Executive Summary	Reintroduce Teladoc (R034)
Health Plan Affected	Defined Benefit Retiree Plan
Proposed Effective Date	January 1, 2026
Reviewed By	RHPAB Modernization Committee; RHPAB
Review Date	July 16, 2025; July 21, 2025

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1) Background

The Division of Retirement and Benefits (Division) is considering providing access to additional telemedicine provider options by offering Teladoc services for acute care, dermatology, and behavioral health through Aetna, the medical plan's current claims administrator. Teladoc services have been offered to AlaskaCare Employee Health Plan members since September 1, 2018, and were temporarily available to AlaskaCare Retiree Health Plan (Plan) members during the COVID pandemic. Teladoc was previously discontinued for Plan members due to minimal use. However, in recent years, retirees aged 65 and over residing in Alaska have reported increased difficulty in accessing timely care from providers who accept Medicare. By reintroducing Teladoc as a provider option, the Division seeks to assist retirees currently experiencing difficulty in finding a provider by expanding access to timely and affordable virtual care.

2) Objectives

Increase virtual provider options for members to access timely and affordable care, as Teladoc provides access to board-certified, state-licensed doctors for treatment of non-emergent conditions 24/7/365. It's anticipated the increased virtual provider option would be particularly helpful for members who experience difficulty in timely accessing a provider who accepts Medicare, those in rural locations, or those who have

limited mobility.

3) Summary of Proposed Change

The AlaskaCare Retiree Health Plan proposes reintroducing Teladoc services for acute care, dermatology, and behavioral health with a $25 member copay.

Teladoc Visit	Total	Member Copay	Plan Paid
Acute Care	$58	$25	$33
Dermatology	$85	$25	$60
Psychiatry (initial visit)	$215	$25	$190
Psychiatry (subsequent visits)	$100	$25	$75
Counseling	$90	$25	$65

4) Impacts

Actuarial Impact to AlaskaCare | Neutral

Segal, the Division's contracted benefit consultant, indicates the addition would be considered an expansion of provider options and does not impact the current Plan benefits.

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 0.01% to 0.02%, or $100,000 - $200,000.

Member Impact | Enhancement

Members of the Retiree Plan would benefit from the increase in provider options, especially those experiencing issues with timely access to care, either due to their Medicare status, rural location, or mobility limitations.

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 Teladoc services. Once the implementation activities are complete, the Division does not anticipate any additional operational impact.

Operational Impact (TPA) | Minimal

The impact to the Third-Party Administrator (TPA) is anticipated to be low.

Provider Impact | Minimal

Provider impact is estimated to be minimal.

5) Implementation and Communication Overview

Division staff will follow the standard process for making changes to the Defined Benefit Retiree Plan,

which includes completion of the following:

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

6) Proposal Recommendations

DRB Recommendation

The Division recommends adding Teladoc as a provider service option.

RHPAB Board Recommendation

The Retiree Health Plan Advisory Board voted on July 21, 2025 to recommend implementation of this proposal.

Description	Date
Proposal Drafted	July 2025
Reviewed by Modernization Subcommittee	July 16, 2025
Reviewed by RHPAB	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: July 18, 2025

Re: Reintroduce Teladoc for Retirees with $25 Copays for All Services

The State is considering reintroducing Teladoc services for the Retiree plan. Teladoc is a service that provides 24/7/365 access to board-certified, state-licensed doctors for the treatment of non-emergency conditions by web, phone, or mobile app. The AlaskaCare Employee Health Plan has partnered with Teladoc since September 1, 2018 and Teladoc was available temporarily to retirees during the COVID pandemic.

Expanding access to virtual care allows for non-emergency conditions to be treated sooner and avoid symptoms worsening or complications related to an underlying chronic condition. In addition, most telemedicine visits via Teledoc (or a similar program) are lower cost than other care settings such as an office or urgent care visit and, in some cases, could result in avoiding a trip to the emergency room. For retiree populations, telemedicine can provide expanded access especially if there are challenges based on living in remote geographical areas, limited mobility, or difficulty finding transportation.

Specifically in Alaska, access to providers accepting Medicare is limited and members have reported delays in accessing care. Teladoc is being considered to increase access to care in a timely manner, with an emphasis on acute care. Dermatology and mental health services would also be offered. As Teladoc does not bill Medicare, AlaskaCare would be primary for all members receiving Teladoc services.

There would be no requirement for retirees or their dependents to seek care through Teladoc. For those who utilize these services, a copay would be collected prior to the virtual visit which varies based on the type of service.

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

This addition would be considered an expansion of provider options and does not impact the current plan benefits.

Financial Impact

Segal was provided with a model developed by Aetna, the health plan administrator, to estimate the potential financial impact of reintroducing Teladoc services for the retiree population. This model and underlying assumptions were reviewed for reasonableness and used to determine the net financial impact. Initially, the model assumed a $25 copay for acute care visits and that members would pay the full cost for other service lines. The model has since been updated by Segal to reflect the impact of offering all Teladoc services at a $25 copay.

The number of estimated Teladoc visits for each line of coverage is shown below:

Visit Type	Estimated Number of Visits
Acute Care	4,200
Dermatology	900
Psychiatry (initial)	165
Psychiatry (after initial)	495
Counseling	1,500

The number of visits are calculated by applying an assumption to the number of members based on experience from the active employee plan and Teladoc book of business data. The total number of visits are estimated to be four (4) visits per claimant for psychiatry and two (2) visits for counseling. These assumptions are based on historical retiree plan experience. It is not uncommon for retirees to be less willing to seek treatment in virtual care settings compared to an active employee population. Segal considered the potential for lower retiree utilization when developing the range of the financial impact.

Teladoc Costs

The table below shows the Teladoc visit fees for calendar years 2026 through 2028, along with proposed copays and plan payment.

Teladoc Visit Fees	Total	Member Copay	Plan Paid
Acute Care	$58	$25	$33
Dermatology	$85	$25	$60
Psychiatry (initial)	$215	$25	$190
Psychiatry (after initial)	$100	$25	$75
Counseling	$90	$25	$65
Caregiver	same as acute care, members pay for family members not enrolled in plan		

The cost of visits under Teladoc was developed by taking the plan paid shown above multiplied by the number of anticipated visits.

To calculate the additional administration costs, the $0.45 per retiree per month fee for Teladoc was multiplied by the number of retirees times 12 to annualize.

While the emphasis will be on Teladoc's acute care services, the additional service lines for dermatology and mental health must also be offered, consistent with the active employee plan; otherwise, the administrative cost would increase significantly to account for the added customization.

Cost Avoidance

Initially, we are not assuming material savings due to current patients receiving in-person care for dermatology, psychiatry, or counseling services. The Teladoc utilization for these services is expected to be generated by members who otherwise would not have sought care. Over time, new patients may initiate virtual care in lieu of in person care. Therefore, the utilization mix may change over time as current patients complete their care regimen and new patients begin theirs.

In regards to the acute care, it is assumed some members may schedule a virtual visit when they would have otherwise sought care in a more traditional setting (assumed 10%) due to convenience. For the remainder of assumed utilization, the virtual visit through Teladoc would replace treatment at a higher cost setting such as an office visit with a primary care provider or a trip to an urgent care facility or emergency room.

Aetna assumed the avoided care would be split between PCP or urgent care visits (93.4%) and emergency room (6.6%). We consider this to be a reasonable assumption. This was multiplied by the average cost of the visit based on the setting depending on whether the member was enrolled in Medicare. For non-Medicare participants the average visit savings was assumed to be $200 for primary or urgent care and $3,600 for the emergency room. For Medicare participants, average visit savings was assumed to be $720 for the emergency room. No savings was assumed for primary or urgent care under Medicare since the coordination of benefits would be close to the amount the plan paid under Teladoc.

Net Financial Impact

To determine the net financial impact the anticipated additional visit and administration costs under Teladoc was compared to the potential cost avoidance of shifting care to a lower-cost virtual setting. Based on our review, we estimate the net financial impact to the retiree plan to result in a plan cost increase of $100,000 to $200,000.

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 increase in annual costs to the Plan of 0.01% to 0.02%.

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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