

State of Alaska  
RETIREE HEALTH PLAN ADVISORY BOARD  
Related to the addition of Virtual Physical Therapy and Musculoskeletal Care  
in the AlaskaCare Defined Benefit Retiree Health Plan

**Resolution 2023-03**

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 currently provides coverage for physical therapy (PT) and other outpatient rehabilitative care services designed to restore and improve bodily functions lost due to injury or illness.; and

WHEREAS, virtual PT is a method of providing physical therapy or musculoskeletal (MSK) care services where instead of traveling to a provider for an in-person visit, patients communicate with a provider via phone call or videoconference and attend the appointment from home; and

WHEREAS, virtual physical therapy is accessible to more people, such as those who live in rural areas far from the nearest PT clinic—or who don’t have access to transportation—attending online sessions may be considerably more feasible than traveling to in-person appointments; and

WHEREAS, virtual physical therapy may be a beneficial option for rehabilitation patients while recovering from surgery or an acute injury; and

WHEREAS, supporting members to self-manage their symptoms in their own homes can grant them a greater sense of independence, making them feel more in control of their recovery process; and

WHEREAS, a large cost driver in the Plan is treatment of MSK conditions including osteoarthritis, fractures, neck pain, mechanical joint disorders, and back pain, and

WHEREAS, the Division of Retirement and Benefits (Division) has proposed to consider adding to the Plan an optional Virtual Physical Therapy and Musculoskeletal Care Support 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

WHEREAS, Program Proposal benefits include prevention resources, acute care, chronic care, and rehabilitative care; and

WHEREAS, the Division has solicited public comments on the Program Proposal to consider adding to the Plan an optional Virtual Physical Therapy and Musculoskeletal Care Support Program which resulted in 93% of public comments in favor of implementation of the Program Proposal, and 7% 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 \$1.4 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 impact to the AAL of 0.30 to -0.01% (\$27 million increase – \$500K decrease); 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 retiree health plan adopt and implement an optional Virtual Physical Therapy and Musculoskeletal Care Support Program as outlined in the Program Proposal submitted to the Board on June 29, 2023, to be effective to be effective on the date determined to be administratively practical and favorable.

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