

State of Alaska
RETIREE HEALTH PLAN ADVISORY BOARD

Related to the Addition of Prior Authorizations for Certain Specialty Medications and to the Addition of
Coverage for Preventive Care Services for the
AlaskaCare Defined Benefit Retiree Health Plan

Resolution 2021-01

WHEREAS, the Retiree Health Plan Advisory Board (Board) is authorized by Administrative Order No. 319 to facilitate engagement and coordination between the State of Alaska's retirement systems' members, the Alaska Retirement Management Board, and the Commissioner of Administration regarding the administration of the retiree health plan; and

WHEREAS, the Alaska retiree health care trusts provide health coverage through the AlaskaCare Defined Benefit Retiree Health Plan (Plan) to retirees and their dependents for services necessary for the diagnosis and treatment of an injury or disease and limited coverage for preventive services; and

WHEREAS, expanding coverage for preventive care services in alignment with the AlaskaCare Third Party Administrators' clinical coverage standards, designed to align with national standards, will support members in maintaining their health, promote high-value care, and increase accessibility to patient care for non-emergency health episodes; and

WHEREAS, the Division of Retirement and Benefits (Division) has proposed the addition of coverage for preventive care services as outlined in detail in the Expanded Preventive Coverage Program Proposal presented to the Retiree Health Plan Advisory Board on September 9, 2021; and

WHEREAS, the Plan provides coverage for outpatient drugs for treatment of illness, disease, or injury if dispensed upon prescription of a provider acting within the scope of their license, however, the Plan does not currently have a prior authorization process in place for specialty medications filled through a pharmacy; and

WHEREAS, similar to Plan requirements for precertification for certain intensive, complex, or high-cost medical services, the Plan currently includes provisions that allow for a prior authorization review of certain medications to evaluate if the person utilizing the medication meets the medical necessity guidelines and clinical criteria established by the FDA and other evidence-based resources for safe and effective use; and

WHEREAS, in 2020 specialty medications accounted for less than 1% of prescriptions (associated with 3.7% of members filling prescriptions in 2020) but specialty medication costs accounted for 37% of prescription drug costs, or \$110 million; and

WHEREAS, the proposed prior authorization process requires prescribers to provide patient-specific medication treatment information for review prior to approval and dispensing to the patient to ensure that a prescription drug is appropriately prescribed, meets FDA and other clinical guidelines for the condition being treated, and is eligible for coverage, and

WHEREAS, the prior authorization criteria will be based on evidence-based medicine and guidelines from national medical specialty societies and not on cost or the use of step therapy; and

WHEREAS, the plan will continue to cover medically necessary and clinically appropriate prescription drugs, and member copayments will remain \$4 for generic medications, \$8 for brand medications, and \$0 for medications filled via mail order; and

WHEREAS, the Division has proposed the implementation of prior authorizations for specialty medications as outlined in detail in the Specialty Medication Prior Authorization Program Proposal presented to the Retiree Health Plan Advisory Board on September 9, 2021; and

WHEREAS, the proposals have been evaluated by an independent certified Fellow of the Society of Actuaries, who found the addition of preventive care increases the actuarial value of the Plan by 0.50% and the implementation of prior authorizations for specialty medications does not change the actuarial value of the Plan to the members, resulting in a total actuarial value increase to the Plan of 0.50%; and

WHEREAS, the proposals have been evaluated by an independent certified Fellow of the Society of Actuaries, who found that the addition of preventive care is anticipated to increase annual Plan costs by approximately \$3.35 million and the implementation of prior authorizations for specialty medications is anticipated to decrease Plan costs by approximately \$7.7 million, resulting in a total anticipated decrease to Plan costs of approximately \$4.35 million; and

WHEREAS, the proposals have been evaluated by a second independent certified Fellow of the Society of Actuaries, who found that the addition of preventive care is anticipated to increase the healthcare Accrued Actuarial Liability (AAL) associated with the plan by \$28.6 million and the implementation of prior authorizations for specialty medications is anticipated to decrease the healthcare AAL associated with the plan by approximately \$100.8 million, resulting in a total anticipated decrease to the healthcare AAL associated with the plan of approximately \$72.2 million; and

WHEREAS, the Division's analysis has included: evaluation of the need and rationale for the proposed change, extensive data and statistical analysis from actual experience, evaluation of the impact of the changes to the current benefits; evaluation of any gaps, restrictions, reductions, eliminations, expansions, or additions to the current benefits; the number of members impacted by changes and the seriousness of any impacts; and

WHEREAS, public comment on the proposals has been solicited, collected, and shared with members of the Board:

NOW THEREFORE, BE IT RESOLVED THAT THE RETIREE HEALTH PLAN ADVISORY BOARD recommends the AlaskaCare retiree health plan adopt and implement the expansion of coverage for preventive services and the addition of prior authorizations for specialty medications as outlined in the proposals submitted to the Board on September 9, 2021, to be effective January 1, 2022.

DATED this 9th day of September 2021.