

Retiree Health Plan Advisory Board  
September 27, 2022

# Appendix

The appendix contains copies of the GCIT Network Benefits and Precertification Penalty Removal proposals with tracked changes from the prior versions. Clean copies incorporating these changes are included in the main meeting packet.



<b>Proposal Title</b>	<b>GCIT Network Benefits –DRAFT</b>
<b>Health Plan Affected</b>	AlaskaCare Retiree Health Plan
<b>Proposed Effective Date</b>	January 1, 2023
<b>Reviewed By</b>	Retiree Health Plan Advisory Board
<b>Review Date</b>	September 27, 2022

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### 1) Background

#### Gene-Based, Cellular, and Other Innovative Therapies

Gene-based, Cellular, and other Innovative Therapies (GCIT) are a relatively new and rapidly advancing area of medical treatment that work by replacing or repairing defective genetic material within a cell. GCIT products are distinct in that they are highly specific, engineered using genetic material, and may require harvesting the patient’s cells (or a donor cell population) to be modified in a laboratory setting before being used to treat the patient.

GCIT services include:

- Cellular immunotherapy
- Genetically modified viral therapy
- Cell and tissue therapy, and more

GCIT products are U.S. Food and Drug Administration (FDA) approved therapies that are intended to treat or cure previously untreatable or difficult to treat conditions such as hemophilia, spinal muscular atrophy, and retinal disease. However, GCIT therapies are typically extremely expensive ranging in cost from \$600,000 to \$2.5 million. Because many of these therapies are new to market, many traditional cost controls and network agreements do not apply, leaving the plan and members with little financial protection and oversight.

### **Current AlaskaCare Coverage**

Currently, the Plan covers GCIT services from both network and non-network providers and facilities. However, because these therapies are so new, charges for these services are not contemplated by many standard network agreements, meaning Aetna and most network providers have not previously established an agreed-upon price.

In limited circumstances, some plans may cover portions of GCIT therapies under both medical and pharmacy plans. However, these treatments are typically complex to administer, requiring specialized equipment, clinical expertise, and specific facility capabilities. Because of these requirements, GCIT therapies are most commonly and appropriately billed through medical plans.

The AlaskaCare Plan currently includes an individual lifetime medical benefit maximum of \$2 million.<sup>1</sup> As a result, GCIT services that are paid through the medical benefit may move retiree plan members closer to meeting their lifetime maximum. While the AlaskaCare Plan has not experienced prices of this magnitude, Aetna has reported other plans have seen charges nearing \$12 million for one course of treatment.

### **AlaskaCare Gene Therapy Experience**

Though conditions treated by GCIT services are usually very rare, the AlaskaCare Employee Plan and the AlaskaCare Retiree Plan have already experienced claims for some of these novel therapies. AlaskaCare has experienced claims for Zolgensma (approximately \$2.1 million per dose) and for Spinraza (approximately \$128,000 per dose, 3-6 doses per year). Both are gene therapy treatments indicated for spinal muscular atrophy, a hereditary condition that most often affects babies and children and causes muscles to become weak and waste away.

## **2) Goals and Objectives**

Implementing the Aetna GCIT Designated Network and associated patient support program is intended to:

1. Ensure members maintain access to necessary treatments
2. Provide members with appropriate logistical and clinical support
3. Reduce member and plan risk and add cost controls for emerging high-cost treatments.

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<sup>1</sup> 2022 AlaskaCare Retiree Insurance Information Booklet, *Section 1.1 Medical Benefits*, and *Section 3.1.5 Lifetime Maximum*. <https://doa.alaska.gov/drb/pdf/ghlb/retiree/AlaskaCareDBRetireeBooklet2022.pdf>

### **3) Summary of Proposed Changes**

#### **Aetna's GCIT Designated Network**

The proposed change ensures eligible therapies are covered through providers participating in Aetna's GCIT Designated Network. These providers have been manufacturer-approved to administer the drugs and have agreed to contractual pricing terms for the therapies. Members receiving GCIT services from a designated network medical provider would have access to care coordination and support from a dedicated clinical team with specific GCIT experience. The care coordination team will help AlaskaCare members with the pre-certification process, ensure the member seeking treatment finds the most appropriate facility and provider, work directly with hospitals on claims, and provide answers to any questions that arise.

Aetna's GCIT Governance Committee, consisting of representatives from pharmacy, clinical, operational, finance, actuary, legal, network, and product areas, reviews FDA pipeline therapies to determine appropriate classification for inclusion in the GCIT Designated Network program. All drugs in the FDA pipeline are reviewed and identified as GCIT (or not) in advance of FDA approval. The first three GCIT services to be included in the GCIT Designated Network benefit were selected due to cost and administration criteria. Aetna is in the process of identifying criteria for including other GCIT products into the network benefit. Before any additional GCIT products are included in the benefit, appropriate notification will be provided.

Once a therapy has been identified for inclusion in the GCIT Designated Network benefit, Aetna begins contracting conversations with providers that are identified through information provided by the drug manufacturers or through prior authorization requests. Aetna's criteria for provider participation in the GCIT Designated Network is that they are approved by the manufacturer, they become Aetna credentialed, and that they are willing to execute an Aetna GCIT-specific agreement.

Steering utilization to manufacturer-approved providers helps to ensure that member receive GCIT services from providers that have the right skills and capabilities to safely administer these therapies. Given that GCIT services are highly specialized, most manufacturers will certify centers where their product can be administered safely. Some GCIT products require personalization and specialist care available at a select few sites around the country. GCIT product manufacturers provide on-site training and technical assistance with machine use and calibration where applicable. They also confirm that the facility can handle and store the specific GCIT product in accordance with their guidelines (*e.g.*, proper sterilization techniques or cold storage levels).

Because this area of medicine is relatively new, there are not currently any independent GCIT accrediting organizations. As the industry grows, a more formalized accrediting organization may develop.

#### **Plan Coverage for GCIT Services**

Under the proposed program, the Plan would only provide medical plan coverage for GCIT services received from a GCIT-designated provider or facility. No medical plan benefit would be provided for GCIT services received from an out-of-network provider. In addition to plan coverage for the GCIT therapy and associated medical charges, covered services would also include travel and lodging expenses (lodging: \$50 per night per person) up to \$10,000 per course of treatment for the member and a companion if the care must be administered away from the patient's home. Under the current plan benefits only limited travel costs would be reimbursable.

This proposal would clarify that these products are covered under the medical plan, rather than the pharmacy plan. This would align with the current plan language, emerging industry standards, and ensure members are accessing these benefits through a coordinated approach.

This proposal also contemplates excluding the cost of GCIT drugs or products included in the GCIT Designated Network program from accumulating toward a member's lifetime maximum benefit. This exclusion would only apply to the cost of the drug or product and would not apply to the cost of any associated travel expenses or other medical expenses. These other associated expenses (provider, facility, and travel charges) are currently billed through the medical plan and would remain so. GCIT products obtained through the medical benefit that are not part of the GCIT Designated Network program would continue to accrue towards a member's lifetime maximum benefit, as they do today.

To clarify coverage of GCIT services between the medical and pharmacy plans, this proposal contemplates implementing the Pharmacy Benefit Manager's (OptumRx) Medical Benefit Specialty Vigilant Drug Program Exclusion List. This list includes approximately 20 specialty products that meet the following criteria:

1. Designated as an orphan drug<sup>2</sup> and/or exhibits Gene Therapy technology;
2. Annual drug cost is over \$500,000;
3. Is **not** self-administered; and
4. The first dose may be administered in an inpatient setting.

Some of the drugs on the Medical Benefit Specialty Vigilant Drug list are Medicare Part D-covered drugs.<sup>3</sup> Medicare Part D-covered drugs cannot be excluded from coverage for group Medicare Part D plans, such as the AlaskaCare enhanced Employer Group Waiver Plan (EGWP). As a result, the Medicare Part D-covered drugs on the OptumRx Medical Benefit Specialty Vigilant Drug list will continue to be covered under both the pharmacy and medical plans for members who participate in the AlaskaCare enhanced EGWP prescription drug plan.

Drugs appearing on the Medical Benefit Specialty Vigilant Drug list would be covered through the medical benefit (as they are today), rather than the pharmacy benefit. As new products enter the market, this list may evolve and be updated over time.<sup>4</sup>

## 4) Impacts

### Member Impact | Minimal

The Retiree Plan has experienced fewer than five claims for the therapies included in the GCIT Designated Network program across all plans. Out of all drugs currently listed on OptumRx's Medical Benefit Specialty Vigilant Drug Program Exclusion List, only one member is utilizing one drug. Current utilizers of any impacted GCIT services on both the medical and pharmacy plan would be able to continue their

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<sup>2</sup> Orphan Drug: A drug or a biological product that prevents, diagnoses, or treats a rare disease or condition. *Designating an Orphan Product: Drugs and Biological Products*. U.S. Food & Drug Administration.

<https://www.fda.gov/industry/developing-products-rare-diseases-conditions/designating-orphan-product-drugs-and-biological-products>

<sup>3</sup> As of September 2022, these drugs are Exondys 51, Givlaari, Krystexxa, Provence, Spinraza, Viltepso, and Vyondys 53.

<sup>4</sup> See the attached "OptumRx Medical Benefit Specialty Vigilant Drug Program List" for a current list of products.

current course of treatment, and would not be adversely impacted by the addition of the GCIT network program.

Any new utilizers would be connected with the care coordination and member support aspects of the program (described above) when the precertification request for their medication is submitted to Aetna. This includes the additional benefit of travel support beyond what is provided for in the current plan should a member require travel outside of their community to receive treatment.

Future utilizing members would have dedicated support from the GCIT Network program team at Aetna to help with identifying the most appropriate provider and facility, coordinating claims, and obtaining approval for payment of associated travel and lodging claims.

The FDA has approved administration of these therapies in very limited circumstances. Many patients who qualify to receive GCIT therapies have underlying genetic defects and therefore may be experiencing many medical needs. Even so, most patients are able to travel to a facility where it is safe and cost-effective to administer the therapy. If patient travel is not possible, Aetna's GCIT Network program team will work with the member and the facility where the patient is admitted to secure an exception so that the appropriate care may be delivered at network rates.

Currently there are no facilities or providers in Alaska participating in Aetna's GCIT network, meaning it is likely members residing in Alaska will travel to receive care.<sup>5</sup> While the manufacturer-approved list of facilities that can administer GCIT services does not perfectly align with Aetna's provider network, there is a great deal of overlap. As of May 2022:

- of the 14 facilities approved by the manufacturer to administer Luxturna, 10 are Aetna GCIT-designated;
- of the 127 facilities approved by the manufacturer to administer Zolgensma, 48 are Aetna GCIT-designated; and
- the manufacturer does not provide a full listing of facilities approved to administer Spinraza, however 43 of the approved facilities are Aetna GCIT-designated.

Aetna works closely with their network facilities approved to administer GCIT services to negotiated specific discounts. To further support members who need to travel to receive care, the GCIT Network program covers travel costs beyond those typically available, providing important financial support for members.

Some members may wish to seek care in state if possible. Aetna has already demonstrated success in negotiating single case agreements for GCIT services to be administered by an Alaska provider at an Alaska facility on an individual basis. Single case rate negotiations are initiated when a pre-authorization request is submitted to Aetna for a GCIT product to be administered at a facility that is not part of the GCIT Network. When this occurs, Aetna reaches out to the facility to discuss capabilities and options. Whenever possible and appropriate, Aetna will continue to pursue negotiation of single case agreements in Alaska.

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<sup>5</sup> See attached "Aetna Institutes™ Gene Based, Cellular and Other Innovative Therapy (GCIT™) Designated Centers" for current list of providers.

While members will not experience a change to their out-of-pocket costs for GCIT services obtained through the medical plan, the reduction in the total cost of the services will result in the member using less of their lifetime medical benefit maximum.

## Financial Impact to AlaskaCare | Cost Savings

There is no additional administrative cost to the plan associated with implementation of the GCIT network program or the Medical Benefit Specialty Vigilant Drug Program Exclusion List.

Due to the rare nature of the conditions treated by GCIT therapies, it is difficult to estimate how much future utilization (if any) should be expected. However, should any claims be incurred for impacted medications, the plan would be protected from artificially inflated prices and would realize cost savings through the discounted rates available through the program.

Use of Aetna's GCIT-designated network is expected to save the plan an average of 17% below the listed Average Wholesale Price (AWP) for applicable drugs and may include drug rebates in eligible circumstances. The plan will have additional cost protection due to Aetna and the GCIT providers having an agreed upon contractual price for services. The GCIT network program would initially apply to three products, though more products will likely be added to the program as it matures, and as new drugs come onto the market. Initial products include:

### Zolgensma

- Approved by the FDA to treat children less than two years of age with spinal muscular atrophy.<sup>6</sup>
- One time infusion.
- Infusions administered sooner (closer to birth) have better outcomes.
- AWP: \$2.5 million
- Average savings: \$425,000

### Luxturna

- Approved by the FDA to treat children and adult patients with an inherited form of vision loss that may result in blindness.<sup>7</sup>
- Only available at a few sites across the country.
- A pre-treatment visit is required, including a treatment and examination. After the product is administered (one dose per eye), the patient must return within a specified time frame for a post-dose visit.
- AWP: \$510,000 per dose; \$1.02 million total
- Average savings: \$170,000

### Spinraza

- Approved by the FDA for children and adults with spinal muscular atrophy.<sup>8</sup>
- Administered via four initial loading doses over a 60-day period, and then one dose every four months for life or as long as a benefit from the product is demonstrated. Six doses are

<sup>6</sup> <https://www.fda.gov/news-events/press-announcements/fda-approves-innovative-gene-therapy-treat-pediatric-patients-spinal-muscular-atrophy-rare-disease>

<sup>7</sup> <https://www.fda.gov/news-events/press-announcements/fda-approves-novel-gene-therapy-treat-patients-rare-form-inherited-vision-loss#:~:text=The%20U.S.%20Food%20and%20Drug,that%20may%20result%20in%20blindness.>

<sup>8</sup> <https://www.fda.gov/news-events/press-announcements/fda-approves-first-drug-spinal-muscular-atrophy>

administered in the first 12 months of treatment, followed by three doses in each 12-month period thereafter.

- AWP: \$153,000 per dose
- Average savings: \$100,000

### **Actuarial Impact to AlaskaCare | Neutral**

The proposed change is an administrative change that does not change coverage or limit access to necessary care, and as such would not have an actuarial impact on the Plan.<sup>9</sup>

### **Operational Impact (DRB) | Minimal**

The Division anticipates minimal operational impacts associated with implementation and member communication as follows:

- Staff will need to review and distribute communications to educate and increase awareness of the GCIT Network program.
- Staff will need to update the Plan Booklet to ensure the benefit is appropriately described.
- Staff will need to coordinate and oversee implementation of the changes with Aetna.

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

### **Operational Impact (TPA) | Minimal**

The initial impact to the Third-Party Administrator (TPA), Aetna, is anticipated to be minimal, primarily because Aetna already offers this program for their fully-insured book of business and for other self-insured customers who elect to participate:

- Aetna will update, code, and test their system to ensure that the changes associated with the program have been properly loaded.
- Aetna will ensure that their concierge staff are aware of the change and can properly communicate about and articulate specifics of the programs to members.
- Aetna will ensure internal channels are in place to connect any utilizing members with the appropriate care team as needed.
- Aetna will produce reporting on the utilization, impacts, and any savings associated with the program.

After implementation, the ongoing operational impacts are anticipated to be minimal and will include maintenance of the network and regular updates to the list of drugs included in the program.

The initial impact to the Pharmacy Benefit Manager (PBM), OptumRx, is anticipated to be minimal, primarily because OptumRx already administers the Medical Benefit Specialty Vigilant Drug Program Exclusion List for their fully-insured book of business and for other self-insured customers who elect to participate:

- OptumRx will update, code, and test their system to ensure that the changes associated with the program have been properly loaded.

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<sup>9</sup> [Segal Consulting Memorandum forthcoming.](#)



- OptumRx will ensure that their customer service staff are aware of the change and can properly communicate about and articulate specifics of the change to members.
- OptumRx will ensure continuity of care for any currently utilizing members.

After implementation, the ongoing operational impacts are anticipated to be minimal and will include regular updates to the list of drugs impacted.

## 5) Considerations

### Clinical and Provider Considerations

Ensures patients receive GCIT benefits in facilities committed to cost and quality management. A dedicated clinical team guides the members through the process, from precertification to aftercare.

## 6) Proposal Recommendations

### DRB Recommendation

The Division of Retirement and Benefits recommends implementation of this proposal, effective January 1, 2023.

### RHPAB Board Recommendation

Insert the RHPAB recommendation here when final along with any appropriate comments.

Description	Date
Reviewed by Modernization Subcommittee	6/23/2022, 7/20/2022, 9/02/2022
Reviewed by RHPAB	11/01/2021, 02/10/2022, 05/05/2022, <u>09/27/2022</u>



<b>Proposal Title</b>	<b>Precertification Penalty Removal –DRAFT</b>
<b>Health Plan Affected</b>	AlaskaCare Retiree Health Plan
<b>Proposed Effective Date</b>	January 1, 2023
<b>Reviewed By</b>	Retiree Health Plan Advisory Board
<b>Review Date</b>	September 27, 2022

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### 1) Background

Precertification is a process used by medical plan administrators to confirm the medical necessity of care for certain procedures before services are delivered. Precertification helps members and their providers determine whether the services being recommended are covered expenses under the terms of the AlaskaCare Retiree Health Plan (Plan). Precertification typically considers whether the proposed procedure or service is clinically appropriate for that individual member. Precertification is a standard component of mainstream health plans.

#### Precertification Requirements

AlaskaCare’s precertification process is handled by the current medical Third-Party Administrator (Aetna). Aetna creates and maintains a publicly available Participating Provider Precertification List, also known as

the National Precertification List (NPL) that details the services requiring precertification.<sup>1</sup> Behavioral Health (BH) services requiring precertification are detailed on a separate BH precertification list.<sup>2</sup> Aetna’s NPL and BH precertification lists are applicable to providers who have agreed to participate in Aetna’s network. As part of their contract, network providers agree to precertify these medical services on behalf of their patients. If a network provider fails to precertify one of these services, Aetna may conduct a retrospective review after claims are received to determine if the services were appropriate and medically necessary. If the retrospective review determines the services delivered by the network provider are not eligible for payment, the claim for that service may be denied, but the member will be held harmless.

The AlaskaCare Retiree Insurance Information Booklet contains unique, specific requirements<sup>3</sup> related to precertification. When Plan members receive services from network providers, that provider is responsible for obtaining precertification. There is no additional out-of-pocket cost to the member as a result of a network provider’s failure to precertify services. When a member receives services from an out-of-network provider, though the provider *may* obtain precertification on the member’s behalf, the member is ultimately responsible for obtaining the necessary precertification for any services listed in the Plan booklet under *Section 3.2.2, Services Requiring Precertification*. If a service is not precertified, it does not necessarily mean that it will not be covered by the Plan. If a retrospective review determines that the services met medical necessity requirements, the Plan would still provide coverage. However, if the appropriate precertification is not obtained for services delivered by an out-of-network provider, the Plan’s benefits will be reduced or limited as outlined in Table 1 below. Currently, these benefit reductions are applied even if the service is deemed medically necessary and eligible for coverage.

The Plan also contains an AlaskaCare-specific requirement that members must precertify travel expenses prior to traveling. Providers (both network and non-network) are not responsible for precertifying travel expenses – the member is responsible. During the precertification process for travel benefits, Aetna uses information submitted by the member (e.g., proposed travel dates and locations) to determine the maximum payable benefit for that instance of travel (the cost of coach class commercial air transportation from the site of the illness or injury to the nearest professional treatment). If a member fails to precertify their travel, no travel benefits will be paid.

*Table 1. Plan Penalties for Failure to Precertify Services<sup>4</sup>*

Circumstance	Penalty
Failure to obtain precertification for certain medical services.	\$400 benefit reduction
In-patient mental disorder treatment without precertification.	Coinsurance is reduced from 80% to 50%

<sup>1</sup> See <https://www.aetna.com/content/dam/aetna/pdfs/health-care-professionals/2022-precert-list.pdf> and Attachment 1.

<sup>2</sup> See [https://www.aetna.com/content/dam/aetna/pdfs/aetna.com/healthcare-professionals/documents-forms/bh\\_precert\\_list.pdf](https://www.aetna.com/content/dam/aetna/pdfs/aetna.com/healthcare-professionals/documents-forms/bh_precert_list.pdf) and Attachment 2.

<sup>3</sup> 2022 AlaskaCare Retiree Insurance Information Booklet. Section 3.2 *Precertification*.

<sup>4</sup> 2022 AlaskaCare Retiree Insurance Information Booklet. Section 1.1 *Medical Benefits*.

Circumstance	Penalty
Individual limit per benefit year on substance abuse treatment without precertification. <i>Subject to change every three years.</i>	\$12,715
Individual lifetime maximum on substance abuse treatment without precertification. <i>Subject to change every three years.</i>	\$25,430
Travel benefits without precertification.	No benefits will be paid
Failure to obtain precertification for use of an out-of-network provider <b>for preventive care services</b>	\$400 benefit reduction does not apply, however all charges incurred for preventive care services in this circumstance will be subject to normal cost sharing provisions

### Services Requiring Precertification

As noted above, Aetna maintains and actively updates the lists of services requiring precertification that apply to their contracts with network providers. The Plan booklet contains a list of services requiring precertification specific to the AlaskaCare plan. These two lists overlap considerably but are not exactly the same. Table 2 provides a comparison of services appearing on both lists, with differences between the two lists called out in **bold**.

*Table 2. Services Requiring Precertification: Aetna NPL vs. AlaskaCare Comparison*

Service	Aetna NPL	AlaskaCare
<b>Medical Services</b>		
Inpatient stays: hospital	x	x
Inpatient stays: skilled nursing facility	x	x
Inpatient stays: rehabilitation facility	x	x
Inpatient stays: maternity/newborn, exceeding the standard length of stay	x	<i>not specifically noted, but covered under "stays in a hospital"</i>
Inpatient admissions: behavioral health [BH NPL]	x	<i>not specifically noted, but covered under "stays in a hospital"</i>
<b>Inpatient stays: hospice facility</b>		<b>x</b>
<b>Outpatient hospice care</b>		<b>x</b>
<b>Home health care</b>		<b>x</b>
Air Ambulance	x	x (for non-emergent transportation only)
<b>Ground Ambulance (non-emergent)</b>		<b>x</b>
Applied behavioral analysis (ABA) [BH NPL]	x	x
<b>Arthroscopic hip surgery</b>	<b>x</b>	
Autologous chondrocyte implantation	x	x
<b>Chiari malformation decompression surgery</b>	<b>x</b>	
Cochlear device and/or implantation	x	x
<b>Cognitive skills development</b>		<b>x</b>
<b>Customized braces (physical - i.e. non-orthodontic braces)</b>		<b>x</b>

Service	Aetna NPL	AlaskaCare
Coverage at an in-network benefit level for out-of-network provider or facility unless services are emergent	x	x (preventive care services)
Dental implants	x	x
Dialysis visits	x (for network provider at out-of-network facility)	x (all dialysis visits)
Dorsal column (lumbar) neurostimulators: trial or implantation	x	x
Electric or motorized wheelchairs and scooters	x	x
<b>Endoscopic nasal balloon dilation procedures</b>	<b>x</b>	
Functional endoscopic sinus surgery	x	
Gender affirmation surgery	x	
<b>Gastrointestinal tract imaging through capsule endoscopy</b>		<b>x</b>
Hyperbaric oxygen therapy	x	x
<b>Infertility services and pre-implantation genetic testing</b>	<b>x</b>	
Limb prosthetics	x (lower limb prosthetics only)	x (all limb prosthetics)
<b>Nonparticipating freestanding ambulatory surgical facility services, when referred by a participating provider</b>	<b>x</b>	
<b>Oncotype DX (a method for testing genes that are in cancer cells)</b>		<b>x</b>
Orthognathic surgery procedures, bone grafts, osteotomies and surgical management of the temporomandibular joint	x	x
Osseointegrated implant	x	x
Osteochondral allograft/knee	x	x
<b>Partial hospitalization programs (PHPs) [BH NLP]</b>	<b>x</b>	
Private duty nursing	x	x
Proton beam radiotherapy	x	x
Reconstructive or other procedures that may be considered cosmetic	x	x
Residential treatment center (RTC) admissions [BH NLP]	x	<i>not specifically noted, but covered under "stays in a hospital" and/or "stays in a rehabilitation facility"</i>
<b>Shoulder arthroplasty including revision procedures</b>	<b>x</b>	
Spinal procedures (surgical)	x	x
<b>Transcranial magnetic stimulation (TMS) [BH NPL]</b>	<b>x</b>	
Uvulopalatopharyngoplasty, including laser- assisted procedures	x	x
Ventricular assist devices	x	x
<b>Whole exome sequencing</b>	<b>x</b>	
<b>Travel</b>		<b>x</b>
<b>Medical Pharmacy/Special Programs</b>		
<b>Blood clotting factors (outpatient infusion for entire drug class)</b>	<b>x</b>	

Service	Aetna NPL	AlaskaCare
Certain specialty medications (covered through medical pharmacy)	x	
BRCA genetic testing	x	
Chiropractic precertification	Not Applicable	Not Applicable
Cataract surgery	Not Applicable	Not Applicable
Diagnostic cardiology (cardiac rhythm implantable devices, cardiac catheterization) (non-emergent)	Not Applicable	Not Applicable
Hip and knee arthroplasties	Not Applicable	Not Applicable
Home health care	Not Applicable	Not Applicable
Infertility program	Not Applicable	Not Applicable
<b>Mental health or substance abuse services precertification</b>	<b>x</b> <b>see BH precert list</b>	<b>some but not all</b>
National Medical Excellence Program	x	x
Outpatient PT and OT	Not Applicable	Not Applicable
Pain management	Not Applicable	Not Applicable
Polysomnography	Not Applicable	Not Applicable
Pre-implantation genetic testing	Not Applicable	Not Applicable
Radiology imaging	Not Applicable	Not Applicable
Radiation oncology	Not Applicable	Not Applicable
Site of service	Not Applicable	Not Applicable

## 2) Goals and Objectives

Removing the Plan’s penalties related to precertification and aligning the plan’s precertification requirements with the Third-Party Administrator’s requirements is intended to:

1. Align precertification requirements to conform with changed evidence, practices and emerging technologies.
2. Ensure medical necessity is determined in advance of services being rendered for certain procedures or treatments.
3. Ease administrative tasks for members and providers.
4. Support members needing to travel to obtain services.
5. Remove barriers to behavior health treatment.

## 3) Summary of Proposed Changes

### Precertification Penalties

This proposal contemplates removing the Plan’s penalties and benefit limitations associated with failure to obtain precertification for services as detailed in Table 3 below.

*Table 3. Failure to Obtain Precertification: Proposed Changes*

Circumstance	Current Penalty	Proposed Change
Failure to obtain precertification for certain medical services obtained from out-of-network provider.	\$400 benefit reduction	No benefit reduction
In-patient mental disorder treatment without precertification.	Coinsurance is reduced from 80% to 50%	No coinsurance reduction

Circumstance	Current Penalty	Proposed Change
Individual limit per benefit year on substance abuse treatment without precertification. <i>Subject to change every three years.</i>	\$12,715	No benefit limitation
Individual lifetime maximum on substance abuse treatment without precertification. <i>Subject to change every three years.</i>	\$25,430	No lifetime maximum limitation
Travel benefits without precertification.	No benefits will be paid	Travel benefits will be capped at \$500 per instance of travel, not to exceed actual travel costs
Failure to obtain precertification for use of an out-of-network provider <b>for preventive care services</b>	\$400 benefit reduction does not apply, however all charges incurred for preventive care services in this circumstance will be subject to normal cost sharing provisions	No change

Obtaining precertification for services listed or referenced in the Plan booklet under *Section 3.2.2 Services Requiring Precertification* will still be required (for both network and out-of-network providers), as the member (and provider) run the risk of incurring significant charges for services that may not be eligible for coverage under the terms of the plan. A precertification determination mitigates this risk and ensures that the member knows what to expect after their claims have been submitted. However, under this proposal there will be no benefit reduction applied to services or treatment received by members from an out-of-network provider which were not precertified.

As noted above, precertification requests for travel expenses provide Aetna with information necessary to adjudicate the claim. Without a precertification request, it is difficult to determine the maximum payable benefit for that instance of travel. ~~This amount~~ Actual travel expenses can vary greatly depending on the member's location, ~~and~~ treatment requirements, ~~and~~ personal preferences. Members may elect to purchase a first class seat, or to seek care in a location other than the nearest site of professional treatment. In either case, the Plan would still cover the cost of coach class commercial air transportation from the site of the illness or injury to the nearest professional treatment, but the member would be responsible for any additional expenses over and above that amount. For example, a member residing in Juneau may need to obtain services outside of Alaska. The nearest site of care may be Seattle, but the member may prefer to travel instead to Chicago to seek care because they have family in the area. In this scenario, the member could purchase a ticket to Chicago, but the Plan's maximum payable benefit would be the price of a coach class ticket from Juneau to Seattle. The difference in price between a Seattle ticket and a Chicago ticket would be the member's responsibility. Without a precertification request submitted before the travel occurs, it would be very difficult for Aetna to determine what the cost of a ticket to Seattle would have been on the date of travel.

Due to this variability, this proposal contemplates maintaining the requirement that member precertify travel expenses. However, rather than paying no benefits for travel that was not precertified but would

otherwise be eligible for coverage, the maximum payable benefit for non-precertified travel benefits would be capped at \$500 per instance of travel, not to exceed actual travel costs. This figure was derived from actual Plan data and is greater than the average per-claim reimbursement for travel expenses in 2021.<sup>5</sup> This amount is intended to provide reasonable reimbursement for members needing to travel to obtain care, while also establishing some financial guard rails for the Plan, to protect against inflated travel costs associated with members traveling further than the nearest site of care or in an other-than-coach airline cabin. If members do precertify their travel, their maximum payable benefit would be determined from the information specific to their circumstances and would remain the same as it is today: the cost of coach class commercial air transportation from the site of the illness or injury to the nearest professional treatment.

### **Medical Services Requiring Precertification**

This proposal contemplates updating the Plan Booklet's language related to medical services requiring precertification to align with Aetna's NPL and BH precertification list. This change would both remove items from the current precertification list and add items that do not appear in the Plan Booklet currently.

While the proposed Plan Booklet update would detail common services requiring precertification, the language would incorporate Aetna's publicly available NPL and BH precertification lists by reference to ensure that the Plan's coverage provisions keep up with changing medical technology.

The current process for obtaining precertification of medical services would remain the same and is detailed in Section 3.2.1 The Precertification Process in the AlaskaCare Retiree Insurance Information Booklet.

### **Travel Expenses Requiring Precertification**

Though it is not Aetna standard, the AlaskaCare-specific requirement for members to precertify travel expenses to be precertified would remain in the Plan. This requirement is specific to travel expenses only, and is not applicable to any medical services a member may obtain while traveling. Those medical services, as with all medical services, would be subject to the Medical Services precertification requirements outlined above.

## **Member Impact | Minimal**

The member impact is expected to be minimal and positive. Removing the precertification penalties makes it easier for member to access their benefits and removes some of the perceived red tape sometimes associated with submitting claims. In particular, removing the penalty for failure to precertify travel is expected to ease the administrative burden for members associated with traveling to obtain care. Due to the remote nature of the state, many AlaskaCare members find themselves in the position of needing to travel in order to seek medical attention.

Because the \$400 penalty can practically only be applied to claims that are eligible for payment, and the travel penalty impacts claims that would have otherwise been covered, it is only people receiving covered services who are truly impacted by the current penalties. Removing these penalties will positively impact members seeking covered services.

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<sup>5</sup> In 2021, average per claim reimbursement for travel expenses was as follows: Q1 \$408, Q2 \$419, Q3 \$423, Q4 \$463, CY21 \$428. AlaskaCare Retiree Plan CY2021 Annual Reporting, Aetna Service Update.



To provide a sense of the number of members who may be impacted by this change, Table 4 provides an overview of the number of members who have been impacted by precertification penalties in recent years.

*Table 4. Volume of Penalties for Failure to Precertify Services*

Reporting Period	Failure to Precert. OON Services	Failure to Precert. Mental Disorder	Failure to Precert. Travel	Total
2022 YTD	518	55	13	<b>586</b>
2021	840	93	35	<b>968</b>
2020	648	81	40	<b>769</b>

In addition, so far in as of August 2022 the following volumes of members are impacted by the Plan’s current limitations on substance abuse treatment without precertification:

- \$12,715 individual limit per benefit year on substance abuse treatment without precertification
  - 8 members have incurred claims that accrue towards this limit. All 8 members remain active members of the Plan
  - 2 of those 8 members have reached the calendar year maximum.
- \$25,430 individual lifetime maximum on substance abuse treatment without precertification
  - 4 members reached this lifetime maximum, 2 of whom have termed from the Plan.
  - 91 other members have incurred claims that accrue towards the \$25,430 lifetime maximum, but have not yet reached the lifetime maximum for these services. 22 of those members have termed from the Plan.

### Financial Impact to AlaskaCare | Minimal Cost Increase

A minimal cost increase to the Plan is expected as a result of this change. This financial impact will be the result of the Plan foregoing monetary penalties for failure to precertify services that are currently collected from retirees. The annual impact to the plan is expected to be a cost increase of approximately \$1-1.25 million, or a 0.15 - 0.20% increase in additional annual costs to the plan.<sup>6</sup>

### Actuarial Impact to AlaskaCare | Neutral

The proposed change is an administrative change that does not change coverage or limit access to necessary care, and as such would not have an actuarial impact on the Plan.<sup>7</sup>

### Operational Impact (DRB) | Minimal

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

- Staff will need to create, review, and distribute communications to educate and increase awareness of the impacts to members associated with the removal of the precertification penalties and updates to the travel coverage.
- Staff will need to initiate the process for amending the Plan Booklet.

<sup>6</sup> Segal Consulting, Memorandum: Removal of Retiree Plan Precertification Requirements. September 2, 2022.

<sup>7</sup> Segal Consulting, Memorandum: Removal of Retiree Plan Precertification Requirements. September 2, 2022.

- Staff will need to coordinate and oversee implementation of the changes with Aetna.

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) | Minimal

The operational impact to Aetna is anticipated to be minimal, given the following considerations:

- Aetna will need to update and test their internal precertification and travel 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.

## 4) Proposal Recommendations

### DRB Recommendation

The Division of Retirement and Benefits recommends implementation of this proposal, effective January 1, 2023.

### RHPAB Board Recommendation

Insert the RHPAB recommendation here when final along with any appropriate comments.

Description	Date
Reviewed by Modernization Subcommittee	09/08/2022
Reviewed by RHPAB	<u>09/27/2022</u>

### Attachments

Attachment 1	Participating Provider Precertification List for Aetna (National Precertification List)
Attachment 2	Behavioral Health Precertification List for Aetna
Attachment 3	Segal Consulting, Memorandum: Removal of Retiree Plan Precertification Requirements. September 2, 2022.