

# **State of Alaska FY2018 Governor's Operating Budget**

## **Department of Administration Health Plans Administration Component Budget Summary**

**Component: Health Plans Administration****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**

- Deliver Alaska Care retiree medical plan, and the Alaska Care retiree dental, vision, and audio plan (optional).
- Deliver Alaska Care active employee medical and dental plan.
- Deliver optional Long Term Care plan.

**Major Component Accomplishments in 2016**

- Conducted health fairs in Anchorage, Juneau, and Fairbanks.
- Monitored effect of and compliance with federal legislation, including the Patient Protection and Affordable Care Act. Includes making plan compliant for 2017 benefit year when grandfather status is surrendered.
- Re-energized Health Benefits Evaluation Committee to assist in the development and refinement of employee plan initiatives, communicate changes to employees and make recommendations to the commissioner.
- Implemented a vendor outreach program to partner with retired plan stakeholder groups to improve service delivery and understanding of operations.
- Deposited \$16.1 million to the retiree health trust from the Medicare Part D Retiree Drug Subsidy (RDS) program in Center for Medicare and Medicaid Services (CMS) since January 2016.
- Transitioned to a new Long-Term Care Third Party Claims Administrator.
- Developed and implemented the Defined Contribution Retiree Medical Plan.
- Conducted an audit of eligible dependents in the AlaskaCare Employee Health Plan which resulted in the removal of 500 ineligible dependents.
- Continued business process automation initiatives, including new hire reminder emails when member has not made health elections during the first 30 days of employment.

**Key Component Challenges**

**Third Party Administrator** – Managing new health care vendors that provide services for the following components of the employee and retiree health plans: medical claims administration and managed network, pharmacy benefit management services, dental claims administration and managed network, and healthcare management.

**Active Members' Health Plan** - Identify best practices in vendor management towards mitigating expenses among high-cost claimants. Increase member involvement, promote the use of evidence-based medicine in plan design, and expand available decision support tools. Expand Preferred Providers Network development in key geographic areas of the state. Continue an aggressive management of the AlaskaCare Employee health plan to bend the increasing cost curve down, improve value and quality, while promoting effective member health care consumerism. Continue implementation of wellness/preventive initiatives in the AlaskaCare Employee health plan to encourage and continue developing a culture of wellness in State of Alaska workplaces.

**Retirees Health Plan** - Review and implement best practices in the coverage provisions of the retirement health plans. Identify best practices in vendor management towards mitigating expenses among high-cost claimants. Increase member involvement, promote the use of evidence-based medicine in plan design and expand available decision support tools. Expand Preferred Providers Network development in key geographic areas of the state.

**HIPAA Compliance** - Monitor risk assessment of Health Systems for compliance with Health Information Technology for Economical and Clinical Health/ Health Information Portability and Accountability Act (HITECH/HIPAA) requirements. Continue to analyze, evaluate and implement as appropriate and necessary mandates of federal health care legislation.

### Significant Changes in Results to be Delivered in FY2018

**Health Plans** – Enhancing health, dental and pharmacy networks and contractual arrangement to leverage increased savings for the health and dental plans and the members. Continue aggressive management of health plans to bend the increasing cost curve down, improve value and quality, and promote effective member health care consumerism. Analyzing and implementing requirements of federal health care legislation. Continue implementing “best practices” for AlaskaCare Employee Plan members. Identifying and implementing vendor management best practices to mitigate expenses among high-cost claimants. Increasing member engagement in their health care; promoting the use of evidence-based medicine in plan design; and expanding decision-making support tools.

### 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
<p><b>Contact:</b> Michele Michaud, Chief Health Official, Retirement and Benefits <b>Phone:</b> (907) 465-3225 <b>Fax:</b> (907) 465-3086 <b>E-mail:</b> michele.michaud@alaska.gov</p>

**Component Detail All Funds**  
**Department of Administration**

**Component:** Health Plans Administration (2152)  
**RDU:** Centralized Administrative Services (13)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	6.6	20.0	20.0	20.0	20.0	0.0	0.0%
73000 Services	20,764.1	24,920.9	24,920.9	24,920.9	24,920.9	0.0	0.0%
74000 Commodities	3.4	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%
<b>Totals</b>	<b>20,774.1</b>	<b>24,940.9</b>	<b>24,940.9</b>	<b>24,940.9</b>	<b>24,940.9</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1017Ben Sys (Other)	20,774.1	24,940.9	24,940.9	24,940.9	24,940.9	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>20,774.1</b>	<b>24,940.9</b>	<b>24,940.9</b>	<b>24,940.9</b>	<b>24,940.9</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
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:** Health Plans Administration (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 FY2017 Conference Committee To FY2017 Authorized *****												
FY2017 Conference Committee	ConfCom	24,940.9	0.0	20.0	24,920.9	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		24,940.9										
<b>Subtotal</b>		<b>24,940.9</b>	<b>0.0</b>	<b>20.0</b>	<b>24,920.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
<b>Totals</b>		<b>24,940.9</b>	<b>0.0</b>	<b>20.0</b>	<b>24,920.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Line Item Detail (1676)**  
**Department of Administration**  
**Travel**

**Component:** Health Plans Administration (2152)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
2000	Travel		6.6	20.0	20.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>2000 Travel Detail Totals</b>			<b>6.6</b>	<b>20.0</b>	<b>20.0</b>
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions	2.3	15.7	15.7
2002	Out of State Employee Travel	Transportation costs for staff travel out of state to national organization meetings, conferences, and training	4.3	4.3	4.3

**Line Item Detail (1676)**  
**Department of Administration**  
**Services**

**Component:** Health Plans Administration (2152)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		20,764.1	24,920.9	24,920.9
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>20,764.1</b>	<b>24,920.9</b>	<b>24,920.9</b>
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition	0.0	0.6	0.6
3001	Financial Services	Accounting, auditing, management consulting and fees	770.3	1,460.0	1,460.0
3003	Information Technology	Software licensing and maintenance, training, and consulting	0.0	200.0	200.0
3005	Health Services	Professional services for independent medical review and cover	0.4	0.4	0.4
3006	Delivery Services	Freight, courier services, and postage	33.5	34.5	34.5
3007	Advertising and Promotions	Advertising, promotions and legal notices	1.4	1.5	1.5
3011	Other Services	Professional services for third party administration, printing pamphlets, flyers, and forms related to health plans	19,556.2	22,821.6	22,898.2
3024	Inter-Agency Legal	Law - Department-wide	326.6	326.6	250.0
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	75.7	75.7	75.7

**Line Item Detail (1676)**  
**Department of Administration**  
**Commodities**

**Component:** Health Plans Administration (2152)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
4000	Commodities		3.4	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>4000 Commodities Detail Totals</b>			<b>3.4</b>	<b>0.0</b>	<b>0.0</b>
4000	Business	General business supplies such as office consumables, furniture, and computer equipment	3.4	0.0	0.0



**Inter-Agency Services (1682)**  
**Department of Administration**

**Component:** Health Plans Administration (2152)

				FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>				<b>402.3</b>	<b>402.3</b>	<b>325.7</b>
With Department of Law				326.6	326.6	250.0
With Department of Administration				75.7	75.7	75.7
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	326.6	326.6	250.0
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	Hearing Officer services for health plan cases	75.7	75.7	75.7