

State of Alaska  
RETIREE HEALTH PLAN ADVISORY BOARD  
Related to the Removal of Penalties for Failure to Precertify Certain Services in the  
AlaskaCare Defined Benefit Retiree Health Plan

Resolution 2022-02

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 currently contains provisions requiring certain medical services to undergo precertification to confirm the medical necessity of care before services are delivered; and

WHEREAS, the Plan's medical Third-Party Administrator (TPA) actively maintains and updates publicly available lists of services requiring precertification in alignment with current medical evidence that apply to the TPA's contracts with network providers; and

WHEREAS, if a member fails to obtain precertification for certain medical services, the Plan's coverage may be reduced or limited; and

WHEREAS, the Plan's penalties and benefit limitations for failure to precertify certain services can practically only be applied to claims that are otherwise eligible for payment, meaning it is only people receiving covered services who are impacted by the current penalties; and

WHEREAS, aligning the services requiring precertification cited in the plan booklet with the precertification lists maintained by the Plan's TPA would provide clarity for members and providers; and;

WHEREAS, this alignment does not result in any change to how the precertification process is currently administered; and

WHEREAS, removing the Plan's penalties and benefit limitations associated with failure to precertify certain medical services would not change the current requirement that care must meet medical necessity standards to be eligible for coverage, and

WHEREAS, providing limited coverage for travel expenses that are not precertified would ease the administrative burden for members needing to travel to obtain care; and

WHEREAS, the Division of Retirement and Benefits (Division) has proposed to update the Plan's precertification provisions as outlined in detail in the Precertification Penalty Removal 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 Program Proposal has been evaluated by an independent certified Fellow of the Society of Actuaries, who found that the proposed change is anticipated to increase annual Plan costs by approximately \$1 – 1.25 million, representing 0.15 – 0.20% of annual plan costs; 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 precertification provisions 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.