

Executive Summary	Standard Dental Enhancements (R030)	
Health Plan Affected	Standard Dental-Vision-Audio 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.....	1
2) Objectives.....	2
3) Summary of Proposed Change.....	2
4) Analysis.....	3
5) Impacts	3
Actuarial Impact to AlaskaCare Increase	3
Financial Impact to AlaskaCare Increase	4
Member Impact Enhancement	5
Operational Impact (DRB) Minimal	5
Operational Impact (TPA) Minimal	5
Provider Impact Minimal	5
6) Implementation and Communication Overview.....	5
7) Proposal Recommendations	6
DRB Recommendation	6
RHPAB Board Recommendation	6

1) Background

During the October 2024 Modernization committee meeting and November 2024 Retiree Health Plan Advisory Board (RHPAB) meeting, the Board indicated an interest in exploring additional benefit enhancements to potentially implement under the Standard Dental-Vision-Audio (DVA) Plan’s dental benefit. In February 2025, the RHPAB, in collaboration with the Division of Retirement and Benefits (Division), decided to proceed with an analysis of potential benefit enhancement options, grouped by class, service, and estimated impact. Through the work of the RHPAB Modernization committee, the potential benefit enhancements have been narrowed down to the following categories: Preventive Cleanings, X-Rays and Imaging, Other Class I Changes, Crowns, and Orthodontia.

Preventive Cleanings

Effective January 1, 2025, through the implementation of Delta Dental’s Preventive First program, preventive cleanings are covered at 100% of the recognized charge, and do not count toward the member’s annual deductible or benefit limit. Currently, the Standard DVA Plan allows coverage for prophylaxis

(cleaning) or periodontal maintenance up to two times per benefit year, or up to four times per benefit year for those with periodontal disease. Additionally, through Delta Dental's Oral Health Total Health (OHTH) program, Standard DVA Plan members with diabetes have access to two additional yearly cleanings, and members in their third trimester of pregnancy have access to one additional cleaning.

X-Rays and Imaging

Under the terms of the Standard DVA Plan, coverage for X-rays and dental imaging is limited to complete series or panoramic, periapical, occlusal, and bitewing images provided as a Class I preventive service for intra-oral x-rays to assist in determining required dental treatment. Full mouth and panoramic x-rays are covered once every five years. All covered dental X-rays are considered Class I "Preventive Services" regardless of the reason they are taken (i.e. even if they are received for diagnostic purposes). As a Class I service, all eligible dental X-rays for Standard DVA Plan members are paid at 100% coinsurance. Currently, 3-D dental imaging is not a covered benefit under the Standard DVA Plan.

Other Class I Changes

Additional Class I preventive services which are being considered for enhancement include the topical application of fluoride, sealant, sealant repair, and preventive resin restoration. Currently, the topical application of fluoride is limited to twice in a calendar year up to age 19, and for those age 19 and older, up to twice in a calendar year only if there is a history of periodontal surgery, high risk of decay due to medical disease, chemotherapy, or a similar type of treatment. Sealant application or repair, per tooth, and preventive resin restoration for a permanent tooth of a moderate to high caries risk patient is also currently covered. However, coverage is limited to the unrestored occlusal surfaces of permanent molars once per tooth in any five-year period. If performed within two years by the same provider, the sealant is not billable to the patient.

Crowns

Coverage for crowns is provided under the Standard DVA Plan as a Class III Prosthetic Service, when necessary to restore decayed or broken teeth to a state of functional acceptability. Coverage is limited to once in a seven-year period per tooth, and up to the allowable amount for a metallic crown. The difference between the metallic crown and porcelain crown is currently paid by the member.

Orthodontia

Orthodontics are a Plan exclusion and therefore are not currently a covered benefit under either of the DVA Plans.

2) Objectives

Continue to modernize the Standard DVA Plan to meet evolving member needs.

3) Summary of Proposed Change

In collaboration with the RHPAB, the Division is evaluating potential enhancements to the Standard Dental-Vision-Audio (DVA) Plan. Through the meetings held in February, May, and June of 2025, it was recommended the following proposed changes be evaluated further and put before the RHPAB for a vote:

- 1.) **Preventive Cleanings:** Remove Delta Dental’s OHTH program, and increase Plan coverage from two, to four prophylaxis, scaling, and periodontal maintenance visits per calendar year for all members.
- 2.) **X-Rays and Imaging:** Allow Plan coverage for 3D imaging, which is currently a Plan exclusion, once per calendar year.
- 3.) **Other Class I Changes:** Increase the allowance for the topical application of fluoride from two times per calendar year based on age criteria, to four times per calendar year with no age limit. Remove current eligibility criteria for sealant application, sealant repair, preventive resin restoration in a moderate to high carries risk patient for a permanent tooth and allow once per tooth per year for each service.
- 4.) **Crowns:** Reduce the frequency limit from once per tooth every seven years, to once per tooth every five years. Update the reimbursement allowance from the allowable amount for a metal crown, up to the allowable amount for a porcelain crown.
- 5.) **Orthodontics:** Implement an orthodontia benefit with a lifetime maximum benefit of either \$1,500, \$2,000, or \$2,500.

4) Analysis

The current Standard DVA Plan member utilization of each of the services under consideration, based on CY 2024, are provided in the table below:

Service Name	Utilizers	Plan Paid	Claims per Utilizer
<i>Prophylaxis - Adult</i>	17,218	\$2,985,332	1.7
<i>Prophylaxis - Child</i>	115	\$13,211	1.5
<i>Scaling</i>	85	\$7,026	1.2
<i>Periodontal Maintenance</i>	4,882	\$1,754,506	2.3
<i>Full mouth x-ray & panoramic x-ray</i>	3,463	\$448,630	1
<i>3D Imaging**</i>	8	\$225	1
<i>Topical fluoride</i>	406	\$26,629	1.5
<i>Sealant application, repair, preventive resin restoration per tooth</i>	47	\$11,009	1.1
<i>Crowns</i>	4,194	\$3,010,432	1.1

** 1,006 claims for 3D dental imaging were denied

Legacy Plan claim data for cone beam CTs:

Total Claim Count	Total Billed	Eligible Claim Count	Total Billed for Eligible Claims
1035	\$280,233.25	1006	\$277,502.25

5) Impacts

Actuarial Impact to AlaskaCare | Increase

The Division’s contracted benefit consultant, Segal, has provided the following actuarial value estimates for the Standard DVA Plan by each proposed enhancement set (for a breakdown by individual service added, please see the accompanying Segal memo):

- 1.) **Preventive Cleanings:** Actuarial increase of 0.86% total

- 2.) **X-Rays and Imaging:** Actuarial increase of 1.00% total
- 3.) **Other Class I Changes:** De minimis impact
- 4.) **Crowns:** Actuarial increase of 0.50% for the frequency limit reduction, and 0.50% for the material allowance for a total of 1.00%
- 5.) **Orthodontics:** Actuarial increase by option:
 - a. \$1,500 lifetime maximum benefit: 1.0% - 2.5%
 - b. \$2,000 lifetime maximum benefit: 1.2% - 3.3%
 - c. \$2,500 lifetime maximum benefit: 1.4% - 4.3%

Financial Impact to AlaskaCare | Increase

Segal has provided the financial impact estimates for each proposed enhancement set below. In their analysis, Segal indicated each of these estimates are based on the most recent DVA claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated financial impact to the entire DVA program in 2026 is as follows (to see a breakdown by individual service, see the accompanying Segal memo):

- 1.) **Preventive Cleanings:** An additional \$270,000, or 0.45%, of projected annual claims cost
- 2.) **X-Rays and Imaging:** An additional \$300,000, or 0.50%, of projected additional claims
- 3.) **Other Class I Changes:** A negligible impact, with less than 0.01% of projected additional claims cost
- 4.) **Crowns:** An additional \$150,000, or 0.25%, of projected additional claims cost for frequency limit reduction, and \$150,000, or 0.25%, for material allowance upgrade
- 5.) **Orthodontics:** Depending on the lifetime maximum benefit selected, an additional \$600,000 to \$2,810,000, or 1.0% to 4.7% of projected additional claims cost in the first year, and \$290,000 to \$1,280,000, or 0.5% to 2.1% of projected annual claims cost in subsequent years.

Total Actuarial and Financial Estimated Impact

Category	Actuarial Impact*	Financial Impact (%)**	Financial Impact (\$)
Preventive Cleanings	0.86%	0.45%	\$270,000
X-Rays and Imaging	1.00%	0.50%	\$300,000
Other Class I Changes	De Minimis	De Minimis	De Minimis
Crowns	0.50% - 1.00%	0.25% - 0.50%	\$150,000 - \$300,000
Orthodontia - \$1,500 LTM	1.0% - 2.5%	0.5% - 1.3%	\$290,000 - \$760,000
Orthodontia - \$2,000 LTM	1.2% - 3.3%	0.6% - 1.7%	\$350,000 - \$990,000
Orthodontia - \$2,500 LTM	1.4% - 4.3%	0.7% - 2.1%	\$420,000 - \$1,280,000
Total	3.36% - 7.16%	1.70% - 3.55%	\$1,010,000 - \$2,150,000

* Impact to Standard Dental Plan

** Impact to entire DVA program

Potential Standard DVA Plan Premium Impacts

The charts below illustrate the relative cost impact to retirees by Plan based on potential rate changes:

Coverage Level		1%	2%	5%	10%
----------------	--	----	----	----	-----

	Standard Monthly	Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.
Ret Only	\$ 71	\$ 72	\$ 12	\$ 72	\$ 12	\$ 75	\$ 48	\$ 78	\$ 84
Ret & Spouse	\$ 142	\$ 143	\$ 12	\$ 145	\$ 36	\$ 149	\$ 84	\$ 156	\$ 168
Ret & Children	\$ 129	\$ 130	\$ 12	\$ 132	\$ 36	\$ 135	\$ 72	\$ 142	\$ 156
Ret & Family	\$ 202	\$ 204	\$ 24	\$ 206	\$ 48	\$ 212	\$ 120	\$ 222	\$ 240

Coverage Level	Legacy Monthly	1%		2%		5%		10%	
		Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.	Rate	Annual Incr.
Ret Only	\$ 75	\$ 76	\$ 12	\$ 77	\$ 24	\$ 79	\$ 48	\$ 83	\$ 96
Ret & Spouse	\$ 149	\$ 150	\$ 12	\$ 152	\$ 36	\$ 156	\$ 84	\$ 164	\$ 180
Ret & Children	\$ 135	\$ 136	\$ 12	\$ 138	\$ 36	\$ 142	\$ 84	\$ 149	\$ 168
Ret & Family	\$ 212	\$ 214	\$ 24	\$ 216	\$ 48	\$ 223	\$ 132	\$ 233	\$ 252

Member Impact | Enhancement

Members of the Standard DVA Plan would benefit from the proposed benefit enhancements. However, the degree of potential impact varies by the enhancement option(s) selected. The changes would allow all members to access additional cleanings, receive coverage for services that are not currently available under the terms of the Plan, or where frequency limits are reduced, increase access to care sooner. For some of the proposed changes, current utilization is low, and therefore the estimated member impact is anticipated to be low. Depending on the option(s) selected, the potential enhancement(s) may result in the need to increase monthly premiums to support the changes implemented.

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 selected changes. 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 Administrators (TPAs) is anticipated to be low. If the decision is made to remove the OHTH program, the administrative burden of communicating eligible members from the Medical TPA to the Dental TPA, and the outreach made by the Dental TPA regarding the OHTH program, would be removed.

Provider Impact | Minimal

Provider impact is expected to be minimal.

6) Implementation and Communication Overview

Division staff will follow the standard process to make changes to the AlaskaCare Retiree Standard DVA 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

7) Proposal Recommendations

DRB Recommendation

The Division recommends assessing and prioritizing which of the proposed changes would have the greatest impact or benefit, while being mindful of the anticipated impact to Plan cost to keep the benefit accessible.

RHPAB Board Recommendation

The RHPAB voted on July 21, 2025 to recommend moving forward with the proposals to update preventive cleanings, X-rays and imaging, other class I changes, and both the crown frequency and material changes. The RHPAB voted to not recommend moving forward with the proposal for orthodontia.

Description	Date
Proposal Drafted	February/May 2025
Reviewed by Modernization Subcommittee	June 13, 2025
Reviewed by RHPAB	February 6, 2025; May 8, 2025; July 21, 2025



Richard Ward, FSA, FCA, MAAA
West Region Market Director, Public Sector
T 956.818.6714
M 619.710.9952
RWard@Segalco.com

500 North Brand Boulevard
Suite 1400
Glendale, CA 91203-3338
segalco.com

Memorandum

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

From: Richard Ward, FSA, FCA, MAAA

Date: June 6, 2025

Re: Standard Plan Dental Benefit Enhancements Including Orthodontics

The State is evaluating the following potential enhancements to the dental benefits offered under the Standard Retiree Plan (Oral Health, Total Health is abbreviated to OHTH):

Service Name	Standard Plan Benefit (Current)	Standard Plan Proposed Changes
Preventive Cleanings		
Prophylaxis – Adult	2x per calendar year	Remove OHTH and change to 4x per calendar year
Prophylaxis – Child	2x per calendar year	Remove OHTH and change to 4x per calendar year
Scaling in presence of generalized moderate or severe gingival inflammation	2x per calendar year	4x per calendar year
Periodontal maintenance	2x per calendar year	Remove OHTH and change to 4x per calendar year
X-Rays and Imaging		
Full mouth x-ray & panoramic x-ray	1x every 5 years	1x per calendar year
3D Imaging	Plan Exclusion	1x per calendar year
Other Class I Changes		
Topical application of fluoride	2x per calendar year up to age 19. 19 and older 2x per calendar year based on history.	Change to match cleaning frequency (4x per calendar year), no age limit
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient – permanent tooth	Limited to the unrestored occlusal surfaces of permanent molars once per tooth in any 5 year period. If performed within 2 years by the same provider, the sealant is not billable to the patient.	1x per tooth per year – no age limit
Crowns		
Crown	1x 7 years, up to metal allowable	1x 5 years; enhance benefit to allow full benefit for porcelain crown
Dentures		
Removable prosthetics – Partial, dentures	1x every 7 years	1x every 5 years
Overdenture – Complete Maxillary (Upper arch)	1x every 7 years, alternate benefit of D5110	Partial or full denture per arch 1x every 5 years

Service Name	Standard Plan Benefit (Current)	Standard Plan Proposed Changes
Overdenture – Complete Mandibular (Lower arch)	1x every 7 years, alternate benefit of D5120	Partial or full denture per arch 1x every 5 years
Overdenture – Partial Maxillary (Upper arch)	1x every 7 years, alternate benefit of D5130	Partial or full denture per arch 1x every 5 years
Inlays and Onlays		
Inlays (porcelain/ceramic)	1x every 7 years D6600 Alt benefit of D6602 on teeth 1, 2, 15-19, 30-32 D6601 Alt benefit of D6603 on teeth 1, 2, 15-19, 30-32	1x every 5 years
Inlays (noble and base metal)	1x every 7 years	1x every 5 years
Onlays (porcelain/ceramic)	1x every 7 years D6608 Alt benefit of D6610 on teeth 1, 2, 15-19, 30-32 D6609 Alt benefit of D6611 on teeth 1, 2, 15-19, 30-32	1x every 5 years
Onlays (noble and base metal)	1x every 7 years	1x every 5 years
Orthodontics		
Orthodontics – Child and Adult	None	\$1,500, \$2,000, or \$2,500 Lifetime maximum

As part of this review, Segal conducted an actuarial analysis incorporating current estimated impacts provided by Delta Dental of Alaska (DDAK), alongside projections of expected utilization and the associated cost impacts of the proposed changes. The following sections outline the key benefit changes and the resulting financial implications.

Below is a table outlining the current benefits offered under the Dental plan benefits:

Dental Benefits	Standard Plan	Legacy Plan
Deductible		
Annual individual deductible (applies to Class II and III)	\$50	\$50
Coinsurance		
Class I (preventive) services	100%	100%
Class II (restorative) services	80%	80%
Class III (prosthetic) services	50%	50%
Benefit Maximums		
Annual individual maximum (applies to all classes)	\$3,000	\$2,000

The Standard Plan dental benefits include a Prevention First provision, which excludes preventive services from the annual deductible and benefit limit.

The Standard Plan and Legacy Plan do not currently provide coverage for orthodontia.

No changes are being made to the vision or audio benefit. No changes are being made to the Legacy plan benefits.

Actuarial Value – Preventive Cleanings

The State is considering enhancement to prophylaxis benefits by removing the Oral Health, Total Health program and allowing all plan members to receive up to 4 cleanings per calendar year. The covered benefits include prophylaxis for adults and children, scaling in presence of generalized moderate or severe gingival inflammation, and periodontal maintenance. Exams and bitewing x-rays would still be limited to twice per calendar year.

Below is a summary of the utilization for the reviewed services for calendar year (CY) 2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Prophylaxis – Adult	17,218	\$2,985,332	1.7
Prophylaxis – Child	115	\$13,211	1.5
Scaling	85	\$7,026	1.2
Periodontal maintenance	4,882	\$1,754,506	2.3

Many utilizers are currently receiving fewer than two prophylaxis cleanings per year, and for those that are receiving two annually, many will not seek additional cleanings beyond the ADA recommended two per year. Therefore, the overall impact will be limited to a subset of members. There are already programs in place to allow for periodontal maintenance, which results in members on average receiving more than two services per year. We have revised our initial estimates to adjust for those in the OHTH program that are already receiving more than two services per year.

Service Name	Actuarial Value Impact
Prophylaxis – Adult	0.40%
Prophylaxis – Child	0.05%
Scaling	0.01%
Periodontal maintenance	0.40%
Total	0.86%

Financial Impact – Preventive Cleanings

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be an additional \$270,000 or 0.45% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)*	Financial Impact (\$)
Prophylaxis – Adult	0.20%	\$125,000
Prophylaxis – Child	0.03%	\$15,000
Scaling	0.01%	\$5,000
Periodontal maintenance	0.20%	\$125,000
Total	0.45%	\$270,000

* Totals may not add up due to rounding.

Actuarial Value – X-Rays and Imaging

The State is considering enhancement to the frequency limitation of full mouth and panoramic x-rays and removing the plan exclusion of 3D imaging. Exams and bitewing x-rays would still be limited to twice per calendar year.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Full mouth x-ray & panoramic x-ray	3,463	\$448,630	1.0
3D Imaging	8	\$225	1.0

We are expecting an increase in utilization of services after frequency limitations of one every five years are dropped to once per year for full mouth and panoramic x-rays and removing the plan exclusion of 3D imaging. For 3D imaging, we are projecting that a portion of care that would potentially benefit from the use of 3D imaging, such as crowns or root canals, will have the imaging completed. However, given that this is a new and evolving procedure with increasing availability across Alaska and the lower 48, the actual experience may differ greatly, either positively or negatively.

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Full mouth x-ray & panoramic x-ray	1.00%
3D Imaging	1.00%
Total	2.00%

Financial Impact – X-Rays and Imaging

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be an additional \$600,000 or 1.00% of projected additional claims cost to the program in 2026. This percentage represents the

impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Full mouth x-ray & panoramic x-ray	0.50%	\$300,000
3D Imaging	0.50%	\$300,000
Total	1.00%	\$600,000

Actuarial Value – Other Class I Changes

The State is considering enhancement to the frequency limitation for the topical application of fluoride to align with the number of cleanings and removing the age limit. In addition, the State is considering enhancement to the sealant and preventive resin restoration frequency limit.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Topical application of fluoride	406	\$26,629	1.5
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient – permanent tooth	47	\$11,009	1.1

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Topical application of fluoride	De Minimis
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient – permanent tooth	De Minimis
Total	De Minimis

Financial Impact – Other Class I Changes

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be negligible, costing less than 0.01% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Topical application of fluoride	De Minimis	De Minimis
Sealant application per tooth, Sealant repair per tooth, Preventive resin restoration in a moderate to high caries risk patient- permanent tooth	De Minimis	De Minimis

Actuarial Value – Crowns

The State is considering enhancement to the frequency limitation of crowns along with an enhancement to reimbursement of materials being based on porcelain rather than metal.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Crowns	4,194	\$3,010,432	1.1

During CY2024, there was approximately \$250,000 in billed charges denied due to frequency limitations.

The estimated overall actuarial value impact for the crown benefit change is 1.0%.

Financial Impact – Crowns

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be an additional \$300,000 or 0.50% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the

impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

The estimated impact for the crown benefit change improvement is 0.50%.

Actuarial Value – Dentures

The State is considering enhancement to the frequency limitation of dentures and removing the benefit paying at alternate levels in some instances.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Removable prosthetics – Partial, dentures	213	\$186,702	1.0
Overdenture – Complete Maxillary (Upper arch)	0	\$0	N/A
Overdenture – Complete Mandibular (Lower arch)	0	\$0	N/A
Overdenture – Partial Maxillary (Upper arch)	0	\$0	N/A

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Removable prosthetics – Partial, dentures	0.50%
Overdenture – Complete Maxillary (Upper arch)	De Minimis
Overdenture – Complete Mandibular (Lower arch)	De Minimis
Overdenture – Partial Maxillary (Upper arch)	De Minimis
Total	0.50%

Financial Impact – Dentures

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be approximately \$150,000 or 0.25% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents

the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Removable prosthetics – Partials, dentures	0.25%	\$150,000
Interim Complete denture	De Minimis	De Minimis
Overdenture - Complete Maxillary (Upper and Lower arch)	De Minimis	De Minimis
Overdenture - Partial Maxillary (Upper and Lower arch)	De Minimis	De Minimis
Total	0.25%	\$150,000

Actuarial Value – Inlays and Onlays

The State is considering enhancement to the frequency limitation of inlays and onlays and changes to alternate benefits in some instances.

Below is a summary of the utilization for the reviewed services for CY2024. The CY2023 statistics were materially the same.

Service Name	Utilizers	Plan Paid	Claims per Utilizer
Inlays (porcelain/ceramic)	0	\$0	N/A
Inlays (noble and base metal)	0	\$0	N/A
Onlays (porcelain/ceramic)	0	\$0	N/A
Onlays (noble and base metal)	0	\$0	N/A

The estimated overall actuarial value impact for each plan changes is below.

Service Name	Actuarial Value Impact
Inlays (porcelain/ceramic)	De Minimis
Inlays (noble and base metal)	De Minimis
Onlays (porcelain/ceramic)	De Minimis
Onlays (noble and base metal)	De Minimis
Total	De Minimis

Financial Impact – Inlays and Onlays

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The estimated impact would be negligible, costing less than 0.01% of projected additional claims cost to the program in 2026. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each individual component.

Service Name	Financial Impact (%)	Financial Impact (\$)
Inlays (porcelain/ceramic)	De Minimis	De Minimis
Inlays (noble and base metal)	De Minimis	De Minimis
Onlays (porcelain/ceramic)	De Minimis	De Minimis
Onlays (noble and base metal)	De Minimis	De Minimis

Actuarial Value – Orthodontics

The State is considering adding child and adult orthodontic coverage with a \$1,500, \$2,000, or a \$2,500 lifetime maximum (LTM).

There is currently no benefit offered, so there are no utilization metrics to compare to. Estimated impacts were provided by DDAK, which were considered along with industry studies, current plan enrollment and taking into the account the specific demographics for this retiree plan. As a result, a range of estimates was developed for each option. The annual estimates are based on a mature basis, though we expect that the first-year cost could be higher to account for pent up demand. We believe this variance is accounted for in the estimated ranges. However, because the plan is capped by a lifetime maximum, rather than annual limit, we expect that there will be drop off from the initial wave of claims activity.

The estimated overall actuarial value impact for each plan changes on a mature basis is below.

Service Name	Actuarial Value Impact
Option 1 - Orthodontia - \$1,500 LTM	1.0% - 2.5%
Option 2 - Orthodontia - \$2,000 LTM	1.2% - 3.3%
Option 3 - Orthodontia - \$2,500 LTM	1.4% - 4.3%

Financial Impact – Orthodontics

The financial impact is based on the most recent retiree Dental, Vision and Audio (DVA) claims projection of approximately \$58,119,000 for 2025 (dated September 2024) and trended forward at 3% to \$59,863,000 for 2026. The first year estimated cost to the program in 2026 is projected to be 1.0% up to 4.7%, depending on the lifetime maximum. However, on an on-going basis the programming is estimated to cost between 0.5% up to 2.1%, depending on the lifetime maximum. This percentage represents the impact to the entire DVA program. The impact to the actuarial value noted above represents the impact to the Standard Dental Plan only. There is no impact to the Legacy Dental Plan, the Vision, or the Audio portions of the program.

The impact on premiums will be determined by the Commissioner of Administration and may, or may, not align with the expected impact on expenses. This decision will consider the current asset level, and the anticipated future funding needs of the DVA program.

Below is the estimated impact for each option. Only one of the options would be implemented.

Service Name	First Year Financial Impact (%)	First Year Financial Impact (\$)	On-going Financial Impact (%)	On-going Financial Impact (\$)
Option 1 - Orthodontia - \$1,500 LTM	1.0% - 2.7%	\$600,000 - \$1,590,000	0.5% - 1.3%	\$290,000 - \$760,000
Option 2 - Orthodontia - \$2,000 LTM	1.3% - 3.6%	\$760,000 - \$2,130,000	0.6% - 1.7%	\$350,000 - \$990,000
Option 3 - Orthodontia - \$2,500 LTM	1.5% - 4.7%	\$920,000 - \$2,810,000	0.7% - 2.1%	\$420,000 - \$1,280,000

Summary

Below is a chart summarizing each category of plan change and the associated actuarial and financial impact. Only one orthodontics option would be implemented.

Category	Actuarial Impact*	Financial Impact (%)**	Financial Impact (\$)
Preventive Cleanings	0.86%	0.45%	\$270,000
X-Rays and Imaging	2.00%	1.00%	\$600,000
Other Class I Changes	De Minimis	De Minimis	De Minimis
Crowns	1.00%	0.50%	\$300,000
Dentures	0.50%	0.25%	\$150,000
Inlays and Onlays	De Minimis	De Minimis	De Minimis
Option 1 - Orthodontia - \$1,500 LTM	1.0% - 2.5%	0.5% - 1.3%	\$290,000 - \$760,000
Option 2 - Orthodontia - \$2,000 LTM	1.2% - 3.3%	0.6% - 1.7%	\$350,000 - \$990,000
Option 3 - Orthodontia - \$2,500 LTM	1.4% - 4.3%	0.7% - 2.1%	\$420,000 - \$1,280,000
Total	5.36% - 8.66%	2.70% - 4.30%	\$1,610,000 - \$2,600,000

* Impact to Standard Dental

** Impact to entire DVA program

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.

This document has been prepared for the exclusive use and benefit of State of Alaska, based upon information provided by you and your other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

cc: Chris Murray, Division of Retirement and Benefits
Ronan Tagsip, Division of Retirement and Benefits
Noel Cruse, Segal
Amy McClendon, Segal
Quentin Gunn, Segal