



Alaska Department of
ADMINISTRATION



**STATE OF ALASKA
EMPLOYEE HEALTH PLANS
SENATE LABOR & COMMERCE
AND STATE AFFAIRS
COMMITTEES
OCTOBER 17, 2013**

ALASKA CARE
Health Plans

Know your benefits. Live well.

STATE OF ALASKA EMPLOYEE HEALTH INSURANCE



AlaskaCare Health Plan		Union Health Plans	
<u>Employees: 6,600</u>		<u>Employees: 9,900</u>	
Exempt/PX (inc Court and Legis)	2,511	General Gov't (ASEA)	7,760
Supervisory	2,282	Labor, Trades and Crafts	1,558
Correctional Officers	881	Public Safety (PSEA)	497
Inland Boatmen's Union	561	Masters, Mates & Pilots	93
Confidential Employees	180		
Marine Engineers	92		
AVTEC	36		
Mt. Edgecumbe Teachers	28		

ALASKACARE PLAN DESIGN

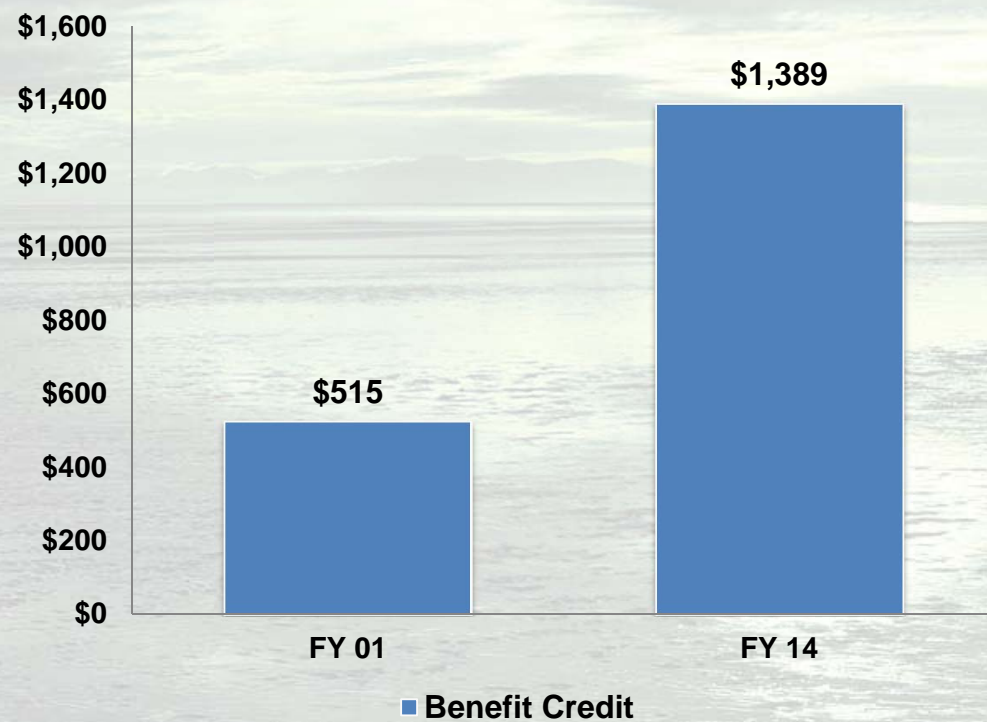
Active Plan			
	Economy	Standard	Premium
Deductible	\$500 individual \$1,000 family	\$300 individual \$600 family	\$300 individual \$600 family
Coinsurance	70%	80%	90%
Annual Out-of-Pocket Maximum	\$2,000 per person after deductible	\$1,200 per person after deductible	\$350 per person after deductible
Premium/Mo	\$1,335	\$1,482	\$2,028
E'ee Out of Pocket/Mo.	\$0	\$147	\$693
Lifetime Maximum	Unlimited		
Preventive Care	Covered at 100% with no deductible at in-network providers		
Dependents	Covered up to age 26		

ASEA HEALTH TRUST PLAN DESIGN

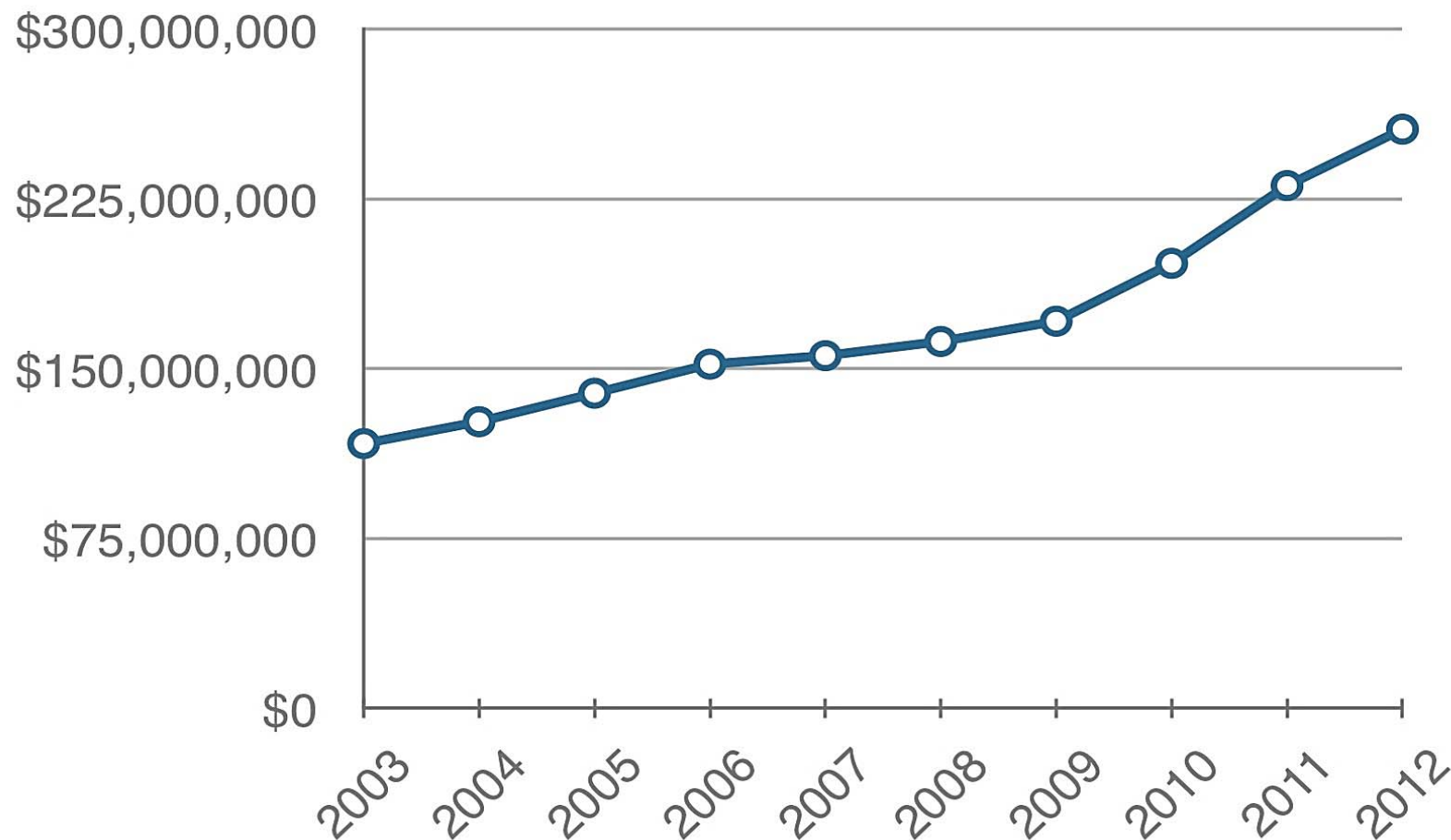
Active Plan				
	Plan A (Employee + Family)	Plan B (Employee Only)	Plan C (Supplemental Plan)	Plan D (Low Option)
Deductible	\$250 individual \$500 family	\$250 individual	None	\$5,000 ind. \$10,000 family
Coinsurance	80% 60% non-PPO	80% 60% non-PPO	20%	100% 80% non-PPO
Annual Out-of-Pocket Maximum	\$1,000 per person after deductible \$2,000 non-PPO	\$1,000 per person after deductible \$2,000 non-PPO	None	None
Premium/Mo*	\$1,530	\$1,425	\$1,360	\$1,365
E'ee Out of Pocket/Mo.	\$195	\$90	\$25	\$30
Lifetime Maximum	Unlimited	Unlimited	\$10,000/year	Unlimited
Preventive Care	Covered at 100% with no deductible at in-network providers 80% non-PPO			
Dependents	Covered up to age 26			

BENEFIT CREDIT

- Amount State contributes per employee per month
- Subject to negotiations
- Historically based on AlaskaCare premiums and plan experience
- FY 14 benefit credit:
 - \$1,389 per month
 - \$16,668 per year
(medical & dental)



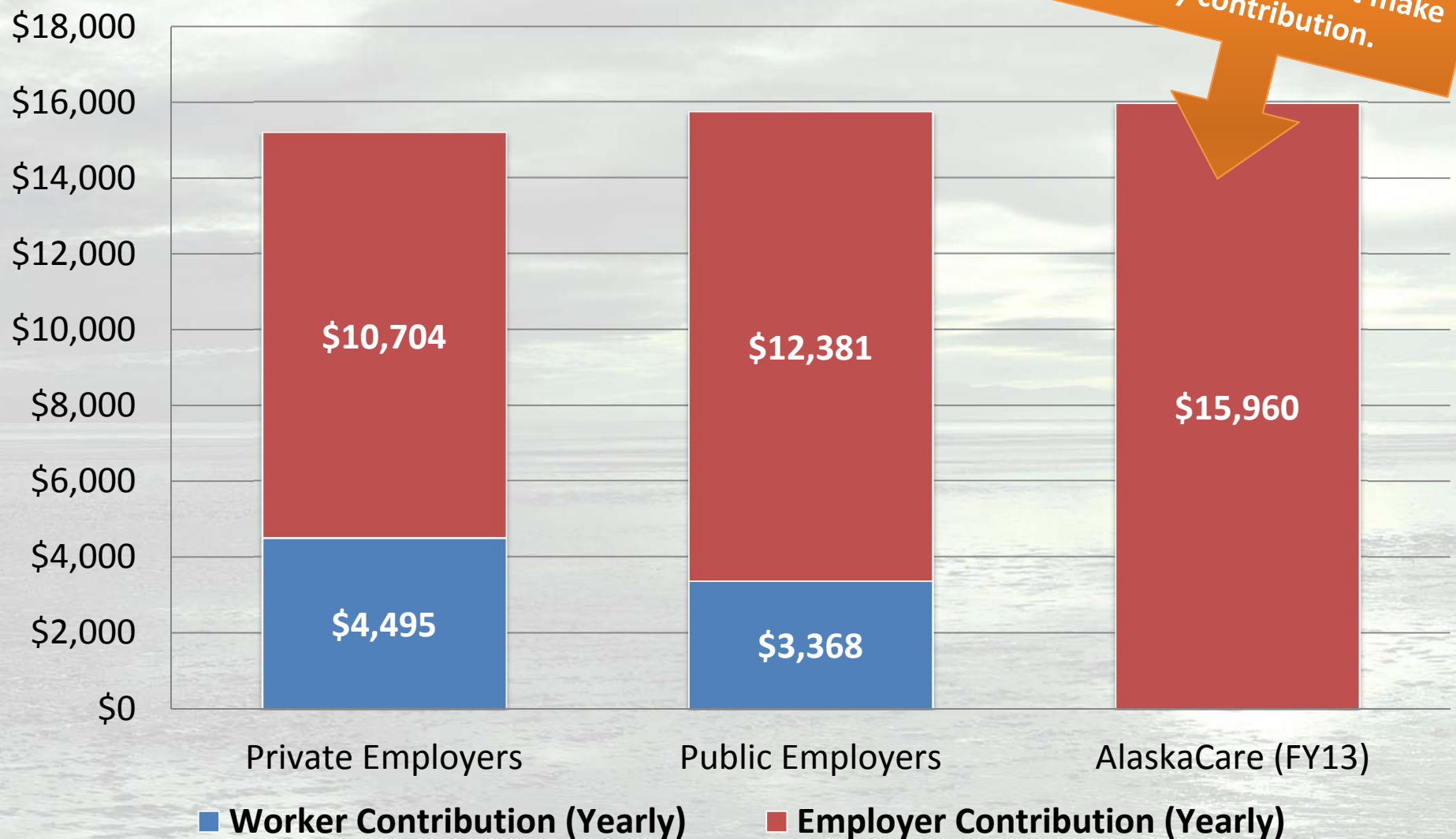
STATE COSTS FOR ACTIVE EMPLOYEE HEALTH INSURANCE



- State employee health insurance costs have more than doubled in the past decade, from \$117mm in 2003 to \$256mm in 2012.
- The population-adjusted increase is approximately 7%/year.

US EMPLOYER & EMPLOYEE CONTRIBUTIONS

Worker and Employer Premium Contributions for Family Coverage / Economy Plans (2012)



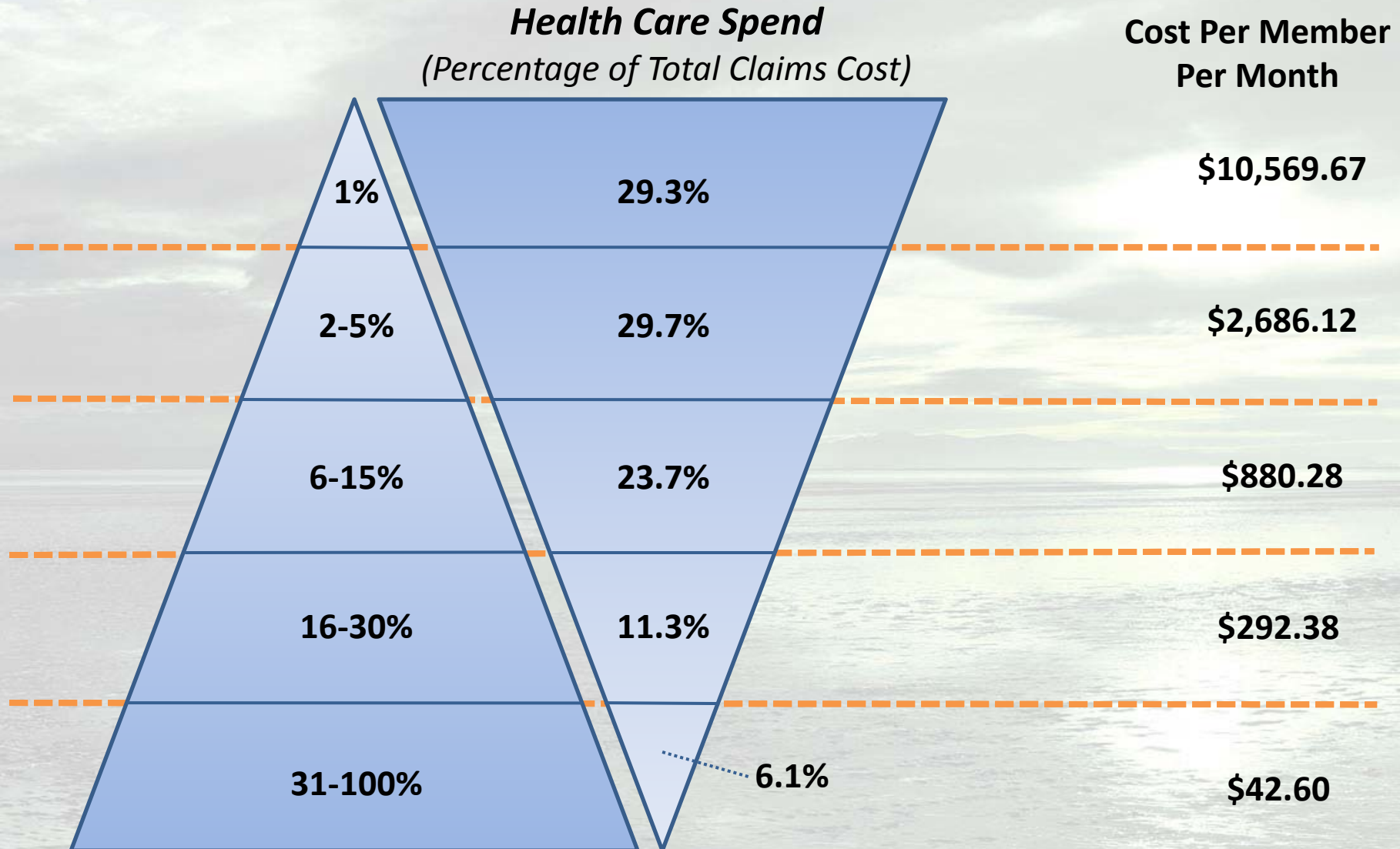
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

PLAN DEMOGRAPHICS: ACTIVE



- Average number of members (plus dependents) is around 17,000
- Almost even distribution of men and women
- Average age is 35
- Top 5 prevalent chronic diseases:
 1. Hypertension
 2. Hyperlipedemia
 3. Diabetes
 4. Osteoarthritis
 5. Asthma
- 0.18% of our membership (31 people) accounted for 14% of the cost of medical claims paid out.
- Frequent conditions among high cost claimants (>\$250,000)
 - Degenerative ortho
 - Renal failure
 - Psychiatric disorders

UTILIZATION OF SERVICES



Membership Distribution Band
(Percent of Total)

Source: Sightlines Medical Intelligence
July 2011 through June 2012

UNIT COST OF SERVICES

Procedure	Area 981 90% UCR (Washington) % Medicare	Area 995 90% UCR (Anchorage area) % Medicare
Total Hip Arthroplasty	\$5,409 305.2%	\$12,155 685.9%
Fragmenting of Kidney Stone	\$2,120 183.6%	\$8,200 710.1%
Nasal/Sinus Endoscopy, Surgery	\$871 235.4%	\$2,620 708.1%
Inject Spine L/S (CD)	\$683 312.4%	\$1,260 576.3%
RPR Umbil Hern, Reduc > 5 yr	\$1,229 232.1%	\$3,385 639.4%

Source: Milliman Report 2011

PATH FORWARD

Provide high-quality healthcare at a reasonable and fiscally sustainable cost

- Contract with high value-add vendor partners
- Increasing member engagement
- Supporting evidence-based medicine and promoting data-driven decision making
- Collaborating with providers to transform the Alaska health care market
- Look for opportunities to scale

NEW PARTNERS: AETNA & MODAHEALTH



We have new health care partners.



As of January 1, 2014 we'll be transitioning to **Aetna** and **ModaHealth**.

- In 2006, the State of Indiana implemented a Consumer-Driven Health Plan (CDHP)
 - Individual deductible \$2,500, family deductible \$5,000
 - State contributed 45% of deductible to Health Savings Account
- In 2007, a second CDHP plan was implemented with lower deductibles but higher premiums
- Indiana saved money: CHDP 2010 savings were 10.7% or \$17-\$23 million
- Employees saved money
 - 2010 employees saved \$7-\$10 million
 - Unused funds were \$30 million
 - Average of \$2,000 per employee
- 2012 CDHP participation above 90%
- CDHP participants did not put off or avoid using important health care services

- Align plan structure around best practices
 - Expand pre-certification list
 - Adopt Aetna's clinical policy bulletins
 - Rigorous review of our plan provisions
 - Consider plan design changes to support evidence based medicine: e.g. three-tier formulary, etc.
- Use concierge services as opportunity for decision-support

COLLABORATE WITH PROVIDERS TO TRANSFORM MARKET

Network Strategy and Priorities

- Improve access to contracting physicians and providers
- Improve predictability and performance (cost) of contracts
- Address egregious charges/rates for targeted high volume procedures
- Collaborate with Aetna to identify and engage delivery system partners committed to designing transformative solutions
- Encourage delivery system investment in integrated care delivery
 - Comprehensive care models such as PCMH and ACOs
 - Procedure-based integration opportunities such as bundled payments

Union Health Plans	
	<u>Bargaining Agr. Term</u>
General Gov't (ASEA)	6/30/2016
Labor, Trades and Crafts	6/30/2015
Public Safety (PSEA)	6/30/2014
Masters, Mates & Pilots	6/30/2014

THINGS WE'RE WATCHING

- Onsite clinics (State of Montana, HCCMCA)
- Centers of Excellence
- Narrow networks
- Reference pricing (CalPERS)
- Private exchanges
- Consumerism and transparency tools
- Impact of public plans on health care market

THANK YOU. ANY QUESTIONS?



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