

State of Alaska  
RETIREE HEALTH PLAN ADVISORY BOARD  
Related to Addition of GCIT Designated Network Services in the  
AlaskaCare Defined Benefit Retiree Health Plan

Resolution 2022-01

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, Gene-based, Cellular, and other Innovative Therapies (GCIT) are a relatively new and rapidly advancing area of medical treatment that are intended to treat or cure previously untreatable or difficult to treat conditions; and

WHEREAS, GCIT therapies can range in cost from \$600,000 to \$2.5 million per course of treatment, and 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; and

WHEREAS, because these therapies are so new, charges for these services are not contemplated by many standard network agreements; and

WHEREAS, GCIT therapies are complex to administer, requiring specialized equipment, clinical expertise, and specific facility capabilities, and as a result GCIT therapies are most commonly and appropriately billed through medical plans; and

WHEREAS, the Plan's current Third-Party Administrator (TPA) offers a GCIT Designated Network program which provides price protection, specialized clinical support and care coordination; and

WHEREAS, additional eligible travel benefits of up to \$10,000 per course of treatment will be available to members seeking GCIT Designated Network services; and

WHEREAS, providers participating in the GCIT Designated Network program have been manufacturer-approved to administer the therapies and have agreed to contractual pricing terms; and

WHEREAS, the TPA operates a GCIT Governance Committee, consisting of representatives from pharmacy, clinical, operational, finance, actuary, legal, network, and product areas to review emerging GCIT products identified by the FDA to determine appropriate classification for inclusion in the GCIT Designated Network program; and

WHEREAS, implementing specific pharmacy exclusions and updating the Plan language accordingly to clarify that GCIT therapies are covered under the medical plan, rather than the pharmacy

plan, would align with emerging mainstream industry standards, and ensure members are accessing these services through a coordinated approach, and

WHEREAS, excluding the cost of GCIT drugs or products included in the GCIT Designated Network program from accumulating toward a member's lifetime maximum benefit would provide some financial protection to members seeking these services; and

WHEREAS, the Division of Retirement and Benefits (Division) has proposed to update the Plan's provisions related to GCIT services as outlined in detail in the GCIT Network Benefits Program Proposal presented to the Retiree Health Plan Advisory Board on September 27, 2022; 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 administrative in nature and would not change coverage or limit access to necessary care, and as such would not have an impact on the actuarial value of the Plan; and

WHEREAS, the proposed change is anticipated to save the Plan an average of 17% below the listed Average Wholesale Price for applicable therapies; 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 the proposed update to the Plan's GCIT benefits as outlined in the proposal submitted to the Board on September 27, 2022, to be effective January 1, 2023.

DATED this 27<sup>th</sup> day of September 2022.