


Executive Summary	<b>Supplemental Non-Emergency Surgery and Travel Benefits (R001)</b>	
Health Plan Affected	Defined Benefit Retiree Plan	
Proposed Effective Date	Target: 2024	
Reviewed By	Public Review	
Review Date	May 12, 2023 – June 16, 2023	

### 1) Background

The AlaskaCare Defined Benefit Retiree Health Plan (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. Lodging, per diem expenses, and travel for a companion are rarely eligible for coverage.

Recognizing that traveling to seek care often enables members to visit providers best suited to meet their health needs, many health plans have implemented programs to ease the burden of travel, and to incentivize use of providers who meet certain quality and cost metrics. Plans report benefits from this model including avoided unnecessary procedures, reduced complication and readmittance rates, and discounted costs.

### 2) Objectives

- a) Connect members with specialists that may not be available locally, and who meet high quality measures.
- b) Expand travel expenses eligible for Plan coverage in certain circumstances.
- c) Streamline the administrative and coordination tasks for members requiring non-emergent surgery.
- d) Enhance patient outcomes through lower complication rates.
- e) Drive value through competitive pricing.

### 3) Summary of Proposed Change

This proposal considers adding an optional supplemental travel program coupled with access to a narrow, high-quality network of providers delivering non-emergency surgical services. The proposed program would be supplemental to all existing benefits, and current plan payment provisions (e.g., deductible and coinsurance) apply. Program benefits include:

- Customized provider recommendations from within a high-quality, narrow network. If the member is Medicare-eligible, provider recommendations will only include Medicare-accepting providers.
- Care Advocates to assist with scheduling, records transfer, and to coordinate/pre-pay flights and lodging.
- Debit card pre-loaded with applicable meal, incidental, and transportation funds.
- Non-Medicare Members: medical services provided as part of the episode of care included in the supplemental benefit.
- Medicare-Eligible Members: all medical services will be first considered by Medicare, then by AlaskaCare’s standard medical coverage.

### 4) Actuarial and Financial Impacts of Proposed Change

This proposal 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. Therefore, the impact on the actuarial value of the Plan will be neutral.

Savings accrue to the Plan due to the utilization of lower cost providers and fewer associated complications requiring future medical care. Offset by administrative fees and increased travel expenses, it is estimated the proposed program will result in approximately \$2.8 million in near-term annual savings to the Plan.

Implementation of this proposal may have long-term impacts on the healthcare Accrued Actuarial Liability (AAL) associated with the plan (\$9,117.7 million as of the 6/30/2022 valuation). This change could decrease the AAL by 0.16%, representing a decrease of \$14.4 million.