Executive Summary	Foreign Ambulance Services (R031)	
Health Plan Affected	Defined Benefit Retiree Health Plan	
Proposed Effective Date	January 1, 2026	
Reviewed By	RHPAB Modernization Committee; RHPAB	
Review Date	May 8, 2025; June 13, 2025; July 21, 2025	

Contents

1) Background

Under the terms of the AlaskaCare Defined Benefits Retiree Health Plan (Plan), coverage for transportation by professional ambulance is limited to services received within the United States. Specifically, the Plan states:

> The Medical Plan pays travel and ambulance costs within the contiguous limits of the United States, Alaska, and Hawaii. This includes:
>
> a) Transportation to the nearest hospital by professional ambulance. A professional ambulance is a land or air vehicle specially equipped to transport injured or sick people to a destination capable of caring for them upon arrival. Specially equipped means the vehicle contains the appropriate stretcher, oxygen, and other medical equipment necessary for patient care enroute. A medical technician trained in lifesaving services accompanies the transported patient. Following an emergent event, returning transportation costs to the site of illness or injury are eligible for reimbursement subject to the provisions as outlined in section b.

Therefore currently, if a member is traveling or living outside of the United States, and requires emergency medical transportation services, they would be unable to receive Plan coverage for their foreign ambulance claim.

2) Objectives

To support members traveling or living outside of the United States who may require emergency medical transportation services.

3) Summary of Proposed Change

The Division of Retirement and Benefits (Division) is considering an enhancement to the benefit, by extending coverage to medically necessary professional ambulance services received outside of the United States. This would include ambulance transportation by ground or air, via fixed wing aircraft and/or helicopter, for patients with life-threatening conditions needing immediate medical attention.

4) Analysis

The potential cost of ambulance travel outside of the United States varies by country. Segal, the Division's contracted benefit consultant, indicates most countries charge an initial flat fee, with additional charges by distance, similar to the United States, while a small number of remaining countries provide services free of charge or at a low rate. Based on current enrollment data, there are less than 250 retirees and dependents residing outside of the United States.

5) Impacts

Actuarial Impact to AlaskaCare | Neutral

The Division's contracted benefit consultant, Segal, has indicated that since the extension of this coverage would be considered an enhancement only for the small population of members who reside or travel outside of the United States, and benefits for those living and receiving treatment within the United States would not be impacted, the total impact to the Plan's actuarial value would be de minimis.

Financial Impact to AlaskaCare | Minimal Increase

Segal indicated the anticipated financial impact of this change, based on the most recent retiree medical and pharmacy claims projection of $856,400,000 for 2025 (dated September 2024), and trended forward at 7% to $916,400,000 for 2026, equates to an annual cost increase to the Plan of between 0.02% and 0.04%.

Since this is not currently a benefit under the terms of the Plan, the estimate is based on a review of AlaskaCare emergency ambulance transportation claims (not including the cost of services received during transport or subsequent hospitalization) incurred by the entire AlaskaCare Retiree population. Based on their analysis, it's estimated coverage of foreign emergency ambulance services would cost an additional $150,000 to $300,000 annually.

Member Impact | Enhancement

Members of the Retiree Plan who are traveling or living outside of the United States and find themselves in a situation where they would need emergency medical transportation services would benefit from the enhancement. Members who receive medical services domestically would not be affected by the change. As for all foreign claims submitted under the Medical Plan, members with claims for foreign ambulance services would need to submit their claim to the Medical Third-Party Administrator (TPA) directly.

Operational Impact (DRB)| Minimal

The Division anticipates minimal operational impacts. The Division will follow the standard process for making plan changes per 2 AAC 39.390 and provide directions to the Third-Party Administrator to implement the enhancement. Once the implementation activities are complete, the Division does not anticipate any additional operational impact.

Operational Impact (TPA) | Minimal

The impact to the Medical TPA is anticipated to be low.

Provider Impact | Minimal

There is no anticipated impact on providers as a result of this change.

6) Implementation and Communication Overview

Division staff will follow the standard process to make changes to the Defined Benefit Retiree Health Plan, which includes completion of the following:

- Proposal analysis and stakeholder input
- Public comment period(s)
- Any needed language updates to the AlaskaCare Retiree Insurance Information Booklet

7) Proposal Recommendations

DRB Recommendation

The Division recommends implementation of the proposal.

RHPAB Board Recommendation

The RHPAB board voted on July 21, 2025 to recommend adoption of the proposal.

Description	Date
Proposal Drafted	May 2025
Reviewed by Modernization Subcommittee	June 13, 2025
Reviewed by RHPAB	May 8, 2025; July 21, 2025

Segal

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Memorandum

To: Steve Ramos, Chief Health Administrator, Division of Retirement and Benefits

From: Richard Ward, FSA, FCA, MAAA

Date: April 15, 2025

Re: Addition of Foreign Emergency Ambulance Transportation

The State is considering the addition of foreign emergency ambulance transportation for the Retiree plan, which is currently not covered. This would include coverage for ambulance transportation via ground and air, including both helicopters and fixed wing planes, for patients with life-threating conditions needing immediate medical attention.

The cost of ambulance transportation varies widely by country. Most countries charge an initial flat call out fee with additional charges based on distance, similar to the United States. While a small number of other countries provide ambulance transportation free of charge or at very low cost.

Generally, Medicare does not cover the cost of medical services received outside of the United States, including ambulance transportation, with certain exceptions.

Based on enrollment data, there are currently less than 250 retirees and dependents that reside outside of the United States. This would be in addition to any members who may encounter a medical emergency while traveling abroad.

Below is a table outlining the current benefits offered under the Plan:

Deductibles	
Annual individual / family unit deductible	$150 / up to 3x per family
Coinsurance	
Most medical expenses	80%
Most medical expenses after out-of-pocket limit is satisfied	100%
Second surgical opinions, Preoperative testing, Outpatient testing/surgery • No deductible applies	100%
Out-of-Pocket Limit	
Annual individual out-of-pocket limit • Applies after the deductible is satisfied • Expenses paid at a coinsurance rate other than 80% do not apply against the out-of-pocket limit	$800

Benefit Maximums		
Individual lifetime maximum • Prescription drug expenses do not apply against the lifetime maximum	$8,000,000	
Prescription Drugs		
Up to 90 Day or 100 Unit Supply	Generic	Brand Name
Network pharmacy copayment	$4	$8
Mail order copayment	$0	$0

Actuarial Value

The extension of this coverage would be considered an enhancement only for the small population of retirees and dependents who are residing or traveling outside of the United States. Benefits for those living and receiving treatment within the United States would not be impacted. As a result, the total impact to the plans actuarial value would be de minimis.

Financial Impact

Segal performed a review of AlaskaCare ambulance claims incurred during calendar years 2023 and 2024. Ambulance claims were identified as either emergency or non-emergency and ground or air based on medical billing codes associated with each claim.

Only the costs related to the ambulance transport were included. We did not include the cost of services performed during the ambulance trip or cost of subsequent hospitalization. We also excluded any non-emergency transportation to other facilities once the patient was stabilized.

Due to the limited number of members living outside of the United States and because these services are not currently covered for this population, we relied on the ambulance incidence rates for ground and air ambulance for the entire AlaskaCare retiree population. We assumed the average cost for ground and air foreign ambulance would be similar to that of AlaskaCare retiree population living in the United States; however, the cost can vary significantly depending on the country in which the services are received as well as the foreign currency exchange rate.

Costs can also vary widely depending on the severity of the medical emergency and we have seen claims as high as $100,000 for emergency air ambulance services. As a point of comparison to our estimate, Aetna, the health plan administrator for AlaskaCare, provided Segal with a claims summary of billed ambulance charges submitted for those who reside outside of the United States.

Based on our analysis, we estimate the financial impact of covering foreign emergency ambulance would result in an additional cost of approximately $150,000 to $300,000.

Using the most recent retiree medical and pharmacy claims projection of $856,400,000 for 2025 (dated September 27, 2024), trended forward at 7% to $916,400,000 for 2026, this equates to an annual cost increase to the Plan of between 0.02% and 0.04%.

Additional Notes

The data used for this analysis was reviewed, but not audited, and found to be sufficient and credible.

The above projection is an estimate of future cost and is based on information available to Segal at the time the projection was made. Segal has not audited the information provided. A projection is not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, change in demographics, overall inflation rates and claims volatility. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time.

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