

State of Alaska FY2024 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 2022

- Implemented initiatives in the AlaskaCare Employee plan estimated to manage costs while promoting access and quality. These initiatives include:
 - Engaging in market check to negotiate more favorable pricing terms for pharmaceutical claims with the Pharmacy Benefit Management vendor.
 - Targeted programs to reduce both the plan and members' costs associated with high-cost specialty medications in the retiree and employee plan.
 - Addition of preventive care services in the retiree health plan.
 - Development and implementation of a drug formulary to promote the use of lower cost alternative medications and significantly increase pharmacy rebates, est. CY22 savings of \$2.2M in the employee plan.
 - Maintain variable copay program for eligible drugs in the employee plan.
 - Additional claims coding review to identify errors or additional claims charges to the employee plan.
 - Addition of digital musculoskeletal services for employee plan.
 - Ongoing implementation of the federal No Surprises Act and transparency rule.
- Settled two long-standing lawsuits related to the AlaskaCare Defined Benefit retiree health plan.
- Continue to support the public health COVID-19 response, reduce the strain on the medical system, and assist members in accessing necessary care.
- Conducted more than 12 telephonic townhall sessions to educate retiree members about their benefits and about relevant health-related issues and sending monthly e-newsletters to provide important information about AlaskaCare to employees and retirees.
- Implemented a process to proactively provide information to retirees aging into 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.
- Updated, presented for public comment, and finalized the January 2022 Retiree Insurance Information Booklet to reflect plan 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 – In 2020, the plan experienced significant and unanticipated costs associated with complex challenges including novel gene therapy services, increases in claimants with costs over \$1M, and an increase in specialty medication cost and utilization. Multiple initiatives to address these have been implemented, but

additional action is necessary. Identifying programs to mitigate expenses among high-cost claimants. Develop new opportunities to 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 aggressive management to improve value and quality and promote effective member health care consumerism. Continue implementation of wellness/preventive initiatives in the AlaskaCare Employee health plan.

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 necessary mandates of federal health care legislation.

Significant Changes in Results to be Delivered in FY2024

Health Plans – Develop and implement measures to address pharmacy costs. Leverage health plan volume to develop and implement value-based contracts with key Alaskan provider and facility partners. Address non-network provider reimbursement. Expand 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. Analyzing and implement requirements of federal health care legislation including the No Surprises Act and federal transparency rules. 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

	FY2022 Actuals	FY2023 Conference Committee	FY2023 Authorized	FY2023 Management Plan	FY2024 Governor	FY2023 Management Plan vs FY2024 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	2.3	22.2	22.2	39.4	39.4	0.0	0.0%
73000 Services	30,584.1	35,656.7	35,656.7	35,639.5	35,639.5	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	30,586.4	35,678.9	35,678.9	35,678.9	35,678.9	0.0	0.0%
Fund Sources:							
1017 Ben Sys (Other)	30,586.4	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	30,586.4	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 FY2023 Conference Committee To FY2023 Authorized *****												
FY2023 Conference Committee												
ConfCom		35,678.9	0.0	22.2	35,656.7	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		35,678.9										
Subtotal		35,678.9	0.0	22.2	35,656.7	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2023 Authorized To FY2023 Management Plan *****												
Align Authority with Anticipated Travel Costs												
LIT		0.0	0.0	17.2	-17.2	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.												
Subtotal		35,678.9	0.0	39.4	35,639.5	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2023 Management Plan To FY2024 Governor *****												
Totals		35,678.9	0.0	39.4	35,639.5	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		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000	Travel		2.3	39.4	39.4
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000 Travel Detail Totals			2.3	39.4	39.4
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions	2.3	18.0	18.0
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	0.0	17.4	17.4

Line Item Detail (1676)
Department of Administration
Services

Component: Health Plans Administration (2152)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000	Services		30,584.1	35,639.5	35,639.5
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals			30,584.1	35,639.5	35,639.5
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition	1.6	2.0	0.5
3001	Financial Services	Management and consulting services	709.7	1,700.6	1,700.6
3003	Information Technology	Software licensing and maintenance, training, and consulting	248.2	200.8	202.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors	100.6	123.5	124.0
3005	Health Services	Professional services for independent medical review	0.0	4.0	4.0
3006	Delivery Services	Freight, courier services, and postage	0.0	41.2	43.0
3007	Advertising and Promotions	Advertising, promotions and legal notices	7.2	8.0	9.0
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rental, and leases	0.1	1.0	0.0
3011	Other Services	Professional services for third party administration, printing pamphlets, flyers, and forms related to health plans	28,917.7	32,939.3	32,939.3
3024	Inter-Agency Legal	H&SS - Department-wide Medical expertise and counsel from the Department of Health and Social	0.1	0.1	0.1

Line Item Detail (1676)
Department of Administration
Services

Component: Health Plans Administration (2152)

Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor	
3000 Services Detail Totals			30,584.1	35,639.5	35,639.5	
		Services				
3024	Inter-Agency Legal	Law - Department-wide	Legal Services provided by the Department of Law	535.8	522.0	522.0
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	Department of Administration - Office of Administrative Hearings	43.4	76.0	76.0
3038	Inter-Agency Management/Consulting	Admin - Administrative Hearings (2771)		18.7	20.0	18.0
3038	Inter-Agency Management/Consulting	Law - Department-wide	Legal consultation with Department of Law	1.0	1.0	1.0

Inter-Agency Services (1682)
Department of Administration

Component: Health Plans Administration (2152)

				FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
Component Totals				599.0	619.1	617.1
With Department of Health & Social Services				0.1	0.1	0.1
With Department of Law				536.8	523.0	523.0
With Department of Administration				62.1	96.0	94.0
Object Class	Servicing Agency	Explanation		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3024	Inter-Agency Legal	H&SS - Department-wide	Medical expertise and counsel from the Department of Health and Social Services	0.1	0.1	0.1
3024	Inter-Agency Legal	Law - Department-wide	Legal Services provided by the Department of Law	535.8	522.0	522.0
3030	Inter-Agency Hearing/Mediation	Admin - Administrative Hearings (2771)	Department of Administration - Office of Administrative Hearings	43.4	76.0	76.0
3038	Inter-Agency Management/Consulting	Admin - Administrative Hearings (2771)		18.7	20.0	18.0
3038	Inter-Agency Management/Consulting	Law - Department-wide	Legal consultation with Department of Law	1.0	1.0	1.0