

State of Alaska FY2017 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 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 2015

- Conducted health fairs in Ketchikan, Anchorage, Juneau, and Fairbanks.
- Monitored effect of and compliance with federal legislation including the Patient Protection and Affordable CareAct.
- Amended Same-Sex Partner regulations, forms and plan documents for Active and Retiree Health plan.
- Continued to establish employee wellness program based on best practices and population data trends.
- Deposited \$18.4 million to the retiree health trust from the Medicare Part D Retiree Drug Subsidy (RDS) program in Center for Medicare and Medicaid Services (CMS) since January 2015.
- Completed reconciliation of Medicare Part D Retiree Drug Subsidy program achieving an additional \$675,280 in subsidies.
- Continued streamlining and improvements of health eligibility processing and quality controls. Greatly reducing number of member calls to call center and need for adjustments. Also more costly ad hoc eligibility reporting to Third Party Claims Administrators by approximately 97%.
- Continued business process automation initiatives, including age 60 and age 65 letters.
- Developed improved processes and conducted reconciliation of employee premium out-of-balance.
- Began IRIS interface project.
- Offset health third party claims administrator fees and earn back guarantees by \$3.6 million for failure to meet performance criteria.
- Eliminated premium cross-subsidization among employee medical plans.

Key Component Challenges

Third Party Administrator – Managing new 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, and healthcare management.

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 - Develop and compile the coverage provisions of the Defined Contributions Retirement 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.

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 FY2017

Health Plans – Enhancing health, dental and pharmacy networks with 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. Write the retiree health insurance plan document for the defined contribution retirement plan. Standup Retiree Health Plan Advisory Committee to address defined benefit retiree health strategies and update retiree plan booklet. Continue implementing a “best practices” and innovative wellness and disease management program 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 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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Component Detail All Funds
Department of Administration

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

Non-Formula Component

	FY2015 Actuals	FY2016 Conference Committee	FY2016 Authorized	FY2016 Management Plan	FY2017 Governor	FY2016 Management Plan vs FY2017 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	9.9	20.0	20.0	20.0	20.0	0.0	0.0%
73000 Services	22,518.1	22,520.9	22,520.9	22,520.9	24,920.9	2,400.0	10.7%
74000 Commodities	5.9	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	22,533.9	22,540.9	22,540.9	22,540.9	24,940.9	2,400.0	10.6%
Fund Sources:							
1017Ben Sys (Other)	22,533.9	22,540.9	22,540.9	22,540.9	24,940.9	2,400.0	10.6%
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	22,533.9	22,540.9	22,540.9	22,540.9	24,940.9	2,400.0	10.6%
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 FY2016 Conference Committee To FY2016 Authorized *****												
FY2016 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 FY2016 Management Plan To FY2017 Governor *****												
Third Party Administrator Costs												
Inc		2,400.0	0.0	0.0	2,400.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		2,400.0										
	Totals	24,940.9	0.0	20.0	24,920.9	0.0	0.0	0.0	0.0	0	0	0

The AlaskaCare health plans contract for third party administrator (TPA) services to effectively manage the Active and Retiree health plans. The Request for Proposals issued for this contract followed the recommendation of our Health Consultant and separated the TPA services into four major components: (1) Medical Claims Administration and Managed Network, (2) Healthcare Management, (3) Pharmacy Benefit Management and (4) Dental Claims Administration and Managed Network. This design is to help the division engage the "best in the specific area of expertise." Aetna, winner of three components, and MODA (formerly Oregon Dental Services), winner of the dental component, are the current contractors.

Aetna contract negotiations were recently completed and the Division estimates the additional cost of \$2,400.0 is necessary for the administrative fees. This increase is due to the increase in the number of covered lives in the growing plans. If funding is not received, the Division will not be able to meet its contractual obligations.

Line Item Detail
Department of Administration
Travel

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

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
72000	Travel		9.9	20.0	20.0
Expenditure Account			FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
	Servicing Agency	Explanation			
72000 Travel Detail Totals			9.9	20.0	20.0
72110	Employee Travel (Instate)	In-State employee third party administrator meetings	6.9	13.3	14.0
72410	Employee Travel (Out of state)	Out-of-State employee third party administrator meetings	3.0	6.7	6.0

Line Item Detail
Department of Administration
Services

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

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000	Services		22,518.1	22,520.9	24,920.9
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000 Services Detail Totals			22,518.1	22,520.9	24,920.9
73025		Education Services	0.0	1.0	0.6
73029		Memberships	0.5	0.0	0.0
73050		Financial Services	512.5	445.0	760.0
73075		Legal & Judicial Svc	0.0	1.5	0.0
73150		Information Technlgy	265.0	226.0	340.5
73175		Health Services	0.0	5.0	3.6
73177		Medical	3.6	0.0	0.0
73225		Delivery Services	34.6	35.0	34.5
73450		Advertising & Promos	0.1	0.1	0.0
73750		Other Services (Non IA Svcs)	21,478.5	21,541.5	23,516.0
73756		Print/Copy/Graphics	29.4	0.0	0.0
73812	Law	Legal	118.8	250.0	250.0
73819	E-Travel	Commission Sales (IA Svcs)	0.7	0.8	0.7
73821	Administrative Hearings	Hearing/Mediation (IA Svcs)	13.6	15.0	15.0
73823		Health	60.8	0.0	0.0

Line Item Detail
Department of Administration
Commodities

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

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
74000	Commodities		5.9	0.0	0.0
Expenditure Account			FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
	Servicing Agency	Explanation			
74000 Commodities Detail Totals			5.9	0.0	0.0
74222	Books And Educational		1.5	0.0	0.0
74237	I/A Purchases (Commodities/Business)		4.4	0.0	0.0

Unrestricted Revenue Detail
Department of Administration

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

Master Account	Revenue Description				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
68515	Unrestricted Fund				132.0	0.0	0.0
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
66190	Py Reimburse Recvry				132.0	0.0	0.0

Restricted Revenue Detail
Department of Administration

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

Master Account	Revenue Description				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
51390	Benefits System Receipts				22,533.9	22,540.9	24,940.9
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
51390	Benefits System Rec		various		22,533.9	22,540.9	24,940.9

**Interagency Services
Department of Administration**

Component: Health Plans Administration (2152)
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Expenditure Account	Service Description	Service Type	Servicing Agency	FY2015 Actuals	FY2016		
					Management Plan	FY2017 Governor	
73812	Legal	Legal services provided by the Department of Law	Inter-dept	Law	118.8	250.0	250.0
				73812 Legal subtotal:	118.8	250.0	250.0
73819	Commission Sales (IA Svcs)	US Travel Service fees	Intra-dept	E-Travel	0.7	0.8	0.7
				73819 Commission Sales (IA Svcs) subtotal:	0.7	0.8	0.7
73821	Hearing/Mediation (IA Svcs)	Hearing Officer services for Health Plan cases	Intra-dept	Administrative Hearings	13.6	15.0	15.0
				73821 Hearing/Mediation (IA Svcs) subtotal:	13.6	15.0	15.0
73823	Health		Inter-dept		60.8	0.0	0.0
				73823 Health subtotal:	60.8	0.0	0.0
				Health Plans Administration total:	193.9	265.8	265.7
				Grand Total:	193.9	265.8	265.7