

Retiree Health Plan Advisory Board Meeting Agenda

Date: Thursday, February 8th, 2024
Time: 9:00am – 11:30am
Location: Video Teleconference | ANC Atwood 19th Floor
[Click here to join the meeting](#)
Telephone Only: [907-202-7104](tel:907-202-7104) [529960478#](tel:529960478)
Board Members: Lorne Bretz, Dallas Hargrave, Paula Harrison, Cammy Taylor, Michael Humphrey

- 9:00 am** **Call to Order**
- Roll Call and Introductions
 - Approval of Agenda and Minutes
 - Ethics Disclosure and Public Comment Script
- 9:15 am** **Public Comment**
- 9:30 am** **Department & Division Update**
- 2024 Key Activities
 - Inflation Reduction Act – Medicare Part D Changes
- 10:00 am** **Modernization Topics/Priorities**
- Pacific Health Coalition – Health Fairs and access to Primary Care Clinics for U65
 - Rehabilitative Care - Acupuncture
 - Standard DVA Plan
 - Behavioral Health
 - Lifestyle and Wellness
 - Enhanced Travel
- 11:15 am** **Public Comment**
- 11:30 am** **Wrap up/Adjourn**

AlaskaCare Retiree Health Plan Advisory Board Meeting Minutes

Thursday, November 9, 2023

Board Members		DRB		Guests	
Lorne Bretz	P	Ajay Desai	P	Randall Burns	P
Dallas Hargrave	P	Steve Ramos	P	Wendy Woolf	P
Paula Harrison	A	Teri Rasmussen	P	Stephanie Rhodes	P
Michael Humphrey	A	Chris Murray	P	Judy Salo	P
Cammy Taylor	P	Megan Jones	P	Mauri Long	P
Nan Thompson	P	Erika Burkhouse	P	Sharon Hoffbeck	P
		Liz Hawkins	P	Dian Tamas	P
		Richard Ward (Segal)	P	Joel Kranz (Aetna)	P
		Deborah Donaldson (Segal)	P	Sherry Johnson (OptumRx)	P
		Quentin Gunn (Segal)	P	Annette Piccirilli (OptumRx)	P
				Gary Newman	P

Call to Order

The meeting was called to order at 9:01 am by Vice Chair Cammy Taylor. There was not a quorum present. Roll call and introductions were done.

Approval of Meeting Agenda and Minutes

The agenda was approved.

The minutes were approved with one correction; page 3, second paragraph, correct \$5% to \$5.

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.

Public Comment

- Wendy Woolf requested the spelling of her name be corrected in the minutes.

Department & Division Update

Dental Vision Audio – Open Enrollment update

The open enrollment period for dental, vision, and audio opened on October 11 and will close on November 22. Open enrollment has been publicized through printed materials, emails, town hall discussions, and information on the webpage. Everyone is encouraged to participate in active open enrollment, but if an individual makes no change, they will continue the same plan. There was a 5% increase in premiums for both plans, which translated into roughly \$3 for retiree only and \$9 for family. There is a concurrent survey of Third-Party Administrators (TPAs) ongoing, with results feeding into performance guarantees for vendors. The Division thanked plan members who have already participated in that survey.

Plan Booklet Update – public comment period

The public comment period for the plan booklet update closed last week. One member comment regarding the increase in the lifetime maximum was presented as an example of the importance of this work. Comments will be reviewed and posted by the end of the month.

Regulations Update

The regulations were adopted by the Commissioner on October 31 and submitted to the Lieutenant Governor's office, which has posted the public notice and finalized those. The regulations will be in effect at the end of this month.

The meeting dates for 2024 are also included in the packet. The fall meeting always falls in August but is often pushed back to September, so this year it has been planned for September.

There is a new transcription service doing the minutes for the meetings as the previous contract expired. This will be the first meeting using the new service.

Vice Chair Cammy Taylor clarified that the Health Benefits Evaluation Committee (HBEC) meetings on the schedule do not impact retirees. They were included on the schedule for the Division to have everything on one page.

Modernization Topics/Priorities

Despite not having a quorum, Vice Chair Cammy Taylor wanted to go forward with this discussion to receive updated information about what the Division prioritizes and any other changes to be considered during the coming year.

Teri Rasmussen indicated that the Board had previously asked for a Division priority and estimated Division level of effort on the current list. Most of the proposals do not yet have a written analysis of the financial impact, member impact, TPA involved, etc. Therefore, the department prioritization column was left blank pending more details. The last column showed a P if a written proposal had been started and an A if actuarial analysis has been started. The list of topics discussed was included in the meeting materials.

Teri Rasmussen discussed active topics as follows:

- R005, Out-of-Network Reimbursement as a Percentage of Medicare: This would change the methodology used to determine payment to OON providers from the 90th percentile of the prevailing charge rate to a percentage of the Medicare fee schedule. The same change was made to the employee plan last year, with a huge effort to bring AlaskaCare providers into network and minimize member impact. This item would be a high priority.
- R009A, Rehabilitative Care, Review: This item would look at the current benefit structure, implement clear service limits for rehabilitative care, and consider adding coverage for maintenance care.
 - Vice Chair Cammy Taylor noted this was also a priority for the RPEA.
- R009C, Rehabilitative Care, New Coverage: This would expand the services covered under rehabilitative care, such as including acupuncture coverage.

- R012, Lifestyle/Wellness Program: Some wellness initiatives can move forward as standalone items, but some are tied to the Medicare Advantage discussion. A statutory change is needed to authorize engagement with a Medicare Advantage program, and there is no bill put forward at this time to support that. It was recommended that this item remain on the list, but it is more long term.
- R014, 3-Tier Pharmacy Benefit; Review Out-of-Network Benefits: The brand category would be altered into preferred brand and nonpreferred brand, and the costs would change. This requires a fairly high level of effort. The proposal and actuarial analysis have been started.
 - Vice Chair Cammy Taylor noted there has been discussion in Anchorage about the impact of certain pharmacies closing. She asked if the State had a position on how this will impact the ability to obtain medications at grocery stores.
 - Annette Piccirilli planned to look into that further.
- R019, Tiered Network Benefits for Certain Services: It was suggested to move this to the pended list as the environment is now different. The effort to contract additional providers has been successful, and direct contracting is not an issue currently.
 - There were no objections by board members to move this item to the pended list.
- R024, Standard DVA Plan Preventive First Coverage: Preventive First pays preventive visits at 100% and does not count it toward the max out-of-pocket limit, allowing members to use additional non-preventive dental services. This provision is currently in the employee plan. The proposal and analysis have been started but need to be updated.
- R025, Medicare Advantage: This was discussed above under R012, Lifestyle/Wellness Program.
- R026, Standard DVA Plan Vision Benefits: One option to look at to enhance the vision benefit is the VSP program, which the employee side also has. The information available is outdated and would need a fresh proposal and analysis. There is high utilization of DVA, with about 40% of DVA members using the vision benefit and 70% using dental.
 - Vice Chair Cammy Taylor added that Aetna noted receiving a lot of comments from retirees about network availability for vision.
- R***, Pacific Health Coalition: This item would expand the current contract to include the retiree plan members, allowing them to participate in the health fairs sponsored by the Pacific Health Coalition. The decision needs to be made before next fall. The Pacific Health Coalition also has Beacon Health Clinics available to members, but they do not currently accept Medicare.
 - Cammy agreed that this was a higher priority and was also number two on the list from RPEA.
- R***, Behavioral/Mental Health Program Offerings: The number of members utilizing behavioral/mental health services is steadily increasing, and this topic would look at additional offerings to support members.
 - Cammy noted there was a significant problem, anecdotally, of behavioral health providers not accepting Medicare. She wondered if there was a program to help people get access to care. She added this was also a high priority for RPEA.
 - Joel Kranz agreed that it was a priority. He stated there are tools that allow people to choose virtual visits, which increases the number of providers available, though it still does not indicate if the providers accept Medicare.
- R***, Oncology Support Services: There is an RFI to see what type of oncology support services are available in the market. This initiative is moving forward on the employee plan side.
 - Richard Ward added the types of responses currently being reviewed are coordination of care with local providers and with centers of excellence that might require travel.

- R***, Chronic Disease Management Program(s): This is an effort to find services to support chronic conditions prevalent in the retiree population (hypertension, hyperlipidemia, diabetes, etc.)
 - Vice Chair Cammy Taylor asked if these were programs provided by the current TPA or something supplemental.
 - Teri Rasmussen responded that it would look at both.
- R***, Standard DVA Dental Plan Annual Benefit Max: This item would make changes to the annual dental benefit maximum of \$2000.
- R***, Standard DVA Plan Audio Benefits: This would take a close look at the audio benefits included.
- R***, Coverage of orthodontic braces for cleft palate: This was a member request.

Vice Chair Taylor requested to move item R001a, Enhance Standard Travel Benefits, from the pended list, to be included in the discussion around services that might require travel. She also noted that one priority from the RPEA not on this list was the subject of the Medicare special population that is not eligible for free Part A. She wanted to include that on the list for more clarification.

Vice Chair Taylor opened the discussion to board members and members of the Modernization Committee, regarding prioritization and importance of the topics.

- Judy Salo felt it was important to update the analysis of dental benefits as soon as possible. A lot of members are waiting for the preventive care to be taken out of the \$2000 max and for that amount to be modernized given the cost of dental work. She noted she hears the most comments about how implants are covered and felt that information could be presented differently in the quarterly.
- Mauri Long wanted to see progress on rehabilitative care, such as adding acupuncture and massage. She was unclear if oncology massage was covered in oncology support services.
- Nan Thompson ranked several items as very important. She noted the huge amount spent on medications for weight loss and diabetes and wondered if there was a better way to address those conditions, so she felt that lifestyle wellness and chronic disease management was top priority. Second in importance, she listed rehab care and Pacific Health. She felt that DVA preventive care, standard DVA coverage, and potential behavioral health expansion were third in importance.
- Lorne Bretz and Dallas Hargrave had no further comments.
- Vice Chair Cammy Taylor stated there was no quorum, so the Board did not set out a list. She asked if the comments provided enough information to evaluate priorities.
 - Teri Rasmussen responded there were common themes mentioned that the Division would take a closer look at and bring back additional information at the February meeting for further discussion.

Teri Rasmussen suggested to add the Inflation Reduction Act and the upcoming Medicare Part D changes to the agenda for the February meeting, as there are significant changes that will impact the plan.

- Judy Salo agreed with having a Modernization Committee meeting prior to February. She felt it would be good to do some work on the environment changes and how the list of priorities has to be reevaluated in light of that prior to the whole meeting in February.
 - Teri agreed, noting that the environment is likely to change more over the next year based on initiatives at the federal level and some Senate and House bills working their way through the Legislative Session. Those factors all need to be taken into consideration because they all have impacts on the plan.

Public Comment

Vice Chair Cammy 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.

- Randall Burns (RPEA) reemphasized the importance of R001A regarding travel. He suggested combining the various dental and vision items to take a more comprehensive look at those benefits, including the implant issue. He also felt the rehab items, R009A and C, were important given the usage rate amongst retirees. He wanted to better understand R005 issue.
- Mauri Long agreed with the request for a Modernization Subcommittee meeting. She felt this effort has worked best when the Modernization Committee has developed things for the Board to look at before the Board meeting. She noted that looking at things all at once more regularly would keep everyone more engaged in the process.
- Stephanie Rhodes (RPEA) felt that members were being steered toward out-of-network providers because primary care and behavioral health are not available. She therefore wondered how much the reimbursement rate would matter over time.
- Gary Newman discussed item R001A, Enhance Standard Travel Benefits. He felt ground travel benefits were inequitable compared to travel by air. He also noted that gas receipts are only allowed for purchase on the day of travel, so if one fills up the day before an early morning trip, the plan does not pay. He suggested it was logical to go to a mileage reimbursement that would not exceed the equivalent air travel.

Wrap Up / Adjourn

Nan Thompson expressed appreciation to Vice Chair Cammy Taylor and Teri Rasmussen for running the meeting under challenging circumstances.

Teri Rasmussen thanked everyone for being flexible in regard to last-minute changes. She noted the current limited resources will be a temporary problem, and there is a transition plan in place. Since some of the proposals have been around for a while and it is a changing environment, the Division would like the opportunity to potentially rearrange or combine items where it makes sense in order to keep moving forward those things that match the current situation and goals. As there are multiple DVA proposals, they could potentially be combined. She was interested in looking at proposals with a fresh set of eyes and fine tuning them.

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

Result: Without objection, the meeting adjourned at 10:32am.

The next RHPAB meeting will be held on February 8, 2024.

AlaskaCare Retiree Health Plan Advisory Board Modernization Subcommittee Meeting Minutes

January 24, 2024

Meeting Attendance

Name of Attendee	Title of Attendee	
<i>Retiree Health Plan Advisory Board (RHPAB), Modernization Sub-Committee Members</i>		
Cammy Taylor	Committee Chair (RHPAB)	Present
Nanette (Nan) Thompson	Committee Member (RHPAB)	Present
Mauri Long	Committee Member (RPEA)	Present
Paula Harrison	Board Member	Present
<i>State of Alaska, Department of Administration Staff</i>		
Kathy O'Leary	Administrative Support, Retirement + Benefits	
Teri Rasmussen	Acting Deputy Director of Health	
Steve Ramos	AlaskaCare Vendor Manager, Retirement + Benefits	
<i>Others Present + Members of the Public</i>		
Randall Burns	Retired Public Employee of Alaska	
Judy Salo	Member of the Public	
Wendy Woolf	Retired Public Employee of Alaska	
Stephanie Rhodes	Retired Public Employees of Alaska	

Call to Order

The meeting was called to order at 1:03 pm by Cammy Taylor. Roll call and introductions were done.

Modernization Topics/Priorities

DRB has reviewed the prioritization list, and for the 2025 plan year, it will be a quieter year related to plan changes. The division has some large projects occurring in this calendar year. Using the operational activities as a filter for the list, while continuing to focus on modernizing the plans and working through the proposals, the items on the list with a high level of effort may need to be deferred. The division wants to make sure all efforts are well thought out, planned, and implemented. For the current year the division is looking at the prioritized proposals that have a lower level of effort.

The board asked if the division had ideas of what they would want to prioritize. The Division would like to review the Pacific Health Coalition for the purpose of offering the health fairs to the retiree plan members. This would be a two-tier approach, with the focus on access to the health fairs first, and then access to the Beacon health clinics second. The clinics do not currently accept Medicare, so this would initially be for the U65 population. The division would like to work on this earlier in the year to potentially have it ready before the 2024 fall health fairs. The other proposal is expanding some of the rehabilitative care to include acupuncture. Coverage for acupuncture was implemented in the Employee plan for 2024.

The inflation reduction act may have a potential impact on the plan's funding status. The division is monitoring this as the final rules are published and working with our actuary to understand the impact.

The committee asked when Virtual Physical Therapy will go into effect in 2025.

The planned roll-out for supplemental surgery and virtual musculoskeletal services is 01/1/25. The division will be releasing an RFP in February. Once the service provider is known, the implementation schedule can be fine-tuned. Both benefits are currently implemented for the employee plan. Should the competitive procurement process result in the same vendor, the implementation timeline may be able to be shortened. However, 1/1/2025 is the stated implementation date. The division won't know the complexity of the implementation until the RFP process is complete.

Review of Proposals by the subcommittee:

At the last meeting R019 – Tiered Benefits was pended, so this proposal will not be reviewed.

R009C Rehabilitative Care: New Coverage

Mauri: Is acupuncture included?

There isn't a drafted proposal for this yet. The division recommends reviewing the discussion notes for R009c and outlining the options in a draft proposal. The division can have a draft ready by the next modernization subcommittee meeting.

R024 Standard DVA Plan Preventive First coverage

Judi: Where are we with dental preventive first?

This proposal is well defined. The division needs to make sure it is accompanied by a solid communication plan. DVA is funded by member paid premiums, so changes to the DVA plan could have an impact on the premiums. The initial actuarial impact estimates the financial impact to be 950k. The cost of the change has not been factored into the rate process yet. The rate process occurs annually during late summer-early fall.

The board asked about the financial status of the DVA plan.

Mauri: Can we have additional information about the costs and use of the audio and visual portion of the plans.

The division recently did an analysis of the use of the audio/visual portion of the DVA plan. We also asked Aetna to start including reports in the quarterly deck on audio and visual. The division will add a review of the DVA plan to the agenda for the next modernization board meeting.

R* Standard DVA Plan annual benefit max**

The board asked if the division could draft a proposal for the dental annual maximum. The division would like to combine the two DVA plan proposals and consider the DVA audio benefit proposal as a combined proposal.

R0012 Lifestyle / Wellness

Paula: Do we have Teladoc with the retirees? It offers a program called Livongo that offers some chronic disease support.

We do not currently have Teladoc for retirees. We added it as a temporary benefit during the COVID-19 public health emergency. It had very low utilization in the retiree plan.

Reframe this proposal to see what kinds of wellness programs might fit the retiree plan. Aetna is changing out some of the base programs already provided by our contract. With this there will be some enhanced programs around chronic disease management. This is on the agenda for the May meeting.

Judi: Providers are offering to do more telephone visits. Are they covered by Medicare or AlaskaCare? There is a modifier that is added to the CPT code that indicates it's telemedicine. Medicare had a set of codes they allowed, and during COVID they expanded that set. AlaskaCare is coded to mirror the expanded Medicare benefit.

R* Oncology Support Services**

Judi: Oncology support services – many hospitals offer their own support services. What would this proposal include?

The division issued an RFI for Oncology Services and received several responses. There are service providers that provide full coordination from diagnosis through treatment. They become **a partner in your journey as you navigate a cancer diagnosis and treatment**. For example, they could help the member find a provider or facility that specialized in their type of cancer, provide member education on treatment options.

R* Behavioral/Mental Health Program Offerings**

Judi: Behavioral Health – Does this differ between U65 and O65. Do we need to focus on this or is the need for these services being met.

Cammy: the most frequent complaint I hear is about finding a provider that accepts Medicare.

We have seen an increase in BH claims, and we have a higher cost and % of out of network providers. We will receive an update on BH at the quarterly meetings next week. There are a growing number of providers offering virtual services, that would help bolster availability of providers.

Judi: Can we have a townhall event focused on what BH coverage is provided by the plan.

Mauri: Define what's available and how people can access services. The burden can fall on the caretakers for members as well. Curious if we have any services available for caretakers.

The division shared that this is already a planned topic for an upcoming newsletter. We will add this to an upcoming town hall event as well.

R001 Enhanced standard travel benefits

Cammy: Enhanced travel benefits.

Mauri: Are we setting up a double effort if we look at enhanced standard travel benefits outside of the Travel and Surgery initiative.

When the division releases an RFP, we always ask the bidders to include additional value add items. We will be watching for any items that may match the topic of additional travel benefits.

Summary:

The division will prepare proposals for the top 4 prioritized items for the next subcommittee meeting, scheduled for March or April.

Mauri clarified the process of having the subcommittee meeting review the details of the proposals first, then forward them to the full board.

Active Topics for Discussion during 2024

Proposal Number	Plan	Title	Level Of Effort	Proposal / Actuarial
R028	Medical	Pacific Health Coalition Membership	M	P
R009C	Medical	Rehabilitative Care: New Coverage (acupuncture)	L	-
R024	DVA	Standard DVA Plan Preventive First coverage	L	P, A
R026	DVA	Standard DVA Plan vision benefits	M	-
R***	DVA	Standard DVA Plan dental annual benefit max	M	-
R***	DVA	Standard DVA Plan audio benefits	M	-
R***	Medical	Behavioral/Mental Health Program Offerings	M	-
R012	Medical	Lifestyle/Wellness Program	H	-
R001	Medical	Enhanced standard travel benefits	M	-

**P=draft proposal available, A=actuarial analysis available*

Public Comment

Vice Chair Cammy 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.

Wendy Woolf: I would encourage the board in looking at DVA to include VSP for vision. Suggest you reformat the list of prioritized proposals. Omada program education. Members not eligible for Part A need to remain in the forefront.

Randall Burns: RPEA newsletters have mentioned these efforts, and we remind people that DVA is a self-funded account, and changes could impact premiums. We often hear that people are willing to pay for additional benefits, and DRB should move forward with making a proposal. DRB should combine the dental, vision, and audio proposals together. I also agree with an enhanced travel benefit.

Wrap Up / Adjourn

The meeting was adjourned by Cammy Taylor at 2:07pm.

The next RHPAB meeting will be held on February 8, 2024.



Alaska Retiree Health Plan Advisory Board Inflation Reduction Act and the Impact on EGWPs

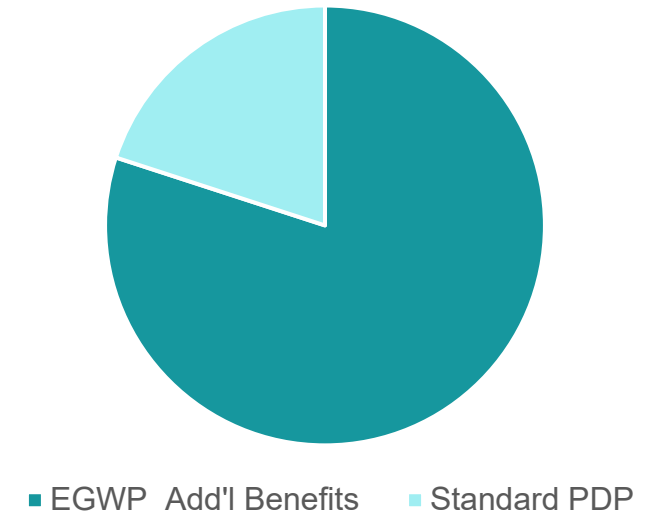
February 8, 2024

Part D and EGWP Overview

EGWP and Part D Overview

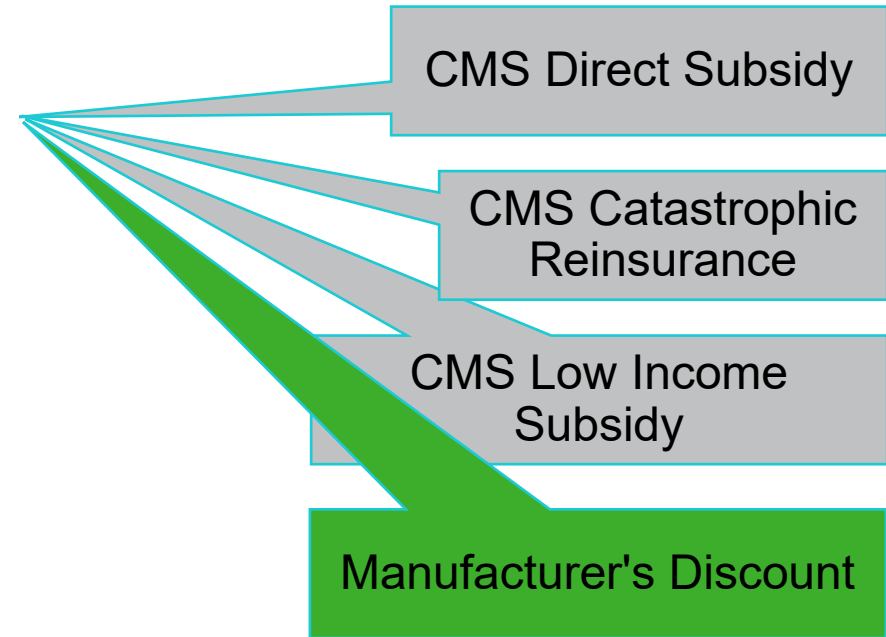
- Medicare Part D plans were created as part of the Medicare Modernization Act of 2003.
- Medicare Part D plans (PDP) provide prescription drug benefits based on the Centers for Medicare and Medicaid (CMS) prescribed formulary and minimum plan design features (Standard Part D).
- The Employer Group Waiver Plan (EGWP) is a retiree prescription drug plan that provides at least Standard Part D coverage and additional benefit features such as:
 - Enhanced plan designs (copays, drug tiers, step therapy)
 - Out-of-network pharmacy benefits
 - Additional drugs not offered in standard PDP formulary (OTC, weight loss drugs, etc.).

EGWP vs. Standard PDP
Example



EGWP and Part D Overview

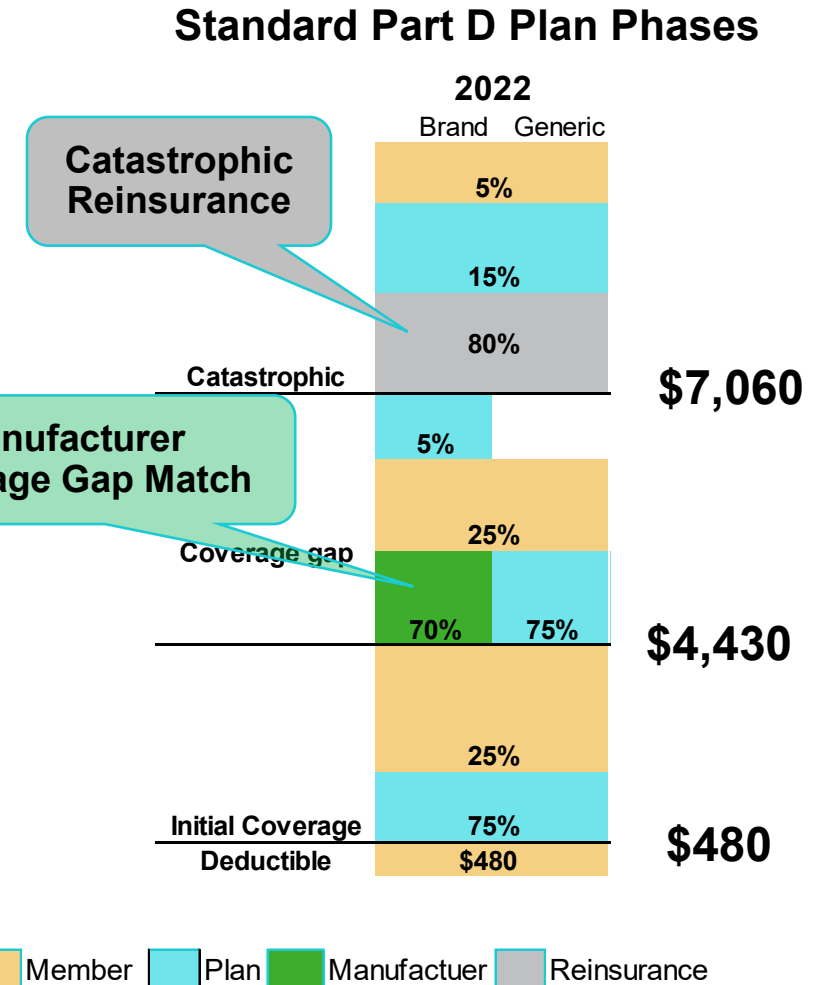
- EGWPs receive Part D subsidies which serve to offset total retiree drug plan costs
 - They play an important role to reduce total pharmacy plan costs.
- EGWP (or Part D) plan subsidies are an alternative to Retiree Drug Subsidies (RDS)
 - In most cases, EGWPs provide additional subsidies, hence, lower net plan costs relative to RDS.
 - Most plans that are able, have converted to EGWPs.



EGWP and Part D Overview

- The basis of Part D subsidies is standard Part D Coverage phases:
 - Standard Part D Deductible, Initial Coverage, Coverage Gap and Catastrophic Phases.
- Part D plan subsidies are based upon how member's pharmacy costs flow through Standard Part D.
- AlaskaCare EGWP members **are not** subject to the Standard Part D cost sharing; it only impacts subsidy amounts.

AK Plan Standard Copayment		
	Generic, up to 90-day supply	Brand, up to 90-day supply
Network Pharmacy	\$4	\$8
Home Delivery	\$0	\$0



PDP Subsidies and Other Offsets

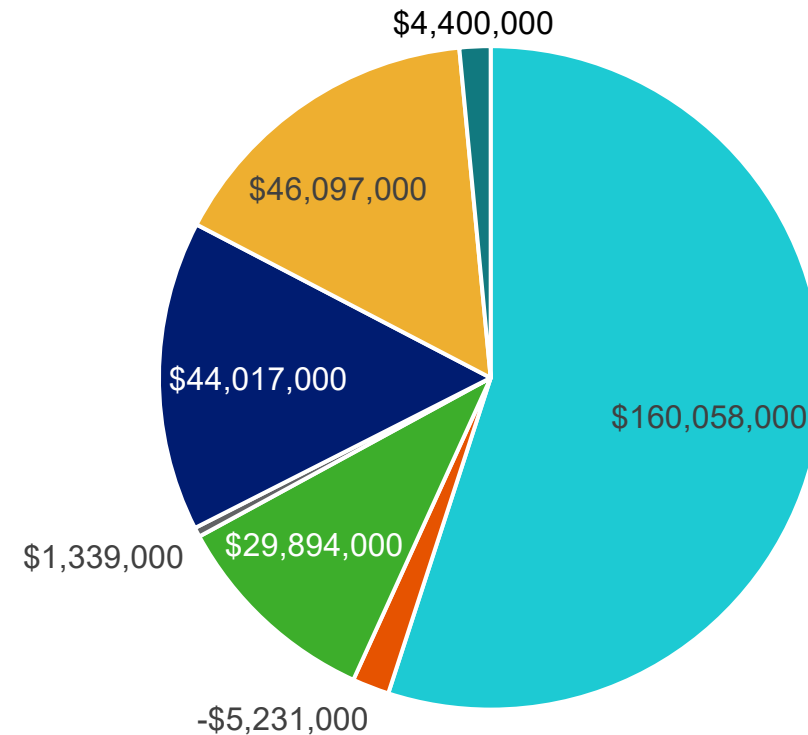
To determine the net EGWP plan cost, the following subsidies serve to offset gross claims costs:

- **CMS Part D Direct Subsidy:** Based on Individual PDP bid amounts submitted to CMS in June of each year.
 - These amounts have declined from 2006-2024.
 - For many group plans, AKCare included, subsidies in most recent years have been \$0 or negative.
- **Catastrophic or Reinsurance Reimbursement:** Once a member's claim reaches the Standard Part D Catastrophic Phase, CMS provides a reinsurance subsidy to offset drug costs in this phase.
 - The 2024 Federal Reinsurance is 80% of drug costs in the Part D Catastrophic Drug Phase.
- **Manufacturers' or Coverage Gap Discount:** PDPs receive a discount from drug manufacturers for brand drugs in the Coverage Gap Phase.
 - Discount increased in 2019 from 50% to 70% of drug costs in Coverage Gap Phase.

PDP Subsidies and Other Offsets

- Other plan features which reduce EGWP pharmacy costs include:
 - Rebates
 - Members' cost sharing (copays)
- Part D subsidies are a major contributor to lowering overall plan costs.
 - For 2022, Part D subsidies represented \$70.1M or 27% of total plan costs.

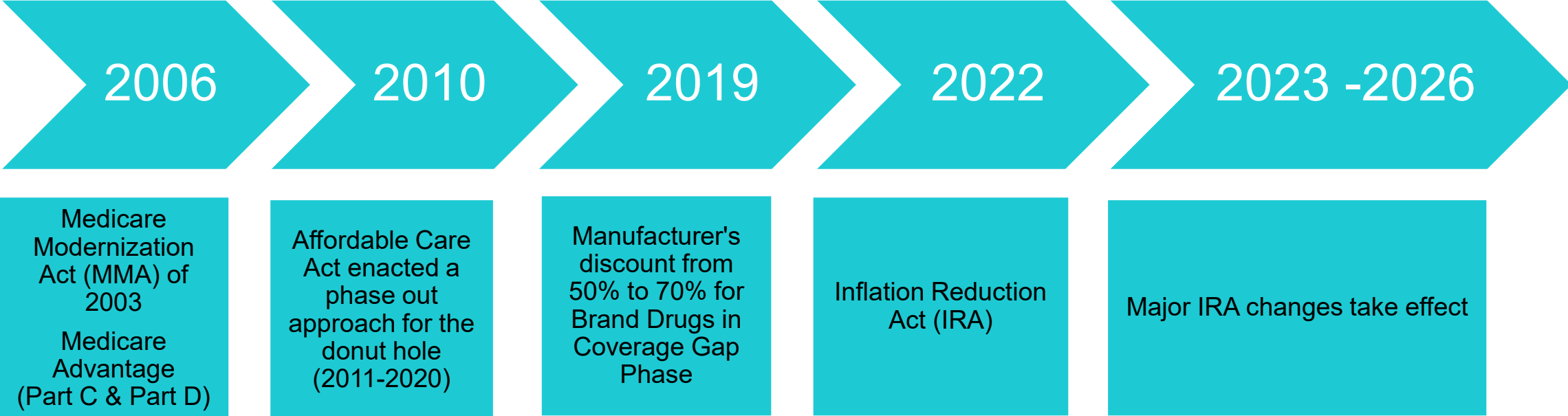
2022 AK Plan EGWP Costs
Gross = \$280,574,000



- Net Plan Costs
- Direct Subsidy
- Reinsurance
- LICS/LIPS
- Manufacturer's Discount
- Rebates
- Member Paid

Inflation Reduction Act of 2022

Major Changes in Part D Plans



In a recent poll, 9 of 10 Medicare Advantage retirees with a Part D coverage (MAPD) are satisfied with their prescription drug coverage*

*Source: The academy of Health Information Professionals (AHIP) MA by Numbers

IRA Changes Timeline for PDP's

- The Inflation Reduction Act of 2022 (IRA) was signed into law on August 16, 2022.
- Changes to Medicare drug coverage over the next decade.
- Emphasis on individual market Part D (PDP) plans.
- Changes will have impact on EGWP plan pricing.



- \$35 Insulin cost cap
- No cost vaccines
- Manufacturers pay rebates to Medicare for drugs increasing more than inflation

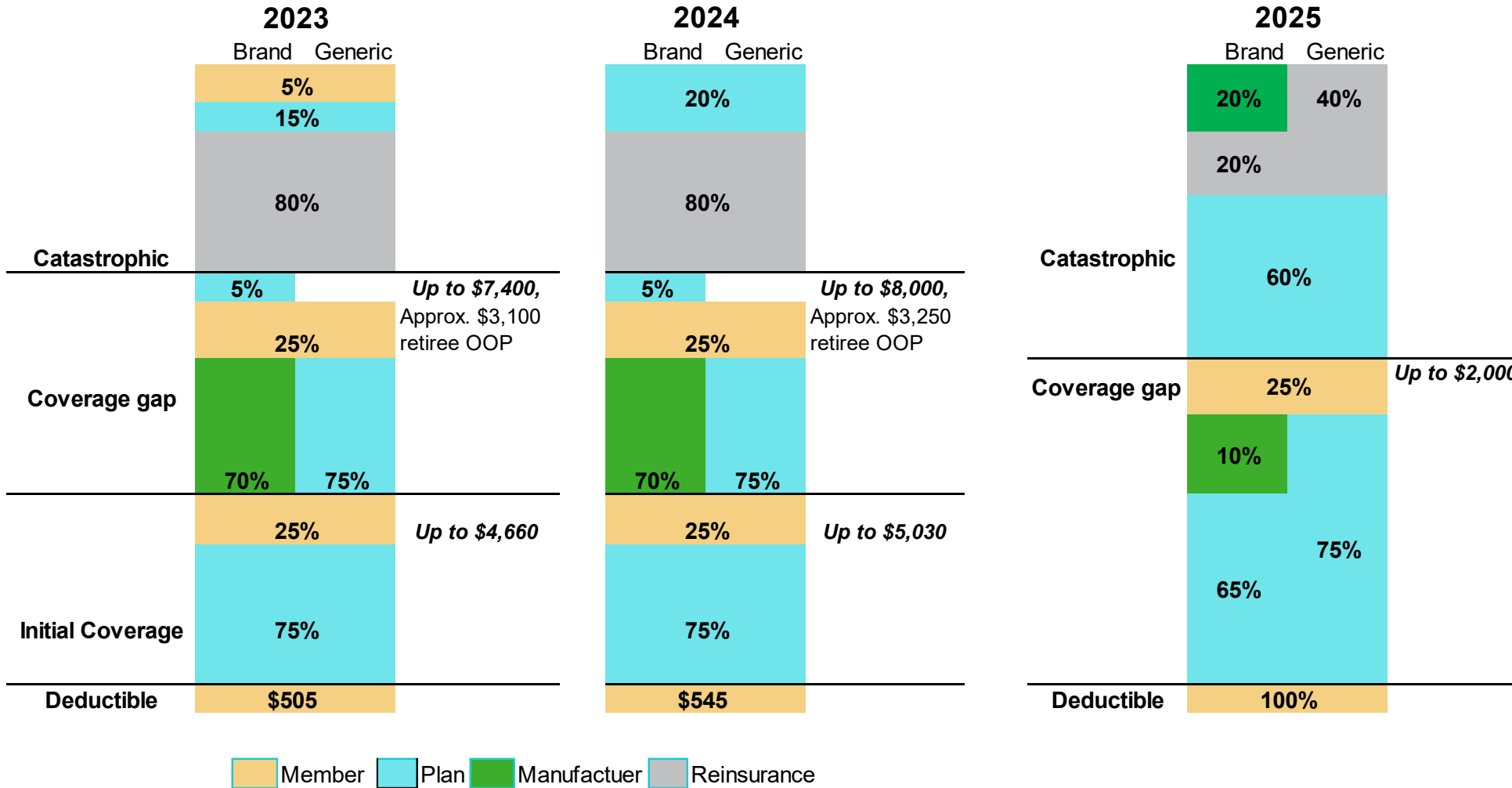
- Cost share eliminated for catastrophic tier
- Low Income Subsidies expanded from 135% of FPL to 150%
- Annual Premium increases capped at 6% (through 2030)

- \$2,000 annual OOP Max (indexed)
- For catastrophic tier:
 - Medicare share reduced to 20%
 - Plan share increased to 60%
 - Drug manufacturers introduced at 20%
- Allows members to make coinsurance installment payments over a year

- Medicare negotiates drug prices
 - 2026: 10 drugs
 - 2027: +15
 - 2028: +15
 - 2029: +20

- Rule that would eliminate rebates delayed until at least 2032

IRA Changes



Plan responsibility increased from 5% and 15% to 60% from 2023 to 2025

Part D Funding example

	EGWP
Drug Claims	\$280,574,000
- Direct Subsidy	-5,231,000
- Manufacturer Discount	44,017,000
- Reinsurance	29,894,000
- LICS/LIPS	<u>1,339,000</u>
Claims Costs Net of CMS Subsidies	\$210,555,000

Changes to these subsidies have a direct impact on net plan costs

Part D Funding- Impact of Subsidy Changes

ILLUSTRATIVE Example on impact of change in subsidies on net premiums

	EGWP
Drug Claims	\$280,574,000
- Direct Subsidy	-5,231,000
- Manufacturer Discount	44,017,000
- Reinsurance	29,894,000
- LICS/LIPS	1,339,000
- Other plan offsets (rebates, member copays)	<u>50,497,000</u>
Net Claims Costs	\$160,058,000

	EGWP
Drug Claims	\$280,574,000
- Direct Subsidy	-5,231,000
- Manufacturer Discount	36,956,000
- Reinsurance	29,894,000
- LICS/LIPS	1,339,000
Other plan offsets (rebates, member copays)	<u>\$50,497,000</u>
Net Claims Costs	\$197,013,000
Total increase	\$36,955,000
% Increase	23%

Assume 50%
reduction

Looking Ahead in the Near Term

2024

January

February

March

April

May

June

July

CMS

Advance Notice

Final Notice

Part D bids to CMS

Part D Base Subsidy Determined

Set updated Part D parameters that will be used in 2025 bids

Thank You



Active Topics for Discussion during 2024

Proposal Number	Plan	Title	Level Of Effort	Proposal / Actuarial
R028	Medical	Pacific Health Coalition Membership	M	P
R009C	Medical	Rehabilitative Care: New Coverage (acupuncture)	L	-
R024	DVA	Standard DVA Plan Preventive First coverage	L	P, A
R026	DVA	Standard DVA Plan vision benefits	M	-
R***	DVA	Standard DVA Plan annual benefit max	M	-
R***	DVA	Standard DVA Plan audio benefits	M	-
R***	Medical	Behavioral/Mental Health Program Offerings	M	-
R012	Medical	Lifestyle/Wellness Program	M	-
R001	Medical	Enhanced standard travel benefits	M	-

*P=draft proposal available, A=actuarial analysis available

1. Pended Topics

Proposal Number	Plan	Description
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
R005	Medical	Out-of-network reimbursement as % of Medicare
R006	Medical	Expanded Telehealth Services
R009A	Medical	Rehabilitative Care: Review
R010	Rx	Drugs with over the counter (OTC) equivalents
R011	Rx	High-value pharmacy network with lower copays for chronic meds, medical synchronization, counseling, and packaging options.
R013	DVA & Medical	Expand coverage for implants related to periodontal disease under the medical plan and/or under the dental plan
R014	Rx	3 tier pharmacy benefit; review oon benefits
R015	Rx	Limit compound coverage to high-quality, narrow network of pharmacies
R017	Medical	Copayment for primary care
R018		Plan Housekeeping/Review
R***	Multiple	Chronic Disease Management Program(s)
R***	Medical	Coverage of orthodontic braces for cleft palate
R***	Medical	Members Not Eligible for Medicare Part A
R***	Pharmacy	Weight Loss and Diabetes prescription cost
R019	Medical	Tiered network benefits for certain services
R025	Medical	Medicare Advantage