

**State of Alaska
FY2016 Governor Amended 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 2014

- Conducted health fairs in Anchorage, Juneau, and Fairbanks.
- Open Enrollment Fairs were held in Juneau, Anchorage, and Fairbanks.
- Solicited public comments on a draft Retiree Health Plan document that has not been updated in over a decade.
- Contracted with Moda Health/Delta Dental to provide Third Party Administration of the AlaskaCare dental plans and provide a dental network to control cost growth.
- Transitioned Third Party Administration for medical, pharmacy and wellness to Aetna. Additionally brought the Aetna Concierge services to AlaskaCare.
- Held ten Town Hall meetings with the Retiree populations to discuss concerns and address questions about the Retiree Health Plan.
- Streamlined the Health Benefit Appeals process.
- Implemented a Health Data Management System (Data Warehouse).
- Monitored effect of and compliance with federal legislation including the Patient Protection and Affordable Care Act.
- Continued to establish employee wellness program based on best practices and population data trends.
- Deposited \$9.3 million to the retiree health trust from the Medicare Part D Retiree Drug Subsidy (RDS) program in Center for Medicare and Medicaid Services (CMS) for fiscal year 2014.
- Implemented health eligibility quality control improvements.
- Implemented business process automation initiatives.

Key Component Challenges

Third Party Administrator – Transitioned to new health care vendors to 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 - Continued strategy for phasing out cross-subsidization among medical 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. 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 - Develop and compile the coverage provisions of the Defined Contributions Retirement Health Plan. Solicited and evaluated comments on the draft update of the retiree health insurance plan booklet. Implemented new dental provisions and introduced new dental network. 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/ Heath 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 FY2016

Defined Contribution Health Plan - Continue implementing a Communications Plan for notifying/educating the PERS/TRS memberships about the Defined Contributions Retiree health plan. Implement the Defined Contributions Retiree health plan.

Active Members' Health Plan - Monitor risk assessment of Health Systems for compliance with Health Information Technology for Economical and Clinical Health/ Heath Information Portability and Accountability Act (HITECH/HIPAA) requirements. Continue to analyze, evaluate and implement as appropriate and activation of federal health care legislation.

Retiree Members' Health Plan – Enhanced network with increased savings for the health and dentals plans and the members as a result of the transition in health care vendors. Continue an aggressive management of the AlaskaCare Retiree health plan to bend the increasing cost curve down, improve value and quality, and promote effective member health care consumerism. Introduce improved provider locator services, cost comparison of provider services, and health care decision support tools for members. Promote evidence-based medicine to providers and members with communications from the new health care management vendors.

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

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Health Plans Administration Component Financial Summary			
		<i>All dollars shown in thousands</i>	
	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	32.8	20.0	20.0
73000 Services	17,008.1	22,520.9	22,520.9
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	17,040.9	22,540.9	22,540.9
Funding Sources:			
1017 Benefits Systems Receipts	17,040.9	22,540.9	22,540.9
Funding Totals	17,040.9	22,540.9	22,540.9

Estimated Revenue Collections				
Description	Master Revenue Account	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Benefits System Receipts	51390	17,040.9	22,540.9	22,540.9
Restricted Total		17,040.9	22,540.9	22,540.9
Total Estimated Revenues		17,040.9	22,540.9	22,540.9

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2015 Management Plan	0.0	0.0	22,540.9	0.0	22,540.9
FY2016 Governor Amended	0.0	0.0	22,540.9	0.0	22,540.9

Component Detail All Funds
Department of Administration

Component: Health Plans Administration (AR11770) (2152)
RDU: Centralized Administrative Services (13)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	32.8	20.0	20.0	20.0	20.0	0.0	0.0%
73000 Services	17,008.1	22,520.9	22,520.9	22,520.9	22,520.9	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	17,040.9	22,540.9	22,540.9	22,540.9	22,540.9	0.0	0.0%
Fund Sources:							
1017Ben Sys (Other)	17,040.9	22,540.9	22,540.9	22,540.9	22,540.9	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	17,040.9	22,540.9	22,540.9	22,540.9	22,540.9	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 FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee	ConfCom	22,540.9	0.0	20.0	22,520.9	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		22,540.9										
Subtotal		22,540.9	0.0	20.0	22,520.9	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Subtotal		22,540.9	0.0	20.0	22,520.9	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
Totals		22,540.9	0.0	20.0	22,520.9	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Administration
Travel

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

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000	Travel		32.8	20.0	20.0
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000 Travel Detail Totals			32.8	20.0	20.0
72110	Employee Travel (Instate)	In-State employee third party administrator meetings	10.8	10.0	12.5
72120	Nonemployee Travel (Instate Travel)	Nonemployee travel	2.2	1.5	1.5
72410	Employee Travel (Out of state)	Out-of-State employee third party administrator meetings	19.8	8.5	6.0

Line Item Detail
Department of Administration
Services

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

Line Number	Line Name	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services	17,008.1	22,520.9	22,520.9

Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000 Services Detail Totals			17,008.1	22,520.9	22,520.9

73025	Education Services		Education services	1.1	1.2	1.5
73050	Financial Services		Consultation on employee benefit programs and issues	809.4	750.0	820.0
73075	Legal & Judicial Svc		Legal fees	1.3	1.5	1.5
73150	Information Technlgy		Data processing system support	1.6	127.5	5.0
73175	Health Services		Professional services for independent medical review and coverage recommendations	3.2	20.0	5.0
73225	Delivery Services		Postage and mailing fees	104.6	115.0	115.0
73450	Advertising & Promos		Advertising	0.1	1.0	1.0
73650	Struc/Infstruct/Land		Space rental for health related seminars	3.4	2.5	5.0
73750	Other Services (Non IA Svcs)		Professional services for third party administration. Printing pamphlets, flyers, and forms related to health plans	15,533.0	20,999.9	20,985.9
73812	Legal	Law	Legal services provided by the Department of Law	355.1	300.0	365.0
73819	Commission Sales (IA Svcs)	E-Travel	US Travel Service fees	0.4	0.3	1.0
73821	Hearing/Mediation (IA Svcs)	Administrative Hearings	Hearing Officer services for Health Plan cases	10.4	10.0	15.0
73823	Health	H&SS	Medical expertise and counsel	184.5	192.0	200.0

Restricted Revenue Detail
Department of Administration

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

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51390	Benefits System Receipts				17,040.9	22,540.9	22,540.9
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51390	Benefits System Rec		various		17,040.9	22,540.9	22,540.9

**Interagency Services
Department of Administration**

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

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73812	Legal	Legal services provided by the Department of Law	Inter-dept Law	355.1	300.0	365.0
73812 Legal subtotal:				355.1	300.0	365.0
73819	Commission Sales (IA Svcs)	US Travel Service fees	Intra-dept E-Travel	0.4	0.3	1.0
73819 Commission Sales (IA Svcs) subtotal:				0.4	0.3	1.0
73821	Hearing/Mediation (IA Svcs)	Hearing Officer services for Health Plan cases	Intra-dept Administrative Hearings	10.4	10.0	15.0
73821 Hearing/Mediation (IA Svcs) subtotal:				10.4	10.0	15.0
73823	Health	Medical expertise and counsel	Inter-dept H&SS	184.5	192.0	200.0
73823 Health subtotal:				184.5	192.0	200.0
Health Plans Administration total:				550.4	502.3	581.0
Grand Total:				550.4	502.3	581.0