

Alaska
Department of
Administration
Health Plans



John Boucher, Deputy Commissioner
Michele Michaud, DRB Chief Health Official
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AlaskaCare Health Plan

- **Employee Plan**

- Employees: 6,400
- Dependents: 10,300
- **Total: 16,700**

- **Retiree Plan**

- Retirees: 40,600
- Dependents: 29,000
- **Total: 69,600**

AlaskaCare Health Plans

- **Employee Plans - 7 Plans to Administer**
 - 3 Medical/Rx, 2 Dental, 1 Vision, HFSA
- **Retiree Plans- - 3 Plans to Administer**
 - Retiree plan Medical/Rx; Dental, Vision, Audio and Long Term Care
 - DCR plan pending
- **DRB Health Benefits staff: 7**

Plan Administration

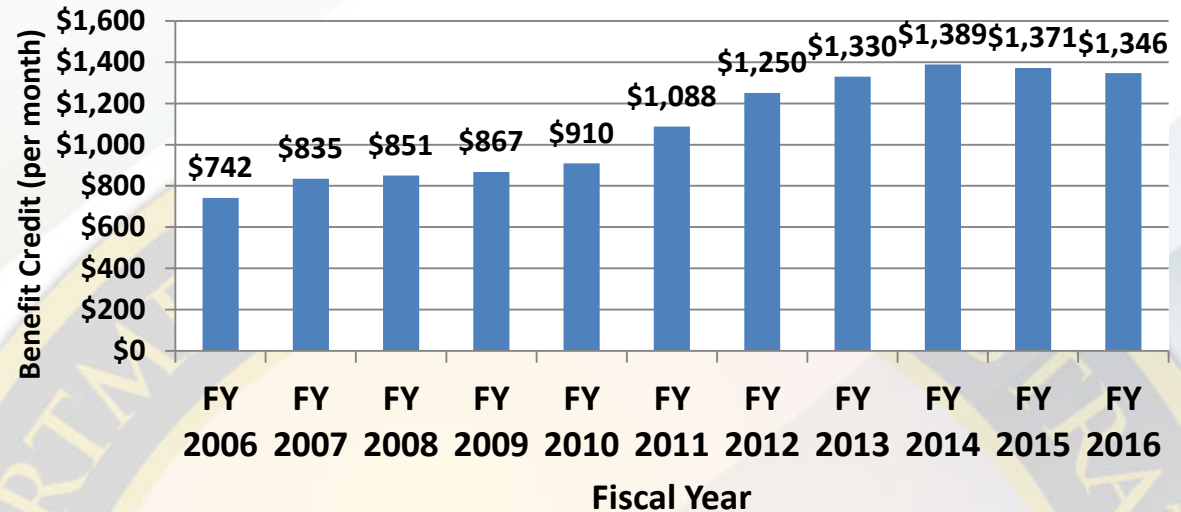
- **Self-insured plans since 1997**
- **State contracts with Third-Party Administrators to process claims**
 - **Aetna (Medical/Rx/Vision/Audio)**
 - **Moda (Dental)**
 - **Long Term Care Group (LTCG) Long Term Care**

AlaskaCare Health Spend

- **In FY2015**
 - Retiree: \$526.5 million
 - Active: \$123.8 million
 - **Total: \$627.7 million**
- **FY2016 through January 2016**
 - Retiree: 7.7% increase in trend over FY2015
 - Active: 5%-7% increase forecast

Status of AlaskaCare Active Plan

- Five year effort to proactively manage costs
- FY15 saw dip in costs due to third party administrator change
- Future rates need to increase unless there are substantial plan design changes



AlaskaCare- Active employees

- 5 year cost trend (FY11 – FY15): 6.27%
- FY15 reserves: \$31 million (2.9 months of reserves)
- Plan has reserve deficit
 - State has been trending rates lower (\$1389 in FY14 to \$1346 in FY16)
 - Rates set too low for FY16

Alaska Care Medical/Rx Claims Volume

- **Claims processed in calendar year 2015...**
 - **Roughly 1.9 million medical claims per year**
 - Average turnaround time is 14.2 calendar days
 - Only about 54% of claims can be auto-adjudicated
 - Year to date claims accuracy at 96.62%
 - **Approximately 1 million pharmacy claims per year**

2015 Medical/Rx Appeals

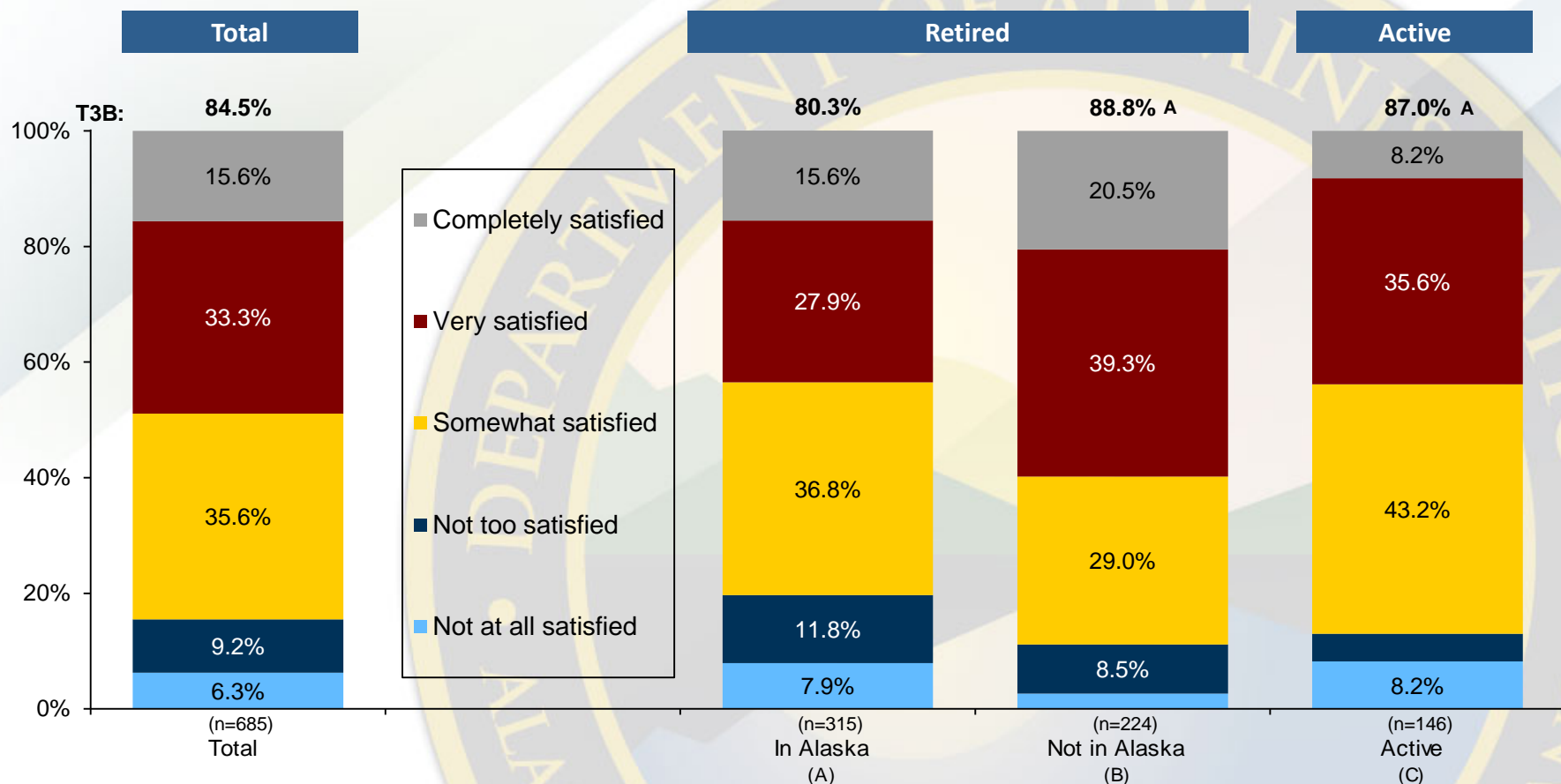
- Level I Appeal – 1,199 closed
- Level II Aetna Appeal – 131 closed
 - 23% overturn rate on by TPA (Level I & II)
- Level II External Review Appeal (ERO) – 52 closed
 - 29% overturn rate on by ERO
- Level III Office of Administrative Hearings -21
- or Superior Court – 3

Common Appeal Categories

- **Travel**
- **Care Not Covered**
- **Pharmacy**
- **Recognized charge**
- **Chiropractic (medical necessity)**
- **Experimental/Investigational/Non-Efficacious**
- **Physical Therapy (medical necessity)**

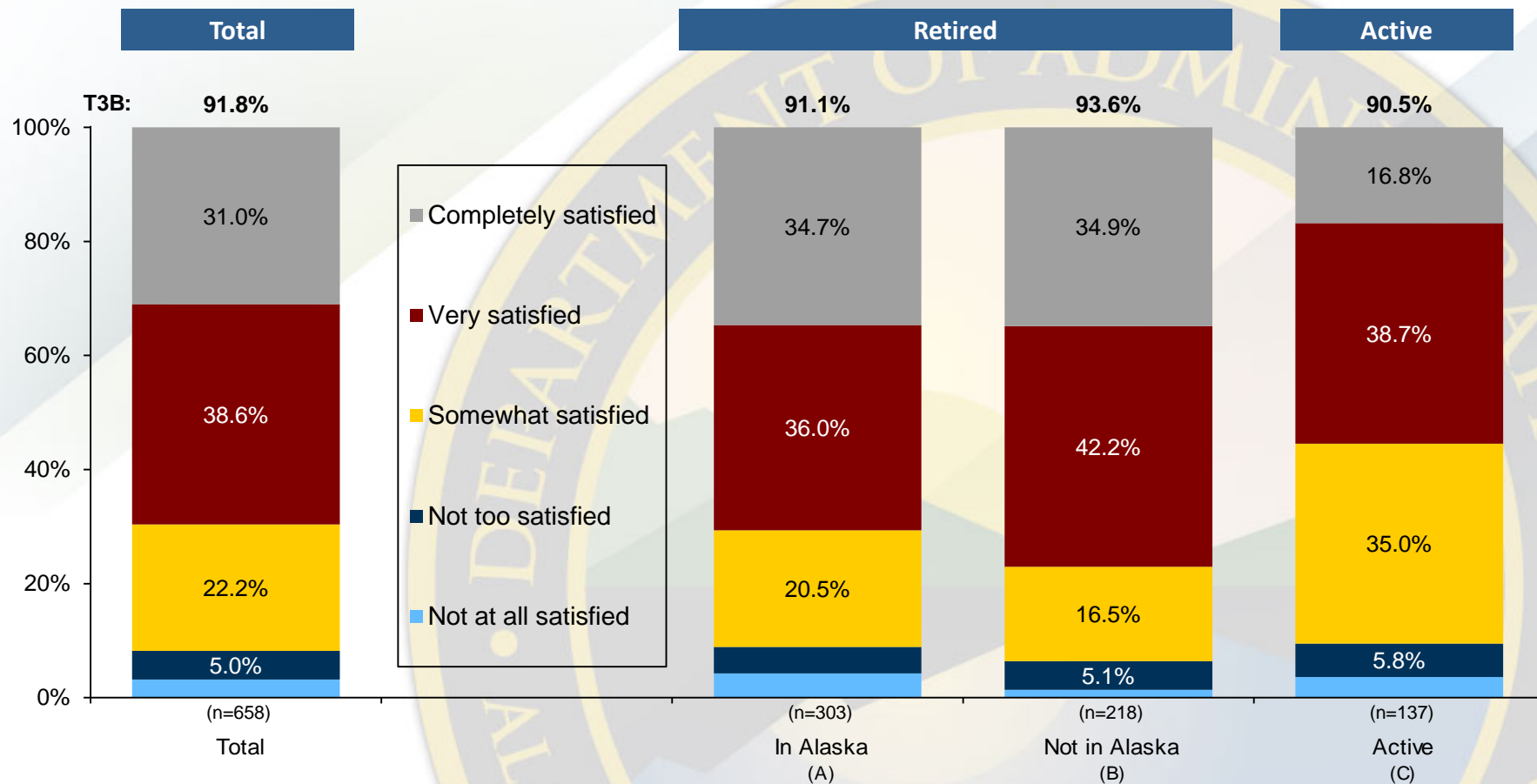
Member Satisfaction Survey Aug 2015

Overall, how satisfied are you with Aetna's administration of your 2015 AlaskaCare medical plan?



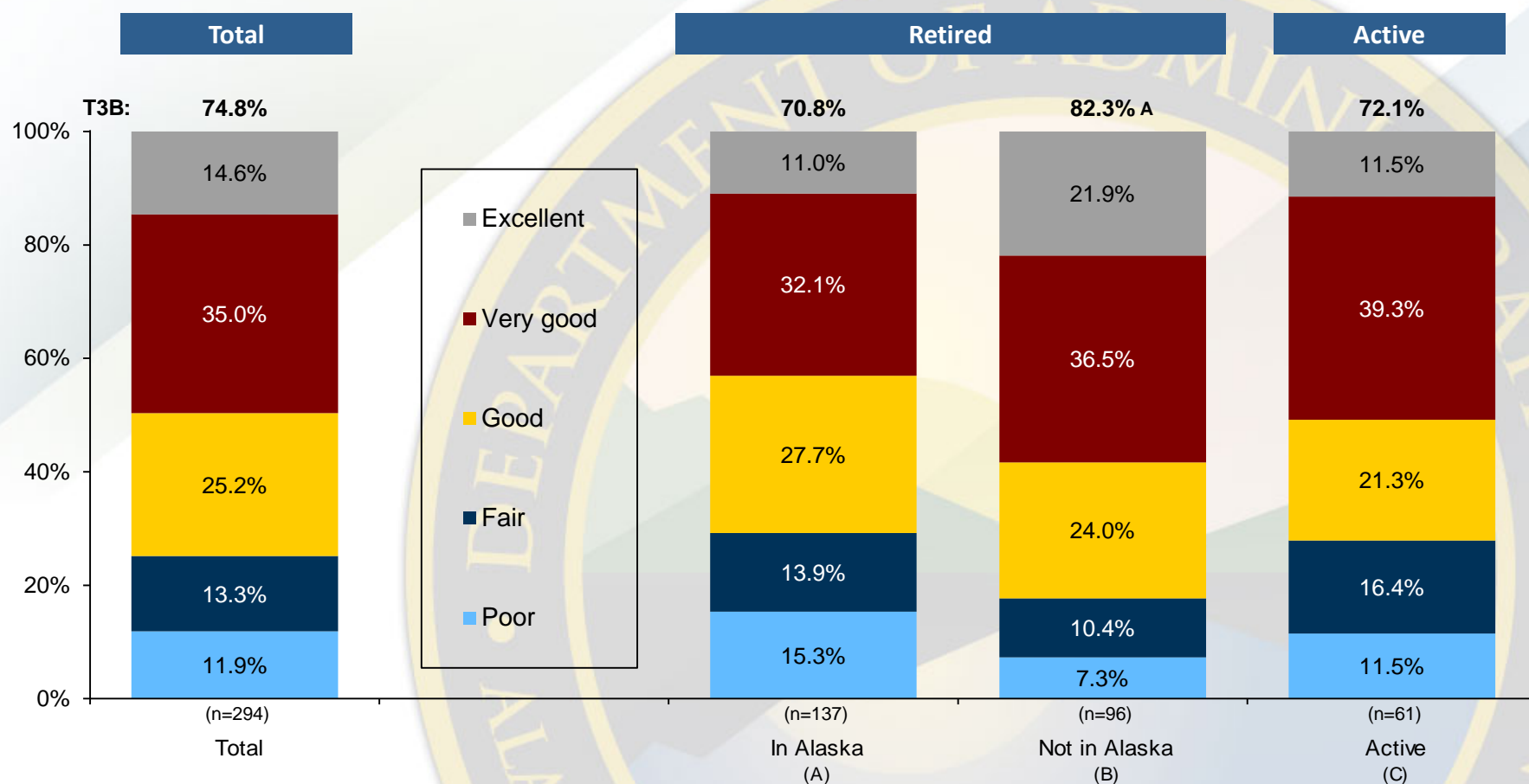
Member Satisfaction Survey Aug 2015

Overall, how satisfied are you with Aetna's administration of your 2015 AlaskaCare pharmacy plan?



Member Satisfaction Survey –Aug 2015

During your most recent call, how would you rate the level of AlaskaCare plan knowledge demonstrated by the Aetna Concierge?



Aetna Concierge Call Center 2015

88,466 calls handled

- 84.9% were answered within 30 seconds
- 1.2% abandonment rate
- 98.21% Call Quality based on:
 - **Accuracy** *Correct information, Advocacy, Ownership, Value Adds*
 - **Core Values** *HIPAA Compliance, Aetna Values*
 - **Engagement** *Demonstrate Caring and Concern, Customer Satisfaction, Customer Effort*
Engagement is measured through post call survey
- 94.4% First Call Resolution based on member surveys (approximately 1% survey response rate)

Performance Concerns- Concierge

- Health Concierge Satisfaction
 - Assessed \$546,040 penalty for calendar year 2014
 - Contracted with Segal Co, to assess Aetna's Concierge Call Center in November 2015
 - Overall, Aetna is providing good front line customer service, training is comprehensive and the Health Concierge Representatives are prepared to handle calls from State of Alaska Members
 - However the customer service level may not meet a concierge level of service on a consistent basis.
 - DRB to continue external call monitoring for improvement in areas identified- (quarterly)

Performance Concerns-Other

- Assessed 2014 penalties in the amount of \$658,633 for Medical and Pharmacy Administration, and Medical Management
- Negotiated 2015 performance guarantees
 - Aetna has an additional 20% of fees at risk
 - Added additional call quality guarantee
 - Developed custom guarantees around issue resolution, system coding, and pharmacy call quality (separate from concierge)

AK Network Development

- **2014** – Aetna added 289 providers (some with multiple access points) to their existing network.
 - 80% of growth was in primary population areas: Anchorage, Fairbanks, Juneau and Matsu
- **2015** – Aetna added 302 providers
 - 68% of growth was in primary population areas
 - Included gastroenterology specialist in Anchorage

Network Discount

- January to September 2015
 - \$85.4M Total YTD Network Discount Savings
 - 36.2% Total Savings as a % of Billed Network Charges
- 2014
 - \$111.1M Total Network Discount Savings
 - 35.8% Total Savings as a % of Billed Network Charges

Ongoing Management

- DRB meets with Aetna on a weekly basis to go over current issues and performance improvement projects
- DRB engaging Segal Co, to perform claims audit in 2016
- DRB monitoring appeals prior to submittal to OAH for accuracy and compliance with plan provisions

Ongoing Management

- DRB engaging employee and retiree stakeholders to discuss/resolve ongoing customer service concerns
- DRB evaluating design of travel benefits
- DRB to work on updating Retiree Insurance Information Booklet

Ongoing Management

- Aetna redesigning explanation of benefits format this month
- Aetna implemented system changes to improve pharmacy coordination of benefits at point of sale
- Direct participation of pharmacy customer service team management in State of Alaska/Aetna weekly calls
- Aetna to become more actively engaged with stakeholder groups

Thank you!

Questions?

John Boucher

Deputy Commissioner

John.Boucher@alaska.gov

Michele Michaud

DRB Chief Health Official

Michele.Michaud@alaska.gov