

# **State of Alaska FY2021 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 Defined Benefit and Defined Contribution retiree medical plans, and the Alaska Care retiree dental, vision, and audio plan (optional).
- Deliver Alaska Care active employee medical, dental, and vision plan.
- Deliver optional Long Term Care plan.

**Major Component Accomplishments in 2019**

- Implemented an enhanced Medicare Part D Employer Group Waiver Program (EGWP) for eligible retirees, generating an additional \$30 million in savings (net) to the health trust creating a future reduction in the health plan unfunded liability estimated at \$965 million.
- Improved retiree communications through the addition of e-newsletters and telephonic town halls.
- Conducted over 16 telephonic townhall sessions to educate retiree members about their benefits.
- Conducted health fairs in Anchorage, Matsu, Juneau, Fairbanks, and Soldotna.
- Continued work with Retiree Health Plan Advisory Board, holding 9 public board meetings between February and December 2019.
- Prepared for offering two dental plan options to retiree members beginning January 1, 2020.
- Developed and implemented a new open enrollment system for over 40,000 eligible retiree members allowing them to make an educated decision regarding their dental plan choices.
- Updated, presented for public comment, and finalized the January 2020 Retiree Insurance Information Booklet to include two dental plan options.
- Conducted a competitive procurement for medical, dental, vision, and audio claims third party administrator effective January 1, 2020. The last time these services were bid was 2013.

**Key Component Challenges**

**Third Party Administrator** – Managing 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, healthcare management and long-term care claims administration.

**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 FY2021**

**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 14.25.168	Retiree Medical Benefits under the Defined Benefit Plan (TRS)
AS 14.25.480	Retiree Medical Benefits under the Defined Contribution Plan (TRS)
AS 22.25.090	Retiree Medical Benefits under the Defined Benefit Plan (JRS)
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 39.35.880	Retiree Medical Benefits under the Defined Contribution Plan (PERS)
2 AAC 38.010-100	Same-sex Partner Insurance Coverage
2 AAC 39.010-995	Group Medical, DVA and LTC Insurance (also miscellaneous provisions)

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

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

Non-Formula Component

	FY2019 Actuals	FY2020 Conference Committee	FY2020 Authorized	FY2020 Management Plan	FY2021 Governor	FY2020 Management Plan vs FY2021 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	10.2	14.1	14.1	17.0	17.0	0.0	0.0%
73000 Services	26,342.7	35,064.8	35,064.8	34,661.9	34,661.9	0.0	0.0%
74000 Commodities	0.0	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>26,352.9</b>	<b>35,078.9</b>	<b>35,078.9</b>	<b>34,678.9</b>	<b>34,678.9</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1017 Ben Sys (Other)	26,352.9	35,078.9	35,078.9	34,678.9	34,678.9	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>26,352.9</b>	<b>35,078.9</b>	<b>35,078.9</b>	<b>34,678.9</b>	<b>34,678.9</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 FY2020 Conference Committee To FY2020 Authorized *****												
<b>FY2020 Conference Committee</b>	ConfCom	35,078.9	0.0	14.1	35,064.8	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		35,078.9										
<b>Subtotal</b>		<b>35,078.9</b>	<b>0.0</b>	<b>14.1</b>	<b>35,064.8</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 FY2020 Authorized To FY2020 Management Plan *****												
<b>Transfer Authority to Retirement and Benefits for Administrative Support</b>	Trout	-400.0	0.0	0.0	-400.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		-400.0										
Transfer from Health Plans Administration to Retirement and Benefits for administrative support. Additional authority is needed in Retirement and Benefits to maintain timely benefit payments, and to support numerous healthcare cost containment and reform activities.												
<b>Align Authority with Anticipated Expenditures</b>	LIT	0.0	0.0	2.9	-2.9	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from services to cover anticipated travel costs. The remaining services authority is sufficient to cover anticipated expenditures.												
<b>Subtotal</b>		<b>34,678.9</b>	<b>0.0</b>	<b>17.0</b>	<b>34,661.9</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 FY2020 Management Plan To FY2021 Governor *****												
<b>Totals</b>		<b>34,678.9</b>	<b>0.0</b>	<b>17.0</b>	<b>34,661.9</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)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000	Travel		10.2	17.0	17.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
<b>2000 Travel Detail Totals</b>			<b>10.2</b>	<b>17.0</b>	<b>17.0</b>
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions	7.3	11.0	11.0
2001	In-State Non-Employee Travel	Transportation costs for travel relating to meetings and boards for non-employees	2.9	4.0	4.0
2002	Out of State Employee Travel	Transportation costs for staff travel out of state to national organization meetings, conferences, and training	0.0	2.0	2.0

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

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

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000	Services		26,342.7	34,661.9	34,661.9
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
<b>3000 Services Detail Totals</b>			<b>26,342.7</b>	<b>34,661.9</b>	<b>34,661.9</b>
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition	0.0	0.5	0.5
3001	Financial Services	Management and consulting services	434.5	1,490.6	1,490.6
3003	Information Technology	Software licensing and maintenance, training, and consulting	90.8	200.0	200.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors	54.8	0.0	0.0
3005	Health Services	Professional services for independent medical review	0.0	4.0	4.0
3006	Delivery Services	Freight, courier services, and postage	55.1	65.0	65.0
3007	Advertising and Promotions	Advertising, promotions and legal notices	0.0	1.3	1.3
3011	Other Services	Professional services for third party administration, printing pamphlets, flyers, and forms related to health plans	24,950.4	32,460.5	32,460.5
3023	Inter-Agency Building Leases	E&ED - Department-wide Rent for state-owned facilities and lease payments	0.1	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide Legal services provided by the Department of Law	406.3	365.0	365.0

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

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

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
<b>3000 Services Detail Totals</b>			<b>26,342.7</b>	<b>34,661.9</b>	<b>34,661.9</b>
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	51.7	75.0	75.0
3038	Inter-Agency Management/Consulting	Admin - Retirement and Benefits (64) Retirement and Benefits administrative support	299.0	0.0	0.0

**Revenue Detail (1681)**  
**Department of Administration**

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

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
<b>6017 Ben Sys (1017 Ben Sys)</b>			<b>0.0</b>	<b>0.0</b>	<b>34,678.9</b>
6203 Benefits System - Miscellaneous		Benefits System contributions from participating employers and/or employees who are members of the trust fund and health plan	0.0	0.0	34,678.9

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

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

				FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
<b>Component Totals</b>				<b>757.1</b>	<b>440.0</b>	<b>440.0</b>
With Department of Education and Early Development				0.1	0.0	0.0
With Department of Law				406.3	365.0	365.0
With Department of Administration				350.7	75.0	75.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3023	Inter-Agency Building Leases	E&ED - Department-wide	Rent for state-owned facilities and lease payments	0.1	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	406.3	365.0	365.0
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	Hearing Officer services	51.7	75.0	75.0
3038	Inter-Agency Management/Consulting	Admin - Retirement and Benefits (64)	Retirement and Benefits administrative support	299.0	0.0	0.0