFP: Issued in 2018; contract awarded in 2019
- Initial Contract Term: 5 years – 2020 through 2024
- Optional Renewals: 6 one-year renewal options

## ***What's Next?***

- Prescription drug pricing is dynamic, and the Pharmacy Benefit Manager (PBM) market landscape often changes year to year
- Industry best practice is to re-bid PBM contracts every 3-5 years
- The Division is evaluating timing to issue an RFP for these services



# Voluntary Supplemental Benefit Administrator: MetLife

2019

2020

2021

2022

2023

2024

2025

2026

- Provides voluntary supplemental benefit options (e.g., life insurance, critical illness, long & short-term disability and pet insurance).
- Services provided to eligible active state employees, employees of participating political subdivisions, and retirees. Eligibility to participate may vary by benefit offering.
- Last RFP: Issued in 2018; contract awarded in 2019
- Initial Contract Term: 3.5 years
- Optional Renewals: 4 one-year renewal options

## ***What's Next?***

- Consider renewal option for 2024



# Long-Term Care Benefit Administrator: Wellcove (CHCS)

2021

2022

2023

2024

2025

2026

2027

- Provides administrative and claims processing services related to the State of Alaska's long-term care plans
- Services provided to retirees
- Last RFP: Issued in 2020; contract awarded in 2021
- Initial Contract Term: 2.75 years
- Optional Renewals: 3 one-year renewal options

## ***What's Next?***

- Consider renewal option for 2024



# AlaskaCare Medical TPA: Aetna

2020

2021

2022

2023

2024

2025

2026

2027

2028

2029

- Provides administrative and claims processing services related to AlaskaCare medical, vision, and audio benefits
- Services provided to active employees and retirees
- Last RFP: Issued in 2018; contract awarded in 2019
- Initial Contract Term: 5 years – 2020 through 2024
- Optional Renewals: 5 one-year renewal options

## ***What's Next?***

- Consider renewal option for 2025
- Renewal may include new, updated care management or disease management programs offered by Aetna





# AlaskaCare Dental TPA: Delta Dental



- Provides administrative and claims processing services related to AlaskaCare dental benefits
- Services provided to active employees and retirees
- Last RFP: Issued in 2018; contract awarded in 2019
- Initial Contract Term: 5 years – 2020 through 2024
- Optional Renewals: 5 one-year renewal options

## ***What's Next?***

- Consider renewal option for 2025





State of Alaska

# AlaskaCare 2024 Premium Rate Development

**Medical and Pharmacy  
Dental, Vision, and Audio  
Long-Term Care**

September 2023 / Richard Ward, FSA, FCA, MAAA

# Premium Rate Development

- At its most basic level, premium rates are developed to cover claims costs as well as administrative and operational expenses
- In many plans, this is considered over a multi-year period and balances other considerations, such as:
  - Annual premium rate stability/volatility
  - Premium rate competitiveness
  - Managing risk and selection
  - Equity between plan and coverage options
  - Timing difference between premium revenue and expenses



**Primary objective is the overall financial health and viability of the entire plan over the long term**

# Premium Rate Development – Med/Rx

1. For the Medical/Rx plan, recent claims experience is trended forward to the next plan year to get projected claims
  - There are generally little/no changes to consider
  - Rates are by coverage tier, but do not differ by Medicare status
  - Net of Rx rebates, EGWP and RDS subsidies
2. Add administrative and operational costs to projected claims to get initial full premium
3. Rates are used to determine contributions for a small number of retirees
  - There are less than 100 Retirees on the Defined Benefit plan that pay contributions
4. Long-term (employer and State) funding is determined by the Retiree Health/OPEB valuation as part of the overall pension/retirement actuarial valuation

**Retiree Health liability is well funded, supported by \$12.7B in assets**

# Executive Summary

- Segal projects the following financial results for Calendar Year (CY) 2024:

	2024
Total Projected Claims	\$721,216,765*
Administration and Operational Expenses	\$33,221,001
Pharmacy Contract Renegotiation/RFP	(\$5,500,000)
Rx Rebates	(\$65,358,000)
EGWP/RDS Subsidy	(\$85,365,000)
<b>Total Projected Cost</b>	<b>\$598,214,767</b>
<u>Premium Based Revenue**</u>	<u>\$585,713,976</u>
\$\$ Funding Overage/(Gap)	(\$12,500,791)
% Funding Overage/(Gap)	(2.1%)

\* 2024 projected claims are net of the following plan changes: Removal of Lifetime Maximum (\$2.74M annual cost); addition of virtual physical therapy (\$1.4M annual savings); addition of national Center of Excellence and Travel program (\$2.8M annual savings). This equates to a net annual savings of \$1.46M.

\*\* Medical/Rx revenue is based on all participants at the Retiree composite rate x 12. A small number of retirees that pay premiums pay these rates and the revenue figure provided is illustrative of the annual revenue that would result from all retirees paying the current rates. State and Employer contributions are payroll based and not reflected in this projection.

- Experience has increased significantly, which has resulted in a \$12.5M projected gap.
- Rates were unchanged for CY2023.
- Ongoing growth in Medicare membership continues to help offset increases in aggregate per capita costs due to trend. A Medicare primary participant costs approximately 50-65% less than a non-Medicare primary participant.
- Modest increase projected for EGWP subsidies.
- Additional savings from renegotiating 2023 PBM contract.
- Recommendation is to maintain 2023 rates for 2024. Changes for 2025 may be in order once we determine if 2022-23 is a spike or an indication of a new, higher, level of expenses.

*The above projection is an estimate of future cost and is based on information available to The Segal at the time the projection was made. The 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.*



# CY2024 Medical and Pharmacy Funding Rates

- There was a decrease in contributions effective CY2022 due to the growth in Medicare membership continuing to reduce aggregate per capita costs. Rates were unchanged from 2022 to 2023.
- Segal is not recommending any changes to the CY2024 contributions.

<b>Baseline</b>	<b>2023</b>	<b>2024</b>	<b>\$\$ Change</b>	<b>% Change</b>
Medical - Composite	\$1,046.00	\$1,046.00	\$0.00	0.0%
Medical - Tier II/III Retiree Only	\$704.00	\$704.00	\$0.00	0.0%
Medical - Tier II/III Retiree & Spouse	\$1,408.00	\$1,408.00	\$0.00	0.0%
Medical - Tier II/III Retiree & Child	\$995.00	\$995.00	\$0.00	0.0%
Medical - Tier II/III Retiree & Family	\$1,699.00	\$1,699.00	\$0.00	0.0%
<b>Baseline Annual</b>	<b>\$585,713,976</b>	<b>\$585,713,976</b>	<b>\$0</b>	<b>0.0%</b>

# Medical and Pharmacy

- Actual Medical/Rx plan experience for FY21 – FY23:

	Period 1	Period 2	Period 3	P1=> P2	P2=> P3
	Jul '20-Jun '21	Jul '21-Jun '22	Jul '22-Jun '23		
<b>Members &lt;65 PMPM</b>	<b>\$1,137.45</b>	<b>\$1,245.48</b>	<b>\$1,436.16</b>	<b>9%</b>	<b>15%</b>
<b>Members 65+ PMPM</b>	<b>\$473.63</b>	<b>\$501.75</b>	<b>\$551.20</b>	<b>6%</b>	<b>10%</b>
<b>Composite PMPM</b>	<b>\$629.20</b>	<b>\$663.08</b>	<b>\$729.91</b>	<b>5%</b>	<b>10%</b>
<b>Total Medical/Rx Claims</b>	<b>\$566,362,891</b>	<b>\$603,579,956</b>	<b>\$671,028,720</b>	<b>7%</b>	<b>11%</b>

Note: Subscribers plan is used to determine dependent's age for determine of over/ under age 65 status.

- The projected claims reflect an increase in medical trend year over year.
- A Medicare primary participant costs approximately 55-65% less than a non-Medicare primary participant.
- The transition to the Employer Group Waiver Plan (EGWP) from the Retiree Drug Subsidy (RDS) is providing additional drug subsidies and rebates from the federal government and will continue to mitigate trend.

# Premium Rate Development - DVA

1. For the DVA plan, recent claims experience is trended forward to the next plan year to get projected claims
  - Claims are adjusted for prior, and upcoming changes
2. Add administrative and operational costs to projected claims to get initial full premium
3. Factor in long-term considerations to determine final rates



**DVA Plan is very well reserved, resulting in final rates determined so that premiums in the near-term manage long-term solvency issues and future premium increases when “excess” reserves are spent**



# Background

- The Legacy Dental Plan was re-introduced effective January 1, 2020 and replicates the plan that was in effect prior to January 1, 2014. The 2020 Standard dental plan reflects the benefits that were in effect beginning in 2015 with minor/typical annual modifications.
  - Legacy Plan's 2020 rates reflect the difference in plan design, network configurations and recognized charge methodology for non-network provider payments compared to the Standard plan. Rates have not been adjusted since that time.
- After a review of 2021-22 experience indicated that the two plans' experience was comparable, the Legacy Plan's 2023 contribution rates were lowered to be the same as the Standard Plan's contribution rates.
- The Legacy and Standard Plans now have sufficient credibility in their 12-month lookback experience periods to be individually rated at this time.
- Standard and Legacy costs are projected to increase based on their individually rated dental experience each year.
  - Per capita Administrative Expenses and Vision and Audio claims are assumed to be consistent among all membership, regardless of dental plan choice.

# 2024 DVA Projections

- Segal projects the following financial results for CY2024.
  - This is assuming no change to the contribution rates effective January 1, 2024:

	Legacy	Standard	Total
Total Projected Claims	\$28,189,474	\$24,498,768	\$52,688,242
Administration and Operational Expenses	\$1,255,491	\$1,112,090	\$2,367,581
<b>Total Projected Cost</b>	<b>\$29,444,965</b>	<b>\$25,610,858</b>	<b>\$55,055,823</b>
Premium Based Revenue*	\$25,215,581	\$21,866,628	\$47,082,209
<b>\$\$ Funding Overage/(Gap)</b>	<b>(\$4,229,384)</b>	<b>(\$3,744,230)</b>	<b>(\$7,973,614)</b>
<b>% Funding Overage/(Gap)</b>	<b>(16.8%)</b>	<b>(17.1%)</b>	<b>(16.9%)</b>

- The Legacy and Standard Dental plans are being rated based on their own individual claims experience.
  - The Vision and Audio experience is not available based on member plan election and is assumed to be consistent for each Dental plan.
- Assuming no changes in funding rates, there is a projected gap of approximately \$8.0M between cost and revenue.

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are 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, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.

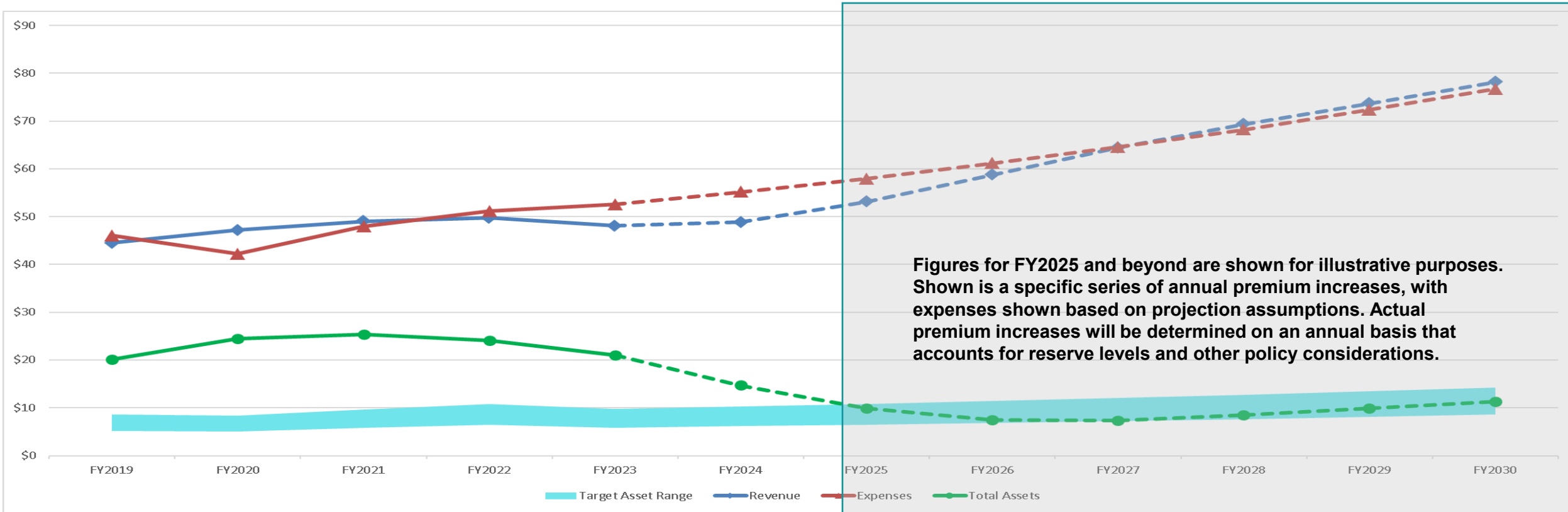
# Dental, Vision, and Audio Funding Rates

- The Standard plan rates have remained level since CY2017.
- Segal is recommending a 5.0% rate increase for the Standard Plan and the Legacy Premiums to help mitigate the rate of asset spend down.

Standard Plan Rates	2023	2024	\$ Change
Retiree	\$66.00	\$69.00	\$3.00
Retiree & Spouse	\$131.00	\$138.00	\$7.00
Retiree & Child	\$119.00	\$125.00	\$6.00
Retiree & Family	\$187.00	\$196.00	\$9.00
Legacy Plan Rates			
Retiree	\$66.00	\$69.00	\$3.00
Retiree & Spouse	\$131.00	\$138.00	\$7.00
Retiree & Child	\$119.00	\$125.00	\$6.00
Retiree & Family	\$187.00	\$196.00	\$9.00

# Projected DVA Revenues, Expenses, Net Assets (\$millions)

## 5% Increase for CY24 and Subsequent Increases Beginning CY25



	Eff 1/1/2023	Eff 1/1/2024	Eff 1/1/2025	Eff 1/1/2026	Eff 1/1/2027	Eff 1/1/2028	Eff 1/1/2029	Eff 1/1/2030
<b>Standard/Legacy Plans</b>		<b>Illustrative Rates Only</b>						
<b>Future Aggregate Rate Increases</b>		<b>5.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>6.0%</b>	<b>4.0%</b>	<b>3.0%</b>	<b>3.0%</b>
EE	\$66.00	\$69.00	\$75.00	\$81.00	\$86.00	\$89.00	\$92.00	\$95.00
EE+SP	\$131.00	\$138.00	\$149.00	\$161.00	\$171.00	\$178.00	\$183.00	\$188.00
EE+CH	\$119.00	\$125.00	\$135.00	\$146.00	\$155.00	\$161.00	\$166.00	\$171.00
EE+Fam	\$187.00	\$196.00	\$212.00	\$229.00	\$243.00	\$253.00	\$261.00	\$269.00

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are 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, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.

# Premium Rate Development - LTC

**For the LTC plan, the benefits are paid well after the premiums are paid. Therefore, a long-term view is necessary**

1. Project forward all anticipated benefits (and expenses), accounting for assumed mortality, morbidity, lapses, etc
2. Project forward all anticipated premium revenue (at current rates), accounting for assumed mortality, morbidity, lapses, etc
3. Add net difference between projected benefits and premiums and factor in assumed investment returns
4. If present value of net assets is greater than \$0, then current premiums are anticipated to be sufficient.

**Segal recommends maintaining current premium rates through the next actuarial valuation. The 2023 valuation continues to show a funded status over 100%. However, care should be exercised before modifying premiums rates based on short term gains (or losses).**

# LTC Valuation Results (June 30, 2023)

Component	6/30/2021 (\$000)	6/30/2023 (\$000)
1. PV of Future Benefits	\$779,931	\$803,949
2. PV of Future Expenses	\$8,503	\$8,636
3. PV of Future Premiums (PVFP)	\$336,381	\$331,774
4. Valuation Liabilities (=3 – 1- 2)	(\$452,053)	(\$480,538)
5. Valuation Assets	\$696,258	\$681,985
6. Valuation Margin (= 5 + 4)	\$244,205	\$201,447
7. Margin as a % of PVFP (= 6/3)	72.6%	60.7%
8. Funded Status (= 5/4)	154.0%	141.9%

# Historical LTC Funded Status

<b>Valuation Date</b>	<b>Margin (\$000)</b>
<b>May 31, 2012</b>	\$30,289
<b>June 30, 2015</b>	\$27,244
<b>June 30, 2017</b>	\$7,372
<b>June 30, 2019</b>	\$94,564
<b>June 30, 2021</b>	\$244,205
<b>June 30, 2023</b>	\$201,447

# Questions?







**AlaskaCare Retiree Defined Benefit Insurance Information Booklet**

**Summary of Updates for Plan Year 2024**

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<b>Legend</b>	Items highlighted in green were added.	Items highlighted in orange were removed.
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## Updates to Support the change in Lifetime Maximum

### 1. TBD

## Updates to Support the End of COVID-19 Public Health Emergency

### 2. Removes section 3.3.25 COVID-19 Testing and Vaccinations

#### ~~COVID-19 Testing~~

~~The medical plan will cover medically necessary, FDA approved COVID-19 testing at 100%, subject to recognized charge.~~

#### ~~COVID-19 Vaccinations~~

~~The medical plan will cover FDA approved COVID-19 vaccinations at 100%, subject to recognized charge through the end of the COVID-19 national public health emergency.~~

The medical plan will cover medically necessary, FDA approved COVID-19 vaccinations per [section 4.4 Covered Vaccines](#) once the COVID-19 national public health emergency ends.

~~(See section 4.4, Covered Vaccines).~~

## Clarified Provisions

### 3. Clarifies Section 2.2.2 Dependents

The following dependents may be covered:

- a) Your spouse. You may be legally separated but not divorced.
- b) Grandfathered same-sex partners as defined and documented by 2 AAC 38.010 – 2 AAC 38.100.
- c) Your children from birth ~~(exclusive of hospital nursery charges at birth and well baby care)~~ up to 23 years of age only if they are:

### 4. Clarifies Section 2.3 How to Elect Coverage

An alternate payee who elects coverage, must apply on a form provided by the Division of Retirement and Benefits within 60 days after the first monthly benefit paid under a qualified domestic relations order is mailed or otherwise delivered to the alternate payee. Failure to ~~make timely application~~ **submit your application timely** will result in the loss of all rights to apply for or obtain medical coverage under the Plan.

### 5. Clarifies Section 2.3.1 Changing Your Dependent Coverage

**For all benefit recipients, if you want to increase coverage due to marriage or birth or adoption of your child, your written request to increase coverage must be postmarked or received within 120 days of the date of the event. Your request must include the level of coverage you would like, the new dependents to be covered, the reason for the change, and the date the event occurred.**

~~Changes in coverage are effective on the first day of the month following the receipt of your written request. Changes in coverage are effective only after the receipt of your written request and are not retroactive.~~ **retroactive to the date of the qualifying event if received within 120 days of the event.**

## **6. Clarifies Section 3.2.2 Services Requiring Precertification**

Precertification is required for the following types of medical expenses:

- ~~Infertility services and pre-implantation genetic testing~~

## **7. Updated Section 4. Prescription Drugs, 1.2 Prescription Drugs and 12.7 Prescription Drugs**

The word ~~mail order~~ was changed to **home delivery**.

## **8. Clarifies Section 4.2 Home Delivery Program**

If you take maintenance medication, you can take advantage of this optional program. The home delivery pharmacy provider is listed in the front of this booklet.

There is no cost to you for drugs filled through the home delivery program. The program bills the ~~medical~~ plan for the full cost.

## **9. Clarifies Section 5.1 Limitations and Exclusions**

~~Sterilization or reversal of a sterilization procedure.~~ Procedures, services and supplies to reverse voluntary sterilization.

## **10. Clarifies Section 7.6 Changing your DVA Coverage**

Your written request to increase coverage must be postmarked or received within 120 days after the date one of the above events occurs. You should state the level of coverage you would like, the reason for the change, and the date the event occurred. **If you increase your coverage to include dependents following a qualifying life event** For all benefit recipients, if you want to increase coverage due to marriage or birth or adoption of your child, your written request to increase coverage must be postmarked or received within 120 days of the date of the event. Your request must include the level of coverage you would like, the new dependents to be covered, the reason for the change, and the date the event occurred.

**r a qualified change in family structure, their coverage begins on the first of the month following receipt of your written request, assuming the level of coverage you elect covers the new dependent. Coverage will be effective the date of the qualified event and the Division will collect past due premiums, if applicable.**

## **11. Clarifies Section 11.3 Audio Services Not Covered (formatting correction)**

h) Charges in connection with an occupational injury or illness.

i) An occupational injury or illness is one that arises out of or in the course of any work for pay or profit, or in any way results from any injury or illness which does. However, if proof is furnished that an individual is covered under workers' compensation or similar law but is not covered for a particular illness under that law, that illness will not be considered occupational regardless of cause.



## Retiree Dental-Vision-Audio (DVA) Plan Open Enrollment for the 2024 Benefit Year October 11 - November 22, 2023

Open Enrollment for the retiree DVA plan will open on **October 11** and close on **November 22, 2023** at 5:00 p.m. Alaska Time. Retiree DVA plan members - this is your opportunity to review your DVA coverage options and make benefit elections for you and your family for the next plan year, which begins on January 1, 2024. This is only for DVA benefits- it does not impact your medical benefits.

**If you do not participate in Open Enrollment this year, your benefit elections will not change from what you have now.**

AlaskaCare began offering two retiree dental plan options in 2020, the Legacy Dental Plan, and the Standard Dental Plan. **If you are enrolled in either plan, you have an annual opportunity to select the plan that works best for you!**

You can review the following documents for coverage comparisons, enrollment and premiums, as well as Out-of-Network Cost information:

- 2024 Dental Benefit Comparison
- 2024 Dental Benefit Enrollment Guide
- 2023 Dental Benefit Out of Network Cost Comparison

You can make changes to your benefit elections online at [AlaskaCare.gov/DVA](https://AlaskaCare.gov/DVA) during the Open Enrollment period, beginning October 11, 2023 and ending November 22, 2023.

If you are not a current Retiree DVA plan member, you are not eligible to participate in DVA Open Enrollment.

### Need more information?

1. Visit the [AlaskaCare Retiree Dental-Vision-Audio Plan](#) webpage. This page is updated frequently with more information about your dental plan options and open enrollment.
2. Check out the [DVA Frequently Asked Questions](#). If you have questions, we may already have provided the answer in our online FAQs.
3. Contact the AlaskaCare Member Education Center. You can reach us toll-free at (800) 821-2251 or in Juneau at (907) 465-4460 or at [DOA.DRB.Benefits@alaska.gov](mailto:DOA.DRB.Benefits@alaska.gov)

DRAFT

**AlaskaCare Retiree Health Plan Modernization Topics\***

**1. Active Topics**

Proposal Number	Plan	Description	Prior Priority	Board Priority
R006	Medical	Expanded Telehealth Services	1	
R009A	Medical	Rehabilitative Care: Review Implement clear service limits for rehabilitative care; consider adding coverage for maintenance care	2	
R009C	Medical	Rehabilitative Care: New Coverage Add coverage for therapies such as acupuncture/acupressure/rolfing	2	
R012	Medical	Lifestyle/Wellness Program Add wellness benefits such as gym memberships or program like Silver Sneakers	2	
R014	Rx	Implement 3 tier pharmacy benefit; review out-of-network benefits	2	
R005	Medical	Out-of-network reimbursement as a percentage of Medicare		Division
R019	Medical	Tiered network benefits for certain services		Division
R018	Multiple	Plan Housekeeping/Review (ex., clarify reimbursement policies for surgical assistants, DVA standalone booklet)		Division
R***	Medical	*NEW* Pacific Health Coalition: Health Fair Access Non-Medicare Primary Care Clinic Access		Division
R***	Medical	*NEW* Behavioral/Mental Health Program Offerings		Division
R***	Medical	*NEW* Oncology Support Services		Division
R***	Multiple	*NEW* Chronic Disease Management Program(s)		Division
R***	Medical	Medicare Advantage		Division
R***	DVA	Add "Preventive First" coverage to DVA Standard Plan		Division
R***	DVA	DVA Standard Plan annual benefit maximum (currently \$2,000)		Division
R***	DVA	Enhance DVA Standard Plan vision benefits - VSP		Division

\*Topics are subject to change as the proposals evolve through additional analysis, committee guidance and discussion.

**Updated for September 2023**

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**AlaskaCare Retiree Health Plan Modernization Topics\***

R***	DVA	Review DVA Standard Plan audio benefits	Division
R***	Medical	Add coverage for orthodontic braces to treat cleft palate – <i>member request</i>	

**2. Pended Topics**

Proposal			
Number	Plan	Description	
R001a	Medical	Enhance standard travel benefits	
R002	Medical	Network Incentive: 70% out-of-network and 90% in-network	
R003	Medical	Increase deductible, out-of-pocket maximum	
R004	Medical	In-network enhanced clinical review of high-tech imaging and testing	
R010	Rx	Drugs with over the counter (OTC) equivalents	
R011	Rx	Implement high-value pharmacy network with lower copays for chronic meds, medical synchronization, counseling, and packaging options for participating members.	
R013	DVA/Medical	Consider expanding coverage for implants related to periodontal disease under the medical plan and/or under the dental plan	
R015	Rx	Limit compound coverage to high-quality, narrow network of pharmacies	
R017	Medical	Copayment for primary care	

**3. Completed Topics**

Proposal			
Number	Plan	Description	Effective Date
R001	Medical	Add supplemental non-emergent surgery and travel benefits	TBD – Pending DOA CO Decision
R008	Medical	Raise or eliminate lifetime maximum benefit	TBD – Pending DOA CO Decision
R027	Medical	Add virtual physical therapy and musculoskeletal care program	TBD – Pending DOA CO Decision
R022	Medical/Rx	GCIT designated network benefits	1/1/2023
R023	Medical	Remove penalty for failure to precertify certain services	1/1/2023
R007	Medical	Expand preventive coverage to add full suite of preventive services	1/1/2022
R020	Rx	Add prior authorizations for certain specialty medications	1/1/2022
R016	Medical	Add medically necessary treatment of gender dysphoria including surgery – <i>public comment proposal</i>	1/1/2021

\*Topics are subject to change as the proposals evolve through additional analysis, committee guidance and discussion.