

Alaska
Department of
Administration
Division of
Retirement
and Benefits



New RHPAB Members
February 2018



What is AlaskaCare?

- AlaskaCare is a term used to describe the State of Alaska self-insured health plans managed by the Division of Retirement & Benefits.
 - AlaskaCare Retiree Plans including:
 - Defined Benefit Medical Plan
 - Defined Contribution Retiree Medical Plan
 - Dental, Vision, and Audio Plan
 - Long Term Care Plan (not referred to as AlaskaCare)



Key Staff

- Ajay Desai – Director
- Health Team:
 - Michele Michaud – Chief Health Official
 - Emily Ricci – Chief Health Policy Administrator
 - Natasha Pineda – Deputy Health Policy Administrator
 - Andrea Mueca - Health Operations Manager
 - Steve Ramos – Vendor Manager
 - Shane Francis – Health Care Economist
- Kathy Lea – Chief Pension Officer



AlaskaCare Retiree Health Plans

- DB Plan
 - 71,600+ covered lives
 - 42,000 retirees
 - 29,600 dependents
- Dental, Vision & Audio Plan (DVA)
 - 54,600+ covered lives
 - 34,750 retirees
 - 19,850 dependents
- Long Term Care
 - 21,000 covered lives
- DCR Plan – Created July, 2016
 - 12 members



AlaskaCare Retiree Health Plans

- \$607.2 million annual spend in FY 17*
 - \$550.2 million Health plan
 - \$41.5 million Dental, Vision and Audio plan
 - \$15.5 million Long-Term Care plan

*Source: 2017 Audited Financial Statement



DB Retiree Plan Design

Defined Benefit Plan	Medical
Deductible	\$150 individual / \$450 family
Coinsurance	80%
Annual Out-of-Pocket Maximum	\$800 individual
Preventive Care	Limited: mammogram, PSA, pap smear
Dependents	Covered up to age 19, 23 if full-time student
Lifetime Maximum	\$2,000,000
	Pharmacy
Generic	\$4 copay retail / \$0 copay mail order Up to 90 day supply
Preferred Brand Name	\$8 copay retail / \$0 copay mail order Up to 90 day supply
Non-preferred Brand Name	\$8 copay retail / \$0 copay mail order Up to 90 day supply



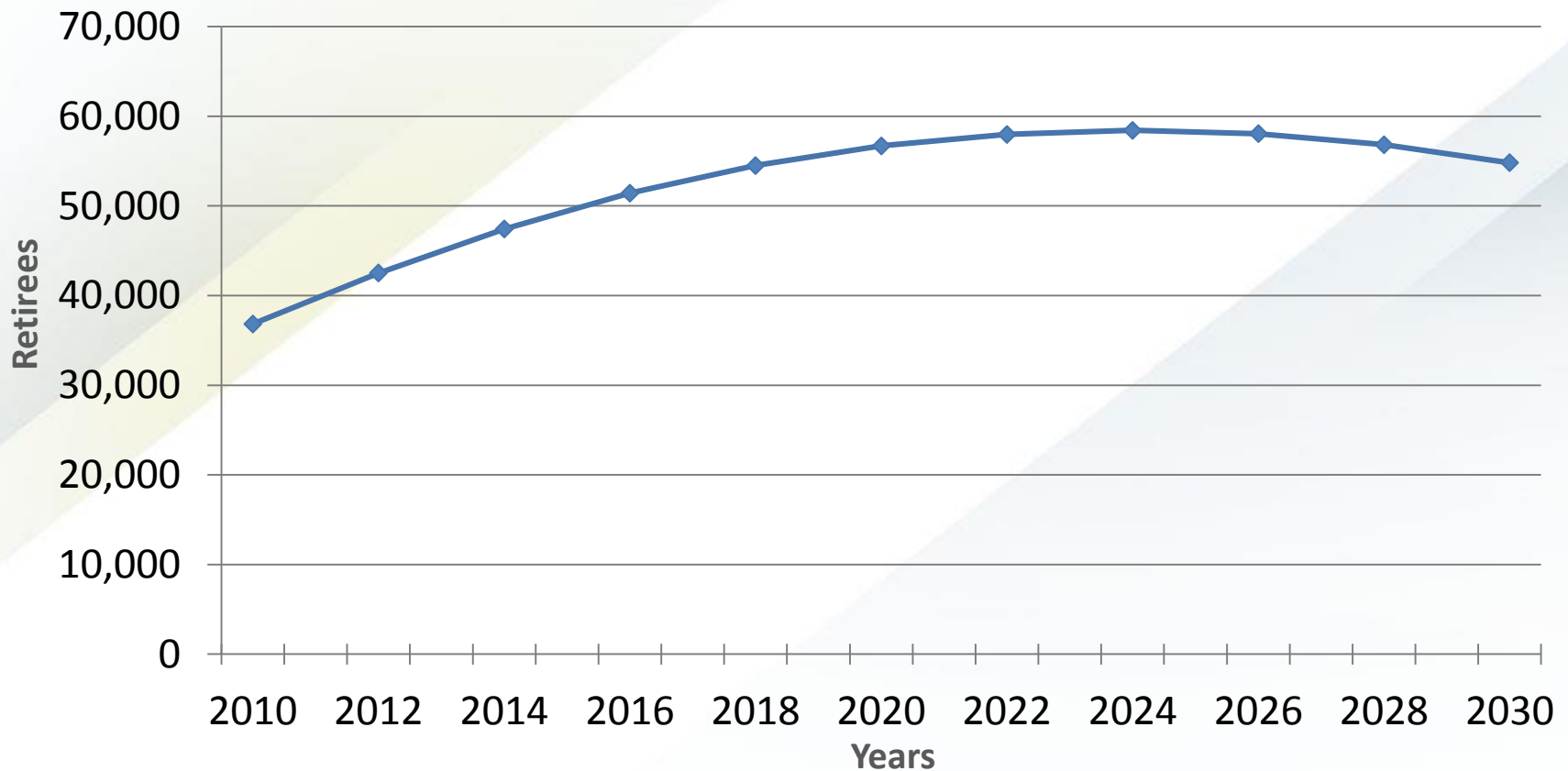
Key Challenges

- Unfunded liability of retirement systems
- Rising health care costs
- Health plan initiatives
- Increasing complexity of compliance to federal rules
- Employer compliance and education
- Member marketing and education
- Increasing membership and workload
- Aging technology infrastructure



Retiree Population

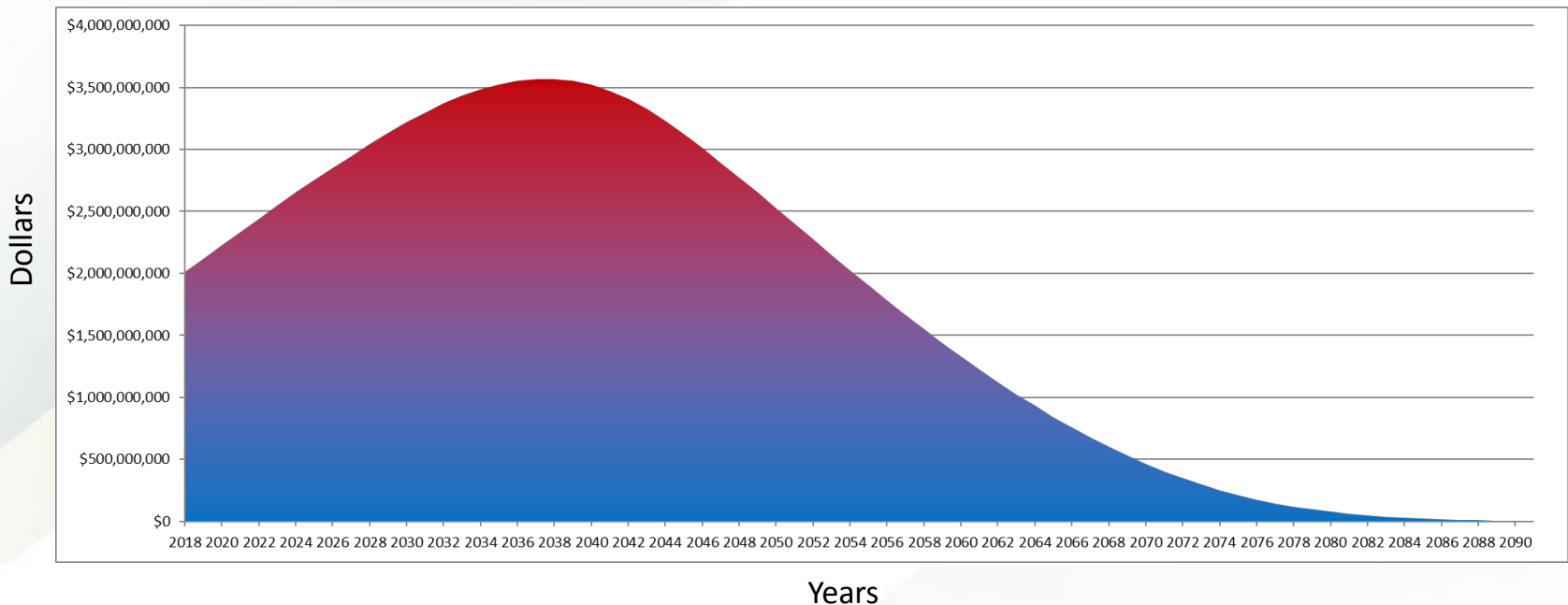
Projected Retirement System Growth





Big Picture Budget Issues

PERS and TRS Promises Made



Pay **\$133 billion** in benefits payments over next 70 years
PERS/TRS account balance as of June 30, 2017: **\$22.4 billion**
Unfunded Liability as of June 30, 2016: **\$6.6 billion**



Hot Topics

Currently out to bid for:

- Pharmacy Benefit Management
- Travel Coordination

In the works:

- Third Party Administrator/Medical/Dental
- Data Warehouse

Pharmacy Benefit Management



Currently our Pharmacy Benefit Management (PBM) services are tied into our TPA contract. This RFP will allow DOA to work directly with a PBM which is expected to result in savings. With the issuance of this RFP, the State of Alaska is focusing on high-quality customer service, maintaining significant discounts, limiting access disruption, and strategic value.

- DOA seeks to achieve 3- 5% savings through carving out PBM services.
- New PBM services are anticipated to start 1/1/2019.

Travel Coordination



- DOA is soliciting proposals for coordination and administration of a travel benefit for AlaskaCare members.
 - This benefit will support members' needs when seeking care outside of their community, and promotes value through demonstrable higher-quality care and cost-effective services.
- The Division seeks exceptional customer service, reduced complication rates, better clinical outcomes and meaningful cost savings by offering a benefit that will allow members a choice in receiving their care at centers of excellence outside of their community.
- Target go live date of July 1, 2018 for the AlaskaCare employee plan, tentative 2019 start date for Retiree members.



Health Reform

- Alaska's Blueprint
 - Support a public engagement process involving providers, payers, legislators, and other stakeholder groups who are developing a blueprint for Alaska's health care system.
- Health Care Authority
 - Was completed at the request of the legislature to consider opportunities to consolidate purchasing or administration of health benefits.



Division of Retirement and Benefits

Any Questions?