

State of Alaska FY2011 Governor's Operating Budget

Department of Administration Group Health Insurance Component Budget Summary

Component: Group Health Insurance

Contribution to Department's Mission

This component holds the funds for group health administration which is managed as a program of the Retirement and Benefits component.

Core Services

- Health, dental, vision, audio, and long-term care claim processing.
- Customer service to active and retired members and their dependents, and to other customers.
- Receipt and load of files for eligibility determinations.
- Initial complaint and dispute resolution for members and providers.
- Utilization review and case management.
- Ensure compliance with the Consolidated Omnibus Budgetary Reconciliation Act (COBRA), HIPAA, IRS Section 125 Cafeteria Plan, and all other federal laws pertinent to administration of the varied and flexible benefit plans.
- Establishing health care provider and pharmacy networks.
- Providing a toll-free health advice telephone line staffed with nurses, and a wellness newsletter.
- Issuing payments for Health Flexible Spending Accounts (HFSAs).
- Appeals regarding health claims.
- Health Improvement Program delivery and Project Coordinator services.
- Employee Assistance Plan services.

Key Component Challenges

See Retirement and Benefits component.

Significant Changes in Results to be Delivered in FY2011

See Retirement and Benefits component.

Major Component Accomplishments in 2009

- Deposited a total of \$8.3M to the retiree health funds due to the Retiree Drug Subsidy (RDS) payment from Centers for Medicare & Medicaid Services for January through September 2009.
- Conducted Health Risk Assessment for members under the Health Improvement Program and began health coaching to high risk members.
- Selected and transitioned to a new Third Party Administrator (TPA) including migrating and issuing new ID cards and Welcome Packs for 72,000 members. All new forms were developed, processes were revised and streamlined, and an AlaskaCare member website was created.
- Implemented additional security HIPAA measures by enclosing the Benefits Section behind walls and requiring keycard access to the section.
- Initiated American Recovery and Reinvestment Act (ARRA) provisions to provide health insurance continuation by collecting federal subsidies in qualified health continuation circumstances.

Statutory and Regulatory Authority

AS 39.30.090-095	Group Life and Health Insurance, Group Life and Health Insurance Fund
AS 39.35.535	Retiree Medical Benefits under the Defined Benefit Plan (PERS)
AS 14.25.168	Retiree Medical Benefits under the Defined Benefit Plan (TRS)
AS 22.25.090	Retiree Medical Benefits under the Defined Benefit Plan (JRS)
AS 39.35.880	Retiree Medical Benefits under the Defined Contribution Plan (PERS)
AS 14.25.480	Retiree Medical Benefits under the Defined Contribution Plan (TRS)
2 AAC 38.010-100	Same-sex Partner Insurance Coverage
2 AAC 39.010-925	Group Medical, DVA and LTC Insurance (also miscellaneous provisions)

Contact Information

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**Group Health Insurance
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	14.4	20.0	20.0
73000 Services	13,099.5	18,080.4	15,080.4
74000 Commodities	4.3	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	13,118.2	18,100.4	15,100.4
Funding Sources:			
1017 Benefits Systems Receipts	13,118.2	18,100.4	15,100.4
Funding Totals	13,118.2	18,100.4	15,100.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Benefits System Receipts	51390	13,118.2	0.0	0.0	18,100.4	15,100.4
Restricted Total		13,118.2	0.0	0.0	18,100.4	15,100.4
Total Estimated Revenues		13,118.2	0.0	0.0	18,100.4	15,100.4

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	0.0	18,100.4	18,100.4
Proposed budget decreases:				
-Group Health Third Party Administrator Cost Projection Adjustment	0.0	0.0	-3,000.0	-3,000.0
FY2011 Governor	0.0	0.0	15,100.4	15,100.4

Component Detail All Funds
Department of Administration

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	14.4	20.0	20.0	20.0	20.0	0.0	0.0%
73000 Services	13,099.5	18,080.4	18,080.4	18,080.4	15,080.4	-3,000.0	-16.6%
74000 Commodities	4.3	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	13,118.2	18,100.4	18,100.4	18,100.4	15,100.4	-3,000.0	-16.6%
Fund Sources:							
1017 Ben Sys	13,118.2	18,100.4	18,100.4	18,100.4	15,100.4	-3,000.0	-16.6%
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	13,118.2	18,100.4	18,100.4	18,100.4	15,100.4	-3,000.0	-16.6%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Administration

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
ConfCom		18,100.4	0.0	20.0	18,080.4	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		18,100.4										
Subtotal		18,100.4	0.0	20.0	18,080.4	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
Subtotal		18,100.4	0.0	20.0	18,080.4	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Group Health Third Party Administrator Cost Projection Adjustment												
Dec		-3,000.0	0.0	0.0	-3,000.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		-3,000.0										
This funding reduction brings the budget into alignment with projected costs of third party administration for FY2011.												
Totals		15,100.4	0.0	20.0	15,080.4	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Administration
Travel

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

Line Number	Line Name	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
72000	Travel	14.4	20.0	20.0	
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			14.4	20.0	20.0
72111		Airfare (Instate Employee)	3.7	3.7	3.7
72112		Surface Transport (Instate Employee)	0.2	0.1	0.1
72113		Lodging (Instate Employee)	2.8	2.8	2.8
72114		Meals & Incidentals (Instate Employee)	1.4	1.5	1.5
72411		Airfare (Out of state Emp)	3.7	4.6	4.6
72412		Surface Transport (Out of state Emp)	0.4	0.9	0.9
72413		Lodging (Out of state Emp)	1.5	3.8	3.8
72414		Meals & Incidentals (Out of state Emp)	0.7	2.6	2.6

Line Item Detail
Department of Administration
Services

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services		13,099.5	18,080.4	15,080.4
Expenditure Account			FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals			13,099.5	18,080.4	15,080.4
73052	Mgmt/Consulting (Non IA Svcs Financial)		330.1	128.7	128.7
73154	Software Licensing		0.0	251.8	251.8
73155	Software Maintenance		0.0	95.6	95.6
73177	Medical	Professional services for independent medical review and coverage recommendations.	2.2	2.8	2.8
73227	Courier		0.1	0.1	0.1
73228	Postage		26.4	36.0	36.0
73753	Program Mgmt/Consult	Professional services for third party administration and benefits consulting.	12,641.6	17,516.6	14,516.6
73756	Print/Copy/Graphics	Printing pamphlets, flyers, and forms related to group health insurance.	38.8	47.8	47.8
73805	IT-Non-Telecommnctns	Enterprise Technology Services	0.9	0.0	0.0
73808	Building Maintenance	Facilities	37.1	0.0	0.0
73812	Legal	Law	21.9	0.1	0.1
73819	Commission Sales (IA Svcs)	E-Travel	0.3	0.2	0.2
73821	Hearing/Mediation (IA Svcs)	Administrative Hearings	0.1	0.7	0.7

Line Item Detail
Department of Administration
Commodities

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		4.3	0.0	0.0
Expenditure Account			FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
	Servicing Agency	Explanation			
			74000 Commodities Detail Totals	4.3	0.0
74200	Business		4.3	0.0	0.0

Restricted Revenue Detail
Department of Administration

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51390	Benefits System Receipts	13,118.2	18,100.4	15,100.4

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51390	Benefits System Rec				13,118.2	18,100.4	15,100.4

Inter-Agency Services
Department of Administration

Component: Group Health Insurance (2152)
RDU: Centralized Administrative Services (13)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2009 Actuals	FY2010	
					Management Plan	FY2011 Governor
73805	IT-Non-Telecommnctns	Inter-dept	Enterprise Technology Services	0.9	0.0	0.0
73805 IT-Non-Telecommnctns subtotal:				0.9	0.0	0.0
73808	Building Maintenance	Inter-dept	Facilities	37.1	0.0	0.0
73808 Building Maintenance subtotal:				37.1	0.0	0.0
73812	Legal	Inter-dept	Law	21.9	0.1	0.1
73812 Legal subtotal:				21.9	0.1	0.1
73819	Commission Sales (IA Svcs)	Inter-dept	E-Travel	0.3	0.2	0.2
73819 Commission Sales (IA Svcs) subtotal:				0.3	0.2	0.2
73821	Hearing/Mediation (IA Svcs)	Intra-dept	Administrative Hearings	0.1	0.7	0.7
73821 Hearing/Mediation (IA Svcs) subtotal:				0.1	0.7	0.7
Group Health Insurance total:				60.3	1.0	1.0
Grand Total:				60.3	1.0	1.0