

State of Alaska  
RETIREE HEALTH PLAN ADVISORY BOARD  
Related to the addition of Supplemental Non-Emergent Surgery and Travel Benefits in the  
AlaskaCare Defined Benefit Retiree Health Plan

**Resolution 2023-02**

WHEREAS, the Retiree Health Plan Advisory Board (Board) is authorized by Administrative Order No. 336 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; and

WHEREAS, the Plan provides members with limited coverage for certain travel costs when members need to travel away from their home to obtain medical care. The expenses eligible for coverage and the portions of covered travel costs vary depending on the qualified travel circumstance but are typically limited to airfare costs only; and

WHEREAS, traveling to seek care often enables members to visit providers best suited to meet their health needs; and

WHEREAS, enhanced travel benefits coupled with a high-quality narrow network of providers can support members when accessing care outside their community by streamlining the travel process, expanding eligible travel expenses in specific circumstances, providing care coordination support, connecting members to a network of high-quality providers, and ensuring services are provided at cost-effective prices; and

WHEREAS, the Division of Retirement and Benefits (Division) has contracted with a third-party vendor to administer this program for active employee plan members, with the option to expand services to the retiree Plan; and

WHEREAS, the third-party vendor has developed a network of providers across the United States that meet certain stringent quality criteria, including verification of licensure, board certification, completion of a fellowship, no state sanctions, a reputational review, passage of a comprehensive malpractice review, and a demonstrated complication rate of less than 1% over the past five years.

WHEREAS, the third-party vendor has negotiated deeply discounted case rates with these high-quality providers for specific non-emergent services and procedures; and

WHEREAS, the Division may contract with a different third-party vendor in the future to provide similar services; and

WHEREAS, the Division of Retirement and Benefits (Division) has proposed to consider adding to the Plan an optional Supplemental Non-Emergent Surgery and Travel Benefit program as outlined in detail in the Program Proposal presented to the Retiree Health Plan Advisory Board on June 29, 2023 (Program Proposal); and

WHEREAS, the Program Proposal would be supplemental to all existing benefits, and current plan payment provisions (e.g., deductible and coinsurance) apply; and

WHEREAS, Program Proposal benefits include customized provider recommendations that consider the member's Medicare eligibility status, access to care advocates to assist with scheduling, records transfer, and to coordinate/pre-pay flights and lodging, a debit card pre-loaded with applicable meal, incidental, and transportation funds; and

WHEREAS, for non-Medicare members medical services provided as part of the episode of care are included in the supplemental benefit, and

WHEREAS, for Medicare-eligible members all medical services will be first considered by Medicare, then by AlaskaCare's standard medical coverage; and

WHEREAS, the Division has solicited public comments on the Program Proposal to consider adding to the Plan an optional Supplemental Non-Emergent Surgery and Travel Benefit program, which resulted in 95% of public comments in favor of implementation of the Program Proposal and 5% of public comments in opposition to implementation of the Program Proposal; and

WHEREAS, the Program Proposal has been evaluated by an independent certified Fellow of the Society of Actuaries, who found that the proposed change would result in enhancements to the plan that are favorable for members and promote efficient utilization of services but would not result in a change to how a member's cost share for medical services is calculated, and as such would not have an impact on the actuarial value of the Plan; and

WHEREAS, the Program Proposal has been evaluated by an independent certified Fellow of the Society of Actuaries, who found that the proposed change is anticipated to result in near-term annual Plan savings of approximately \$2.8 million; and

WHEREAS, the Program Proposal has been evaluated by an independent certified Fellow of the Society of Actuaries, who found that the proposed change may have long-term impacts on the healthcare

Accrued Actuarial Liability (AAL) associated with the plan, representing a potential decrease in the AAL of 0.16% (\$14.4 million); and

WHEREAS, the Division's analysis has included: evaluation of the need and rationale for the proposed change, data analysis based on 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 potentially impacted by changes and the seriousness of any impacts;

NOW THEREFORE, BE IT RESOLVED THAT THE RETIREE HEALTH PLAN ADVISORY BOARD recommends the AlaskaCare Defined Benefit retiree health plan adopt and implement an optional Supplemental Non-Emergent Surgery and Travel Benefit program to the Plan's benefits as outlined in the Program Proposal submitted to the Board on June 29, 2023, to be effective on the date determined to be administratively practical and favorable.

DATED this 29<sup>th</sup> day of June 2023.