

**Retiree Health Plan Advisory Board
Modernization Subcommittee Meeting
Agenda
May 30th, 2024**

9:00 am Call to Order

- Roll Call and Introductions
- Approval of Agenda
- Ethics Disclosure and Public Comment Script

9:15 am Modernization Topics/Priorities Working Session

- Rehabilitative Care - Acupuncture
- Standard DVA Plan – Dental Prevention First and Annual Benefit Maximum
- Standard DVA Plan – Vision
- Pacific Health Coalition


10:30 am Break

11:45 am Public Comment

12:00 pm Wrap up / Adjourn

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Proposal Title	Acupuncture Services (R009c)	
Health Plan Affected	Retiree Health Plan	
Proposed Effective Date	January 1, 2025	
Reviewed By	Retiree Health Plan Advisory Board	
Review Date	4/25/2024, 5/9/2024, 5/30/2024	

1) Background

Acupuncture is a technique in which practitioners insert fine needles into the skin to treat health problems. The needles may be manipulated manually or stimulated with small electrical currents (electroacupuncture). Acupuncture has been in use in some form for at least 2,500 years. It originated from traditional Chinese medicine but has gained popularity worldwide since the 1970s.¹The AlaskaCare retiree plan does not provide coverage for acupuncture services, they are a plan exclusion.² Members seeking acupuncture services pay out of pocket. For members who have enrolled in the optional Health Flexible Spending Account (HFSA) acupuncture is an eligible expense and members can submit a claim for reimbursement.

In 2016 and 2017, Aetna updated its clinical policy bulletin³ (CPB) to state that acupuncture is considered medically necessary for treatment of specific conditions, including chronic neck pain, chronic headache, and back pain. In 2020, the Centers for Medicare & Medicaid Services (CMS) issued a National Coverage Determination stating that Medicare would cover acupuncture for patients with chronic low back pain, as part of an effort to support alternative, non-opioid pain therapies.⁴

The retiree plan currently excludes coverage of acupuncture therapy, unless performed by a physician as a form of anesthesia in connection with surgery.

2) Objectives

- a) Provide an additional treatment option for members as a complement to other health strategies.
- b) Update the plan as evidence based medical science evolves.
- c) Cover safe, low-cost, and evidence-based approaches to pain care.

3) Summary of Proposed Changes and Analysis

This proposal contemplates adding coverage of acupuncture for medically necessary indications in alignment with Medicare and the medical Third-Party Administrator’s (Aetna) current CPB.

¹ Acupuncture: What You Need To Know. National Center for Complementary and Integrative Health.

<https://www.nccih.nih.gov/health/acupuncture-what-you-need-to-know>.

² AlaskaCare Retiree Insurance Information Booklet – Jan 2023. *Section 5.1 Medical Expenses Not Covered*.

https://drb.alaska.gov/docs/booklets/DB-RetireeInsuranceBooklet_WEB.pdf

³ Aetna Clinical Policy Bulletin No. 0135: Acupuncture and Dry Needling.

https://www.aetna.com/cpb/medical/data/100_199/0135.html.

⁴ Acupuncture for Chronic Lower Back Pain (CLBP). Medicare Coverage Database; National Coverage Determination.

<https://www.cms.gov/medicare-coverage-database/view/ncd.aspx?NCDId=373>. 1/12/2020.

For retirees with Medicare as primary (O65)

The plan would provide coverage up to 10 visits per year for the following medically necessary indications in accordance with an ongoing and written plan of care, when administered by a health care provider practicing within the scope of his/her license.

- A. Chronic (minimum 12 weeks duration) neck pain; *or*
- B. Chronic (minimum 12 weeks duration) headache; *or*
- C. Nausea of pregnancy; *or*
- D. Pain from osteoarthritis of the knee or hip (adjunctive therapy); *or*
- E. Post-operative and chemotherapy-induced nausea and vomiting; *or*
- F. Post-operative dental pain; *or*
- G. Temporomandibular disorders (TMD)

Medicare covers acupuncture for the treatment of low back pain, up to 12 visits in a 90-day period with 8 additional visits if improvement is demonstrated, for no more than 20 visits in a 12-month period.

Medicare recognizes the following provider types: medical doctors, chiropractors, osteopathic doctors, physical therapists, physician’s assistants and nurse practitioners. Medicare does not recognize provider types of acupuncturists and naturopaths. The AlaskaCare retiree plan also does not recognize acupuncturists. This is significant because the AlaskaCare retiree plan becomes supplemental to Medicare when members reach age 65. Revising the list of recognized AlaskaCare retiree plan providers would make the AlaskaCare retiree plan primary for Medicare participants who obtain services from providers not recognized by Medicare.

For retirees with AlaskaCare as Primary (U65)

The plan would provide coverage up to 10 visits per year for the following medically necessary indications in accordance with an ongoing and written plan of care, when administered by a recognized health care provider practicing within the scope of his/her license.

- A. Chronic (minimum 12 weeks duration) neck pain; *or*
- B. Chronic (minimum 12 weeks duration) headache; *or*
- C. Low Back Pain, *or*
- D. Nausea of pregnancy; *or*
- E. Pain from osteoarthritis of the knee or hip (adjunctive therapy); *or*
- F. Post-operative and chemotherapy-induced nausea and vomiting; *or*
- G. Post-operative dental pain; *or*
- H. Temporomandibular disorders (TMD)

For all retiree plan members

Maintenance treatment, where the member's symptoms are neither regressing nor improving, is considered not medically necessary. If no clinical benefit is appreciated after four weeks of acupuncture, then the treatment plan should be reevaluated. Further acupuncture treatment is not considered medically necessary if the member does not demonstrate meaningful improvement in symptoms.

Acupuncture should be provided in accordance with an ongoing, written plan of care. The treatment goals and subsequent documentation of treatment results should specifically demonstrate that acupuncture services are contributing to such improvement.

In alignment with plan provisions and the medical third-party administrator’s clinical policy bulletin, acupuncture coverage excludes experimental and investigational procedures. Acupuncture is not a proven and accepted therapy for all conditions. A list of the procedures excluded from coverage due to being considered experimental and investigational is contained in [CPB 0135](#).

4) Impacts

Actuarial Impact to AlaskaCare | Increase

The Division’s contracted benefit consultant (Segal) has estimated an actuarial value increase for the plan of 0.07%.

Financial Impact to AlaskaCare | Minimal

The financial impacts to the Plan based on the most recent retiree medical and pharmacy claims projection of \$721,000,000 for 2024 (dated August 31, 2023), and trended forward at 6% to \$764,000,000 for 2025, equates to approximately \$500,000 in additional annual costs to the Plan depending on the cost sharing provisions.

Member Impact | Moderate

The member impact is expected to be moderate and positive. The proposed benefit will add acupuncture coverage for members seeking care from plan-recognized providers for medically necessary treatment.

Operational Impact (DRB) | Minimal

The Division anticipates the initial operational impacts associated with implementation and member communication to be minimal, given the following considerations:

- Staff will need to coordinate and oversee implementation of the changes with the TPA.
- Staff will need to create, review, and distribute communications to educate and increase awareness.
- Staff will need to update the Plan Booklet.

After implementation, the ongoing operational impacts are anticipated to be minimal, and will include reporting, fiscal impact monitoring, and updates to communication materials as appropriate.

Operational Impact (TPA) | Initial: Moderate, Ongoing: Minimal

The initial operational impact to Aetna is anticipated to be moderate. Aetna will need to update and test their internal claim processing workflows and systems to ensure that the changes are appropriately applied and implemented.

After implementation, the ongoing operational impacts are anticipated to be minimal, and will include preparing reporting, fiscal impact monitoring, and updates to communication materials as appropriate.

Provider Impact | Minimal

Provider impact is estimated to be both minimal and positive as this removes potential barriers to care for their patients.

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 periods
- Any needed language updates to the Retiree Insurance Information Booklet
- Education outreach to benefit recipients

6) RHPAB Recommendation

The Retiree Health Plan Advisory Board voted on **Month/Day**, 2024 to **recommend/not recommend** implementation of this proposal.

Description	Date
Proposal Drafted	02/2024
Reviewed by Modernization Subcommittee	04/24/2024, 05/30/2024
Reviewed by RHPAB	

Proposal Title	Prevention First Program and Annual Dental Maximum (R024)	
Health Plan Affected	Retiree Standard DVA Plan	
Proposed Effective Date	January 1, 2025	
Reviewed By	Retiree Health Plan Advisory Board	
Review Date	02/24, 4/9/2024, 5/9/2024	

1) Background

Upon retirement, AlaskaCare retirees may choose to participate in a voluntary Dental-Vision-Audio (DVA) plan to provide coverage for themselves and their eligible dependents. The AlaskaCare Retiree Dental-Vision-Audio (DVA) plan is fully funded by members' monthly premium payments, and the Division works hard to maximize the benefits members receive while keeping premiums affordable. Effective in plan year 2020, AlaskaCare began offering two retiree dental plan options, the Legacy Dental Plan, and the Standard Dental Plan which each have different dental coverage provisions.

The Division contracts with Delta Dental of Alaska to assist in the administration of both dental plans. The Division has committed to maintaining the Legacy plan (the DVA plan that was in place prior to 2014) as an option for members to choose during open enrollment. To ensure the Legacy DVA Plan maintains fidelity to the plan that was in place prior to 2014, the Division is considering updates and changes to the Standard DVA Plan only.

One of the most frequent requests the Division receives from members is a desire for improvement and modernization of the AlaskaCare DVA plan. The AlaskaCare Standard Dental plan is designed to help retirees offset the cost of their dental care and to support them in maintaining good overall oral health. Currently, the Plan allows for preventive dental services to be covered at 100% coinsurance with no deductible. However, claims for preventive services count toward a member's annual benefit maximum of \$2000.

2) Objectives

- a) Support members in maintaining their dental health.
- b) Promote high-value care.
- c) Provide a dental plan option that is modernized and more in line with current dental procedure costs.

3) Summary of Proposed Changes

Two options are being considered for the AlaskaCare Standard DVA Plan. Option 1. Prevention First

The AlaskaCare Standard DVA plan would add the Delta Dental Prevention First program. Preventive dental care can help members avoid potentially painful and costly restorative treatments down the road. Delta Dental's Prevention First program covers preventive dental services at 100% coinsurance, and the services are not subject to the deductible, just as these services are covered today. Covered preventive services would not change; services in this category include periodic exams, x-rays, sealants, and fluoride treatment.

The program differs from current practice in that any preventive services paid by the Plan would not count toward a member's \$2,000.00 annual allowance for dental services. This drives value for the member by freeing up dollars that would normally be applied towards preventive services and allow those monies to be used for more complicated oral health procedures such as treatment of diseases of the gums, fillings, oral surgeries, crowns, dentures and bridges, and other covered dental services. Implementing Delta Dental's *Prevention First* program for the Standard DVA plan would provide additional coverage for dental care by exempting preventive services from accruing to the annual benefit maximum.

Option 2. Annual Benefit Maximum

The annual dental benefit maximum is the maximum dollar amount that the AlaskaCare DVA plan will pay out during the year for dental services. The plan currently contains a \$2000 annual dental maximum found in section 8.1.2, Annual Maximum Benefit, of the Defined Benefit [AlaskaCare Retiree Insurance Information booklet](#).

The AlaskaCare Standard DVA plan would increase the annual benefit maximum from the current amount of \$2000 to either \$2500 or \$3000. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portion of the program.

4) Analysis

Option 1. Prevention First

Removing preventive dental services from counting toward the annual maximum may ease the financial barriers to dental care that members experience once the current \$2000 annual maximum is reached, potentially improving their clinical outcomes.

	2022	2023
Members Meeting Max	1840 (6% of members)	2130 (7% of members)

Average Members	27,500	28,600
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With Prevention First, regular, preventive dental visits and diagnostic services (typically X-rays, exams and cleanings) don't count against the maximum benefit amount within a plan year, freeing up the annual maximum so it may be used for other covered dental services. The exclusion of preventive services from the annual maximum does not affect coverage for restorative (Class II) or prosthetic (Class III) services.

This example is based on two routine checkups and a \$2,000 annual maximum.

Class I Preventive Services	Preventive Visit Cost	Member Pays	Annual Max Remaining
Without Prevention First	\$380	\$0	\$1620
With Prevention First	\$380	\$0	\$2000

Option 2. Annual Benefit Maximum

An increase in the annual benefit maximum may ease the financial barriers to dental care that members experience once the current \$2000 maximum is reached, potentially improving their clinical outcomes. Lack of dental insurance coverage or high out of pocket costs may negatively affect health and lead members to delay or forgo needed care.

5) Impacts

Actuarial Impact to AlaskaCare | Increase

Option 1. Prevention First

The proposed program would result in enhancements to the plan that are favorable for members and promote efficient utilization of services. Assuming an approximate 1-for-1 dollar substitution for Class II and Class III services for members at the plan maximum combined with additional utilization for members near the plan maximum, it is estimated that the impact to actuarial value for the Standard plan would be an approximately 4.3% increase¹.

Option 2. Annual Benefit Maximum

A \$500 increase to the plan maximum would result in an estimated increase of approximately 1.9% in actuarial value. A \$1,000 increase to the plan maximum would result in an estimated increase of approximately 3.5% in actuarial value².

Actuarial Value – Prevention First and Annual Benefit Maximum

There is some overlap when adding the Prevention First program and increasing the plan maximum as Class I services would not be accumulating to the new maximum. Prevention First plus a \$500 increase to the plan maximum would result in an estimated increase of approximately 5.8% in actuarial value. Prevention First plus a \$1,000 increase to the plan maximum would result in an estimated increase of approximately 7.3% in actuarial value.

Summary	Actuarial value
Option 1 – Prevention First	4.3% increase
Option 2 – Annual Benefit Max	3.5% increase
Both Option 1 & Option 2	7.3% increase

Financial Impact to AlaskaCare | Increase

Option 1. Prevention First

The financial impact is based on the most recent retiree Dental, Vision, and Audio (DVA) claims projection of approximately \$52,688,000 for 2024 (dated August 31, 2023) and trended forward at 3% to \$54,269,000 for 2025. The estimated impact would be an additional \$1,150,000 or 2.1% of projected additional claims cost to the program in 2025. 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.

Option 2. Annual Benefit Maximum

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$52,688,000 for 2024 (dated August 31, 2023) and trended forward at 3% to \$54,269,000 for 2025. The estimated impact of a \$500 increase in the plan maximum would add \$500,000 or 0.9% of additional claims cost to the State in 2025. The estimated impact of a \$1,000 increase in the plan maximum would add an additional \$925,000 or 1.7% of additional claims cost to the State in 2025. These percentages represent the impact to the entire DVA program. The impact to the actuarial values 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 portion of the program⁴.

¹ Segal Memorandum, April 01, 2024, Addition of Prevention First for the Standard Dental Plan-Focus on Actuarial and Financial Impact for the Retiree Dental Plan

Financial Impact – Prevention First and Annual Benefit Maximum

The financial impact is based on the most recent retiree Dental, Vision, and Audio (DVA) claims projection of approximately \$52,688,000 for 2024 (dated August 31, 2023) and trended forward at 3% to \$54,269,000 for 2025. The estimated impact of Prevention First and a \$500 increase in the plan maximum would result in \$1,550,000 or 2.8% of additional claims cost to the State in 2025. The estimated impact of Prevention First and a \$1,000 increase in the plan maximum would be \$1,950,000 or 3.6% of additional claims cost to the State in 2025. The impact to the actuarial values 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 portion of the program.

Member Impact | Enhancement

Members of the Retiree Standard DVA plan would benefit from the addition of the Prevention First program and from an increase in the annual benefit maximum, as they would provide additional financial assistance in covering the cost of dental services. These changes are anticipated to result in members having coverage for additional dental care before hitting the annual maximum and may incentivize preventive services.

Member Premium Impact | Increase The DVA plan is only funded by member paid premiums. Any increase in plan costs may have an impact on the premium rates retirees pay. Based on available data, the chart below shows the potential impact on retiree premiums if the various options being considered were implemented.

Scenario	CY 2024 Rates	Prevention First	\$500 Dental Max Increase	\$1000 Dental Max Increase	Prevention First and \$500 Dental Max Increase	Prevention First and \$1000 Dental Max Increase
Retiree Only	\$69	\$72	\$70	\$72	\$73	\$75
Retiree and Spouse	\$138	\$145	\$141	\$143	\$147	\$149
Retiree and Children	\$125	\$131	\$128	\$130	\$133	\$135
Retiree and Family	\$196	\$205	\$200	\$204	\$209	\$212
Overall Rate Change	0.0%	4.8%	2.1%	3.8%	6.4%	8.1%

Ultimately, any premium adjustments would be made by the Commissioner of the Alaska Department of Administration and would consider claims experience, plan changes and potential associated enrollment changes, as well as current and projected DVA asset levels.

Operational Impact (DRB) | Neutral

Decrease | Neutral | Increase

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 Prevention First program. Once the implementation activities are complete the Division does not anticipate any additional operational impact.

Operational Impact (TPA) | Neutral

Decrease | Neutral | Increase

The impact to the medical Third-Party Administrator (TPA), Delta Dental is anticipated to be low. The TPA will need to update the claim adjudication processes and systems to update the annual accumulators. These activities will be a one-time effort that should not require significant work by the TPA.

Provider Impact | Minimal

Provider impact is estimated to be both minimal and positive as this removes potential barriers to care for their patients.

6) Implementation and Communication Overview

Division staff have already worked with Delta Dental to successfully implement this program for the AlaskaCare employee plan.

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
- Education outreach to benefit recipients

7) RHPAB Recommendation

The Retiree Health Plan Advisory Board voted on **Month/Day**, 2024 to **recommend/not recommend** implementation of:

- Option 1. Prevention First
- Option 2. Annual Benefit Maximum

Description	Date
Proposal Drafted	04/2024
Reviewed by Modernization Subcommittee	04/09/2024, 05/30/2024
Reviewed by RHPAB	

Proposal Title		
Health Plan Affected	Retiree Standard DVA Plan	
Proposed Effective Date	January 1, 2025	
Reviewed By	Retiree Health Plan Advisory Board	
Review Date	05/30/2024	

1) Background

At retirement, AlaskaCare retirees have the option to elect to participate in the voluntary Dental-Vision-Audio (DVA) plan to provide coverage for themselves and their eligible dependents. The plan is 100% funded by retiree monthly premiums payments. The Division works to maintain the benefit level while keeping premiums low. AlaskaCare retirees currently have two retiree dental plan options to choose from, the Legacy Dental Plan, and the Standard Dental Plan. Although the Legacy and Standard dental plans have different dental coverage provisions, they have had identical vision and audio benefits.

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

Going forward there will be two DVA packages or plans, the Legacy DVA plan and the Standard DVA plan. This proposal discusses changes to the vision benefits in the Standard DVA Plan only. Currently, coverage for vision services is offered under an indemnity plan arrangement. The current vision coverage does not utilize a network and has a fixed cost sharing arrangement for covered services with an 80/20 coinsurance cost sharing. Members must pay for services and supplies up front and then file claims for reimbursement. This results in a less customer-friendly experience and doesn't provide members with any network discounts.

2) Objectives

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

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

Two changes are being considered:

1. Implement the VSP provider network. Members who obtain services from a network provider would only be responsible for copayments and charges for options that exceed the plan benefit. (I.e., there is a \$10 copay for spectacle frames and a frame allowance of \$200. Members that exceed the \$200 would be responsible for their \$10 copay and any charges over the \$200 allowance. Charges over the \$200 allowance would have a 20% discount applied.) Network providers would be capable of determining the member cost share, filing a claim for reimbursement with VSP, and would only bill the member for their appropriate portion (which the member would know up front). Plan reimbursements for services and supplies obtained from out-of-network (OON) providers must be lower than those for network providers. Members who obtain care from out of network providers will be responsible for an increased share of the costs under the Standard DVA plan than they were previously responsible for and also more than they would be responsible for under the Legacy DVA plan. Members residing more than 25 miles from a network provider should contact VSP prior to obtaining services for special claim handling. (Rural Access Guarantee: VSP will work with the member to obtain services from an OON provider and process the claim at the same benefit level as an in-network claim.)

2. Enhance the network benefit allowances to reduce retiree costs for a variety of vision products and services

Below is a table outlining the current vision benefits offered under the Standard Plan:

Coinsurance	
All Services	80%
Benefit Maximums	
Examinations	One per benefit year
Lenses	Two per benefit year (one for each eye)
Frames	One set every two benefit years
Aphakic and contact lens lifetime maximum	\$400

Under the proposed enhancement, benefits would be structured as follows:

Frequencies	Proposed VSP Signature Plan
Examination	Annually (each plan year)
Lenses	Annually (each plan year)
Frame	Every two plan years (24 months)
Benefits with a VSP Network Provider	
Examination	\$10 Copay
Contact Lens Examination	\$60 Copay
Essential Medical Eyecare	\$20 Copay
Lenses/Frame	\$10 Copay
Lenses	
Single Vision	Covered
Lined Bifocal	Covered
Lined Trifocal	Covered
Allowances	
Retail Frame	\$200
Featured Frame Brand	\$220
Walmart/Sam's Club/Costco Frame Allowance Match	\$200
Elective Contact Lenses <i>In lieu of lenses or frames</i> <i>(No lifetime limit following cataract surgery)</i>	\$150
Lens Enhancement Out-of-Pocket Cost	
Anti-Reflective	Covered
Polycarbonate Lenses	Covered
Scratch-Resistant	Covered
Standard Progressive	Covered
Custom and Premium Progressive	Covered
Photochromic & Tints	Up to 40% Discount
All Other Lens Enhancements	Up to 40% Discount
Out of Network Provider Allowances	
Examination	\$100
Single Vision	\$75
Lined Bifocal (or progressive – not both)	\$115
Lined Trifocal	\$130
Lenticular	\$185
Progressives (or lined Bi-focal – not both)	\$165
Frame	\$70
Polycarbonate lenses	\$33 + Lens type (Single Vision Bi-focal/tri-focal)
Anti-reflective coating	\$37 + Lens type (Single Vision Bi-focal/tri-focal)
Scratch Coating	\$15 + Lens type (Single Vision Bi-focal/tri-focal)
Necessary Contact Lenses	\$210
Elective Contact Lenses <i>In lieu of lenses or frames</i>	\$135

4) Analysis

Retirees would have the opportunity to elect a modern vision plan with a national network that provides enhanced vision benefits with reduced copays for comprehensive eye exams, lenses, and frames. Members utilizing the VSP network would not need to file vision claims and would know their out of pocket costs when selecting options for services, spectacles and contact lenses. In Alaska, members that utilize vision benefits are expected to realize the following savings over the usual & customary charges: exams 69%, single vision lenses 43%, bifocal and trifocal lenses 35%, and frames 29%. Nationally, members that utilize the VSP network for vision benefits will see savings of 64% savings on exams, 53% on single vision lenses, 52% on bifocal lenses, 38% on trifocal lenses, and 34% on frames. Members using a VSP network provider will have their comprehensive eye exams covered in full after a \$10 copay, a \$200 frame allowance (or \$220 for featured frames) every two years after a \$10 copay, covered single vision, lined bi-focal, and lined tri-focal lenses every year and a contact lens allowance of \$150 annually. Medically necessary contact lenses are covered in full (vision cannot be corrected with spectacles – doctor files a pre-authorization with VSP). Covered in full lens enhancements include anti-reflective coatings, polycarbonate lenses, scratch coatings, and all progressive lenses.

Impacts

Actuarial Impact to AlaskaCare | Increase

The network saving will reduce the plan paid by \$2.27M or 4.2% while enhancing the benefits. There will be an increase in the actuarial value resulting from the plan covering a higher portion of the overall claim payment due to shifting from 20% coinsurance to smaller copayments. The increase in actuarial value will be approximately 6%.

Financial Impact to AlaskaCare | Decrease

The financial impact is based on the most recent retiree Dental, Vision, and Audio (DVA) claims projection of approximately \$52,688,000 for 2024 (dated August 31, 2023) and trended forward at 3% to \$54,269,000 for 2025. The financial impact will be limited to retirees who select the Standard plan. The impact to the plan is estimated to be a savings of \$2,270,000, or 4.2%, primarily due to savings from the introduction of a network. The impact to the actuarial value noted above represents the impact to the Standard Plan only. There is no impact to the members who select the Legacy Plan and their associated Vision and Audio portions of the program.

Member Impact | Enhancement

Members of the Retiree Standard DVA plan would benefit from the implementation of the VSP provider network.

Member Premium Impact | Decrease

The DVA plan is 100% funded by member paid premiums (only). Any increase in plan costs may have an impact on the premium rates which are displayed below. Based on the available data, Segal predicts that the implementation of the VSP proposal would decrease member premiums by as much as 9.4% in 2025.

Premiums with Standard DVA Plan	Plan Year 2024	VSP Standard Plan Addition
Retiree Only	\$69	\$62
Retiree & Spouse	\$138	\$125
Retiree & Child(ren)	\$125	\$113
Retiree & Family	\$196	\$178

Operational Impact (DRB) | Neutral

Decrease | Neutral | Increase

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 vision plan changes. Once the implementation activities are complete the Division does not anticipate any additional operational impact.

Operational Impact (TPA) | Neutral

The impact to the vision Third-Party Administrator (TPA), VSP is anticipated to be low. The TPA will need to update the claim adjudication processes and systems to update the annual accumulators. These activities will be a one-time effort that should not require significant work by the TPA.

Provider Impact | Low

In Alaska there is a network provider within 25 miles for 98.8% of members and nationally, 92.4% of members live within 25 miles of a VSP provider. Today, seven of the top ten providers utilized are in VSP's network (63% of claims spend) and thirty-eight of the top 60 providers are in VSP's network (55% of claims spend).

5) Implementation and Communication Overview

Division staff already have a relationship with VSP as a subcontractor of the medical TPA, Aetna.

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
- Education outreach to benefit recipients

6) HPAB Recommendation

The Retiree Health Plan Advisory Board voted on **Month/Day**, 2024 to **recommend/not recommend** implementation of:

- Standard DVA Plan Vision Enhancements and VSP Network Addition

Description	Date
Proposal Drafted	05/2024

Reviewed by Modernization Subcommittee	05/30/2024
Reviewed by RHPAB	

Retiree PHC Health Fairs

Since 2016, the Division has partnered with the Pacific Health Coalition (Coalition) to provide logistical coordination and support for annual health fairs for the AlaskaCare Health Plans. The Coalition contracts for all health fair-related services and administers all aspects of the health fairs that they offer to participating health plans. The AlaskaCare plans typically purchase “tickets” or appointments for PHC health fair services and provide AlaskaCare members the opportunity to register for those appointments. There are no charges to members for services provided at the health fairs.

The Coalition is a non-profit corporation established to assist Health and Welfare Trust Funds or other health benefit organizations in Alaska and the Pacific Northwest in matters of health cost containment. Since the employee plan joined, the Coalition has allowed retiree plan members to also access health fairs. In 2023 the Coalition reviewed operations and notified the AlaskaCare that starting in 2024 they would no longer offer retiree plan members access to the Coalition-organized health fairs.

The preventive screening tests offered at the health fairs are covered by the AlaskaCare retiree plan. AlaskaCare retiree plan members can receive first dollar coverage for preventive services from a network provider (100% coinsurance and the deductible does not apply). Members may obtain preventive services from an out of network provider at 80% coinsurance after their deductible has been met.