



Richard Ward, FSA, FCA, MAAA  
 West Region Market Director, Public Sector  
 T 956.818.6714  
 M 619.710.9952  
 RWard@Segalco.com

500 North Brand Boulevard  
 Suite 1400  
 Glendale, CA 91203-3338  
 segalco.com

## Memorandum

**To:** Ajay Desai, Director, Division of Retirement and Benefits

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

**Date:** September 23, 2022

**Re:** Gene-based, Cellular, and other Innovative Therapies (GCIT) Network Addition

The State currently allows members to receive GCIT services from providers and facilities regardless of their network status. The State is considering implementing Aetna’s GCIT Designated Network and associated patient support programs, such as patient travel benefits. This would result in the State limiting medical plan coverage for GCIT services to only GCIT-designated providers or facilities. Additionally, the State is considering excluding the cost of GCIT drugs or products associated with the GCIT Designated Network program from accumulating toward a member’s medical lifetime maximum benefit of \$2 million.

To support the implementation of the GCIT Designated Network, the State is also considering implementing OptumRx’s Medical Benefit Specialty Vigilant Drug Program Exclusion List. This exclusion list includes drugs that exhibit Gene Therapy technology among other criteria. Members will need to utilize the GCIT Designated Network to receive coverage for these drugs. However, it is important to note that drugs that are covered by Medicare Part D will not be impacted for members who are currently covered by the AlaskaCare enhanced Employer Group Waiver Plan (EGWP).

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

<b>Deductibles</b>	
Annual individual / family unit deductible	\$150 / up to 3x per family
<b>Coinsurance</b>	
Most medical expenses	80%
Most medical expenses after out-of-pocket limit is satisfied	100%
Second surgical opinions, Preoperative testing, Outpatient testing/surgery • No deductible applies	100%
<b>Out-of-Pocket Limit</b>	
Annual individual out-of-pocket limit • Applies after the deductible is satisfied • Expenses paid at a coinsurance rate other than 80% do not apply against the out-of-pocket limit	\$800

<b>Benefit Maximums</b>		
Individual lifetime maximum • Prescription drug expenses do not apply against the lifetime maximum	\$2,000,000	
Annual reinstatement once lifetime maximum is reached	\$5,000	
Individual limit per benefit year on substance abuse treatment without precertification. Subject to change every three years	\$12,715	
Individual lifetime maximum on substance abuse treatment without precertification. Subject to change every three years	\$25,430	
<b>Prescription Drugs</b>	Up to 90 Day or 100 Unit Supply	
	Generic	Brand Name
Network pharmacy copayment	\$4	\$8
Mail order copayment	\$0	\$0

## Actuarial Value

The current assessment is that there is no impact to plan actuarial value due to the GCIT Designated Network being a care management measure that does not limit nor does it expand access to necessary care.

## Financial Impact

The financial impact of the proposed changes are likely to be savings from directing members towards providers that Aetna has negotiated beneficial contractual pricing and potentially improved clinical outcomes. However, due to the rare nature of the conditions that would require treatments which fall under the GCIT umbrella, actual savings will be highly variable. There is no administrative fee associated with the GCIT Designated Network or Medical Benefit Specialty Vigilant Drug Program Exclusion List. The impact to the Plan is estimated to average less than \$100,000 savings on an annual basis. Based on the most recent retiree medical and pharmacy claims projection of \$646,000,000 for 2023 (dated September 2, 2022), this equates to less than approximately 0.02% in annual savings to the Plan.

## Additional Notes

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

The above projection is an estimate of future cost and is based on information available to Segal at the time the projection was made. Segal has not audited the information provided. A projection is not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, change in demographics, overall inflation rates and claims volatility. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree

benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time.

The Coronavirus (COVID-19) pandemic continues to evolve and will likely continue to impact the US economy and health plan claim projections for Health Plan Sponsors. As a result, projections could be significantly altered by emerging events. Unless specifically noted, this current report does not include any adjustments such as changes in eligibility, income, increases in healthcare costs or decreased investment returns.

cc: Emily Ricci, Division of Retirement and Benefits  
Betsy Wood, Division of Retirement and Benefits  
Andrea Mueca, Division of Retirement and Benefits  
Teri Rasmussen, Division of Retirement and Benefits  
Noel Cruse, Segal  
Stephanie Messier, Segal  
Quentin Gunn, Segal