

State of Alaska FY2022 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 2020

- Implemented initiatives in the AlaskaCare Employee plan estimated to reduce costs by \$450,000 in FY21 and up to \$2.3 million in FY22. These initiatives include:
 - Negotiation of unprecedented open-access hospital and facility network agreements in the Municipality of Anchorage providing members more options for care at reduced prices without increasing costs to the plan.
 - Targeted programs to reduce both the plan and members' costs associated with high-cost specialty medications.
 - Initiatives to curb high-cost drug spend by promoting the use of lower-cost alternative medications.
 - Negotiated advantaged pharmacy pricing through a mid-market check with OptumRx, the AlaskaCare Pharmacy Benefit Manager.
- Led the AlaskaCare response to the COVID-19 pandemic, quickly implementing temporary measures in the AlaskaCare health plans to support the public health COVID-19 response, reduce the strain on the medical system, and assist members in accessing necessary care. The response included waiving member cost-share for COVID-19 testing and COVID-19-related inpatient hospital services, temporarily providing retiree members with coverage for flu and pneumonia vaccines, temporarily expanding coverage for telehealth services, providing members with access to early medication refills, and expanding access to mental health support services.
- Reduced employee monthly premium rates for the Standard medical plans while maintaining a flat employer contribution for the fifth fiscal year in a row.
- Improved member communications by conducting over 12 telephonic townhall sessions to educate retiree members about their benefits and about relevant health-related issues including COVID-19 and sending monthly e-newsletters to provide important information about AlaskaCare to employees and retirees.
- Continued work with Retiree Health Plan Advisory Board, holding 5 public board meetings between February and December 2020.
- Implemented a process to proactively provide information to retirees aging in to Medicare-eligibility about the effects of Medicare and the retiree health plan, as well as to collect important information from retirees to ease the administrative transition for those members into the AlaskaCare group Medicare Part D Employer Group Waiver Program (EGWP) prescription drug benefit.
- Streamlined reimbursement process for retirees who are assessed an Income Related Monthly Adjustment Amount (IRMAA) surcharge associated with their EGWP prescription drug coverage.
- Offered two dental plan options to retiree members beginning January 1, 2020.
- Updated regulations pertaining to the retiree Dental, Vision, Audio insurance plan to reflect the dental plan options and to reduce the administrative burden on members.
- Updated, presented for public comment, and finalized the January 2021 Retiree Insurance Information Booklet to reflect regulatory changes.

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 Employee Health Plan – Identify best practices in vendor management towards mitigating expenses among high-cost claimants. Understand and manage cost-drivers behind rising pharmaceutical spend. 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 and promote 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.

Retiree 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. Evaluate changes to the retiree health plan that can improve members' care while containing costs. Manage and respond to ongoing litigation.

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 FY2022

Health Plans – Leverage health plan volume to develop and implement direct value-based contracts with key Alaskan provider and facility partners. Address imbalanced pricing from network facilities in the Mat-Su area. Rebidding additional contracts for services including long-term care administration, data warehousing services, and other supportive services. Implementing a vendor management framework. Enhancing health, dental and pharmacy networks and contractual arrangement to leverage increased savings for the health and dental plans and the members. Evaluate long-term expansion of coverage for telehealth services. 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)

Contact Information

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Component Detail All Funds
Department of Administration

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

Non-Formula Component

	FY2020 Actuals	FY2021 Conference Committee	FY2021 Authorized	FY2021 Management Plan	FY2022 Governor	FY2021 Management Plan vs FY2022 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	5.0	17.0	17.0	17.0	17.0	0.0	0.0%
73000 Services	30,603.6	35,661.9	35,661.9	35,661.9	35,661.9	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%
Totals	30,608.6	35,678.9	35,678.9	35,678.9	35,678.9	0.0	0.0%
Fund Sources:							
1017 Ben Sys (Other)	30,608.6	35,678.9	35,678.9	35,678.9	35,678.9	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	30,608.6	35,678.9	35,678.9	35,678.9	35,678.9	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
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: 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 FY2021 Conference Committee To FY2021 Authorized *****												
Conference Committee	ConfCom	35,678.9	0.0	17.0	35,661.9	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		35,678.9										
	Subtotal	35,678.9	0.0	17.0	35,661.9	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2021 Management Plan To FY2022 Governor *****												
	Totals	35,678.9	0.0	17.0	35,661.9	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail (1676)
Department of Administration
Travel

Component: Health Plans Administration (2152)

Line Number	Line Name		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
2000	Travel		5.0	17.0	17.0
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
2000 Travel Detail Totals			5.0	17.0	17.0
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions	4.7	11.0	11.0
2001	In-State Non-Employee Travel	Transportation costs for travel relating to meetings and boards for non-employees	0.0	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	0.3	2.0	2.0

Line Item Detail (1676)
Department of Administration
Services

Component: Health Plans Administration (2152)

Line Number	Line Name		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3000	Services		30,603.6	35,661.9	35,661.9
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3000 Services Detail Totals			30,603.6	35,661.9	35,661.9
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition	0.3	0.5	0.5
3001	Financial Services	Management and consulting services	1,247.0	1,700.6	1,700.6
3003	Information Technology	Software licensing and maintenance, training, and consulting	205.0	200.0	200.8
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors	115.0	150.0	150.0
3005	Health Services	Professional services for independent medical review	0.0	4.0	4.0
3006	Delivery Services	Freight, courier services, and postage	46.0	65.0	60.0
3007	Advertising and Promotions	Advertising, promotions and legal notices	0.5	2.5	2.5
3011	Other Services	Professional services for third party administration, printing pamphlets, flyers, and forms related to health plans	28,463.1	32,940.0	32,944.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Stwd Contracting and Property (3262)	2.5	3.8	0.0
3024	Inter-Agency Legal	Law - Department-wide	519.2	520.5	522.0

Line Item Detail (1676)
Department of Administration
Services

Component: Health Plans Administration (2152)

Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3000 Services Detail Totals			30,603.6	35,661.9	35,661.9
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	Hearing Officer services 5.0	75.0	77.0

Inter-Agency Services (1682)
Department of Administration

Component: Health Plans Administration (2152)

				FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
Component Totals				526.7	599.3	599.0
With Department of Administration				7.5	78.8	77.0
With Department of Law				519.2	520.5	522.0
Object Class	Servicing Agency	Explanation		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Stwd Contracting and Property (3262)	OIT Core Services	2.5	3.8	0.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	519.2	520.5	522.0
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	Hearing Officer services	5.0	75.0	77.0