

NYL CARE

HEARING



*Send Minutes
and All Letters!*

Northwest

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Senior Operations Director
Claims and Member Services

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600 University Street
Seattle, WA 98101-1158
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President

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Operations Manager

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Northwest

Freda Rogers, CMA
Alaska Care Representative

NYLCare Health Plans
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213 3rd Street, Suite 200
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907 463 2527 *fax*



DRAFT

HOUSE STATE AFFAIRS STANDING COMMITTEE
January 22, 1998
8:00 a.m.

TAPES

98-4, Sides A & B
98-5, Side A

CALL TO ORDER

Representative James, Chair, convened the House State Affairs Committee meeting at 8:00 a.m.

PRESENT

Committee members present were Representatives James, Berkowitz, Elton, Hodgins, and Vezey. Other legislators present were Representatives Bunde and Davies.

SUMMARY OF INFORMATION

REPRESENTATIVE JEANNETTE JAMES, CHAIR, gave the following opening statement:

Thank you all for participating in this hearing regarding NYL (New York Life) Care coverage.

This is an opportunity for ALL sides of the situation to listen to each other's concerns.

Please try to keep your testimony as brief as possible. (I have set a 2-minute limit but will allow some latitude.) And please submit a written documented copy of your testimony by handing it to the Committee Aide, or by FAX or letter. Any information provided today will become part of the public record unless you indicate on written testimony that you wish it to be kept confidential.

FIRST we will hear from the administrators of the program, both NYL Care personnel and State of Alaska personnel.

SECOND we will invite public testimony from consumers (employees covered by NYL Care) and from providers (doctors, dentists, pharmacists).

MEMBERS of this State Affairs Committee are invited to comment or ask questions at any time during the hearing.

I was told that many problems have recently been solved by NYL Care. If this is true, I would like NYL Care to tell us if there is a threshold date prior to which all of the issues or concerns have been successfully concluded. Then we can ask participants to state at the beginning of their testimony whether their problem occurred before or after that date.

In two weeks we will have a follow-up hearing. At that time, I hope NYL Care and the State Administration will address each specific problem brought up today and let us know their solutions. If there is a better way for consumers and providers to avoid misunderstandings in the future, we want that to be part of the overall solution.

ALISON ELGEE, with the Alaska Department of Administration, presented the Administration's position regarding NYL Care coverage and discussed the state's recent change to self-insurance and the state's claim process.

MIKE WIGGINS, Director of Programs with NYL Care, presented NYL Care's position, stating he is looking forward to ironing the bugs out.

CHAIR JAMES stated she felt state employees had been misled into thinking NYL Care would offer the same coverage as the previous insurance company, and she was disappointed to discover this is not true.

REPRESENTATIVE CON BUNDE, Alaska State Legislator, discussed problems he and his wife have had with NYL Care. He voiced a concern that NYL Care makes money by delaying payments.

REPRESENTATIVE JOHN DAVIES, Alaska State Legislator, outlined problems he and his family have had with NYL Care. He also discussed confusion regarding the recovery account, stating he has put money in the account but is unable to get it out, and mentioned problems with NYL Care's coverage of "step-families."

MARTHA MOORE, Juneau resident, told the committee about her problems with NYL Care, stating that she now pays more money more less coverage.

PAT WELLINGTON, Chair of the Alaska PERS (Public Employees Retirement System) Board, discussed retirees' coverage via teleconference from Anchorage.

CHAIR JAMES read into the record a statement regarding problems with retirees' coverage from Denny DeWitt, Legislative Assistant to Representative Eldon Mulder.

JANET PARKER, Deputy Director of the Alaska Division of Retirement and Benefits, responded to concerns about retirees' coverage.

DALE MCKIERNAN of North Pole testified via teleconference from Fairbanks about his problems with NYL Care's retiree coverage.

CANDY CORCORAN, employed in Juneau by Dr. Henry Akiyama, presented problems that health care providers are having with NYL Care. She stated "double coverage is a nightmare" and added that communication is the key and the state needs to take partial blame for the problems. She said in Dr. Akiyama's office they have about \$50,000 additional "float" in accounts receivable because of the change to NYL Care coverage, plus the cost of hiring additional accounting personnel.

CHAIR JAMES referred to a letter from North Pole Prescription Laboratory as an example of problems which pharmacists are having with NYL Care.

REBECCA DEAN, Administrator of the Tanana Valley Clinic in Fairbanks and representative for thirty-two health care providers, testified via teleconference in Fairbanks about the myriad difficulties doctors are having with NYL Care. She added that the clinic is having problems fulfilling its mission statement because of NYL Care.

LINDA SALMI, Business Manager of the Tanana Valley Clinic in Fairbanks, verified Ms. Dean's testimony and added more details. She noted that Tanana Valley Clinic carries an additional \$30,000 float per month now under NYL Care.

ROGER BLACKETT testified via teleconference in Kodiak regarding problems he is having with NYL Care as a retired state employee, and the confusion caused because his wife is still an active state employee covered by NYL Care.

JANET DOWNING, who is covered by NYL Care under a COBRA extension, testified via teleconference in Fairbanks, referring to her letter which was in the committee members' packets.

TOM MANNINEN, Legislative Aide to Representative Mark Hodgins, presented difficulties he and his family have had with their NYL Care coverage.

SHIRLEY ARMSTRONG, Legislative Aide to Representative Norm Rokeberg, discussed her problems with NYL Care.

MELINDA HOFSTAD, Legislative Aide to Representative Bill Hudson, testified concerning constituent problems with NYL Care's mail order prescription policies, noting that there is now an incentive to order out-of-state. She added that after extensive research she could discover no appreciable savings to the state under NYL Care.

GARY CADD, Legislative Aide to Representative Mark Hodgins, presented his problems with NYL Care.

ANNOUNCEMENTS

A follow-up NYL Care hearing will be held Tuesday, February 3, 1998, at 8:00 a.m.

ADJOURNMENT

CHAIR JAMES adjourned the meeting at 10:00 a.m.

HOUSE STATE AFFAIRS STANDING COMMITTEE
January 22, 1998
8:00 a.m.

TAPES

98-4, SIDES A & B
98-5, SIDE A

COMMITTEE CALENDAR

NYLCARE HEARING

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"First, we will hear from the administrators of the program, both NYLCare personnel and state of Alaska personnel.

"Second, we will invite public testimony from consumers (employees

covered by NYLCare) and from providers (doctors, dentists, pharmacists).

"Member of this State Affairs Committee are invited to comment or ask questions at any time during the hearing.

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COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

CHAIR JAMES adjourned the meeting at 10:00 a.m.

NOTE:

The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, (907) 465-2214, and after adjournment of the second session of the Twentieth Alaska State Legislature, in the Legislative Reference Library.

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381

House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

NYL Care Hearing
House State Affairs
January 22, 1998

(Chair's Opening Comments:)

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This is an opportunity for ALL sides of the situation to listen to each other's concerns.

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In **TWO WEEKS** (February 5 at 8:00 a.m.) we will have a follow-up hearing. At that time, I hope NYL Care and the State Administration will address each specific problem brought up today and let us know their solutions. If there is a better way for consumers and providers to avoid misunderstandings in the future, we want that to be part of the overall solution.

Hoiosen

FAX TRANSMISSION

1 Page FAX to:

TO: Representative James FAX#: 465-2381

FROM: Charlotte Hoiosen

DATE: January 23, 1998

MESSAGE:

Petersburg, Alaska
Jan.22, 1998

Chr. Rep. Jeannette James
House State Affairs Committee
Juneau, Alaska

Dear Rep. James,

I just turned on my TV and got the end of your program discussing NYLCare. It was my loss that I did not hear the whole meeting. I am very glad you are discussing some of the problems with the company. For I do not feel we are getting the service or care we received from the Aetna program. I am a widow of a retired public school teacher and hence am covered under the program. I have had a difficult time understanding the reports of the coverage they have made. And my biggest complaint is that I have never received a report of what they have paid for my prescriptions medications! In fact I finally asked the local drug store if they had received payment and the answer was yes though I do not know how timely the payment has been. It upsets me for this way I never know what my prescriptions are costing or coverage I am receiving.

I admit I have not taken the time to contact the company. But it sounded to me that you were going to have more discussion so that is why I am expressing my concerns to you.

Thank you for hearing me!

Sincerely,

Charlotte Holosen

Charlotte Holosen
Box 109
Petersburg, Alaska 99833

Jeannette,

Sorry to bother you during such a lively debate! I need an answer ASAP.

2292

I just got a request from Guy Bell, Director of Retirement and Benefits re the NYLCare hearing. He would like us to postpone it until February 10, so YOU can be back in town to conduct the meeting, in addition to which it would be a better date for his department to participate.

NYLCare people are OK with this change of date too.

I admit I was feeling uncomfortable about having you gone for this, since you conducted the first one so well and are totally familiar with all the players now.

We could simply cancel the meeting that day, since all we had on the schedule was NYLCare.

OK???

Barbara

(I'll wait for the page to bring your reply. Thanks)

Back

Do it

Laura Walworth

(w/ Gay Bell)
(Ret. & Benefits)

called RE
telcom for
Board Members.

Allison
Edge

5668

Stephanie Winsor
Oregon

541 - 342 - 8243

Ters Board

off-net.

- Jun 1. Allison Edge - Admin
 Jun 2. Mike Wiggins - NYL Care
 " 3. Rep. Gen. Beards ^{Stallone} Junneau
 " 4. Rep. John Davies" Junneau
 " 5. Martha Moore" Junneau

V. Alcock M

- Aug 6. Pat Wallington Arch. ^{PERS Board}
 Jun 7. Jimmy's Anna ^{RE retirees' center} read by Chau James.
 Jun 8. Janet Cooper - ^{Ret + Ben responds}
 Aug 9. Dale McKiernan ^{North Pole} retiree ^{Stallone}.

- Jun 10. Candy Corcoran Junneau ^{REP} ^{Provider}
 employed by Dr. Akizema
 Jun 11. Chau James - ^{Referred to}
 NP Pharmacy letter
 Aug 12. Rebecca Lean ^{an} Admin ^{Stallone}
 Seneca Valley Clinic, ^{the}
 Rep 32 Health Care Provider.

- Feb 13. Linda Salmey ^{FBX} bus off NYC TVC leave
 Feb 14. Roger Bennett Koliak Ret ^{FBX} wife active ^{FBX} in joint was coverage.
 Feb 15. Janet Downing FBX - RE letter in packet, Problems on COBRA extension.
 Jan 16. Tom Manninen (Rep Hodgins) Janice RE problems.
 Jan 17. Shirley Armstrong (Rep Kappelberg) (Rep Kappelberg)
 Jan 18. Melinda Hafstad (Rep. Nuckson) "I will mail her a prescription."
 Jan 19. Gary Codd (Rep Hodgins) Problems

Next - Feb 3

Melinda Hafstad



COMMITTEE:

House State Affairs

DATE: January 22, 1998

Subject of meeting:

NYL CARE HEARING

SIGN-IN

PLEASE PRINT!

NAME

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

✓ Con Bunde	District 18			
✓ Martha Moore	204 Hermit St Juneau	463-3845	myself	yes
✓ Alison Selge	Dept. of Admin.	✓ 465-2200	DOA	yes
✓ Rep. John Davis	District 23 / Capitol	465-4457	self	yes
✓ Candi Corcoran	Henry Akiyama MD	586-6226	Dr Akiyama	yes
KATHA Odegaard	NYLCare	206-442-4677		
✶ Lita Swanson	NYLCARE	206-442-4652		
Mike Selge	NYLCare	442-4650		

01/22/98

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

09:01:35

PARTICIPANT LIST (TESTIFIERS ONLY)

BY:JNU

TCN:80106 SCHEDULED FOR:01/22/98 08:00 TO 10:00

FOR:ALL

PUBLIC HEARING

HOUSE STATE AFFAIRS

LOCATION: ANCHORAGE

NYL-CARE HEARI

PAT

WELLINGTON ✓

CHAIR PERS BRD

TESTIFY

LOCATION: FAIRBANKS

NYL-CARE HEARI MR.

DALE

MCKIERNAN ✓

TESTIFY

NYL-CARE HEARI MS.

REBECCA

DEAN ✓ Admon

TANANA VAL CLIN

TESTIFY

NYL-CARE HEARI MS.

LINDA

SALMI ✓ Phyllis

TANANA VAL CLIN

TESTIFY

NYL-CARE HEARI MS.

JANET

DOWNING ✓

TESTIFY

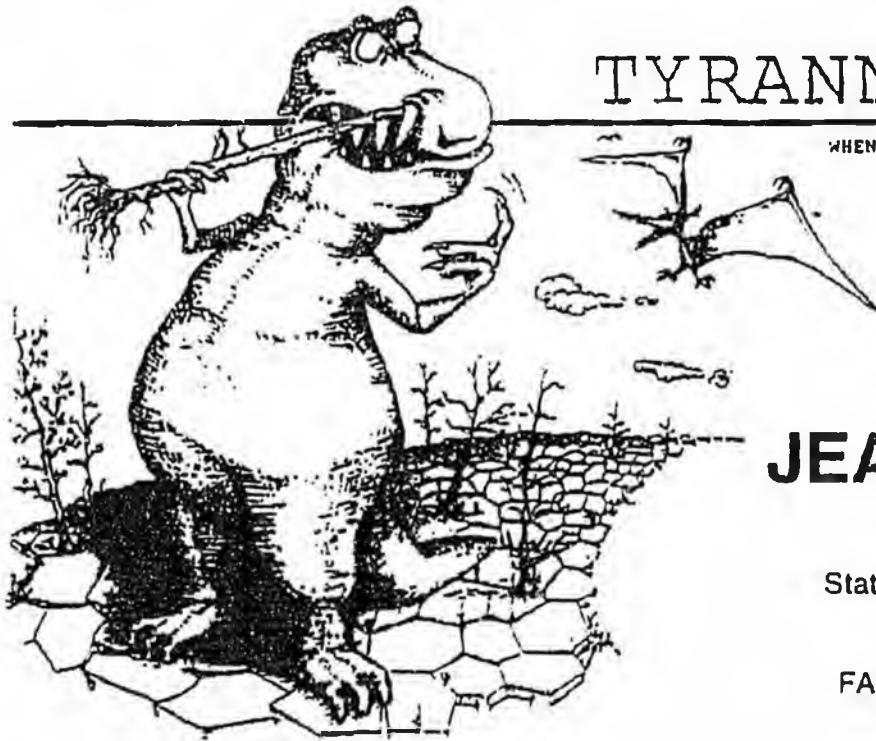
LOCATION: KODIAK

NYL-CARE HEARI MR

ROGER

BLACKETT ✓

TESTIFY



TYRANNOSAURUS FAX

WHEN IT ABSOLUTELY, POSITIVELY HAS TO BE THERE
BEFORE THE NEXT ICE AGE

REPRESENTATIVE
JEANNETTE JAMES

State Affairs, Room 102 Capitol Building
Juneau, Alaska 99801

FAX: 465-2381

TEL: 465-3743

Becky

Juneau LIO, 2864

Here's how we'll be doing the hearing tomorrow, in case any of the LIO's want to know the process.

Feel free to FAX this around "wherever."

Barbara

House State Affairs

1/21/98.

Bonnie
(+ Dick) Kalmis - NP Pharmacy
after 10:00 a.m.
488-8555

PHONE MESSAGE		DATE 1/20/97	TIME 2:00
FOR	JG		
M	Mr. J. Robertson		
OF	206-442-4534		
PHONE	206-442-4534		
<input type="checkbox"/> FAX	<input type="checkbox"/> MOBILE	<input type="checkbox"/> PAGER	
MESSAGE	N.P. Care Med. Director N.P. Pharmacy Problem is resolved. (That is his PRIVATE line)		
<small>PRINTED IN U.S.A.</small>	AVERY	<input type="checkbox"/> URGENT <input type="checkbox"/> PHONED <input type="checkbox"/> RETURNED YOUR CALL <input checked="" type="checkbox"/> PLEASE CALL BACK <input type="checkbox"/> WILL CALL AGAIN <input type="checkbox"/> WAS IN <input type="checkbox"/> WANTS TO SEE YOU SIGNED <i>[Signature]</i>	

Per Bonnie - problem NOT solved.

\$31,000 owed to them -

She's faxing letter.

Avon + Dyson
(CNRA Trip)

Come Jan 22 Thurs.



**'Sorry!
Claim
denied!'**

cription?

1961-66 Richard Chamberlain played Dr. Kildare in the television drama.

NYLCARE - In the beginning...**10-01-97****Talked to: Kathy Gonzales re: Dental Claims for 7-1, 7-17, 8-12, 8-25****She said claims are on claim adjustor's desk - will send to co-pay after she (claim adjustor) has reviewed them.****10-14-97****Talked to: Jeannie McAlpine re: 7-1, 7-17, 8-12, 8-25****She said no record of claims for 7-1, 8-12, 8-25 under Con's active policy (20723). Jeannie said she would pull hard copies (?) of the claims and that would take a few days and then resubmit them. She mentioned contacting Kit Turk and said if I had further questions she would be a good person to get in touch with.****10-23-97****Talked to Brian (didn't get last name) re: 7-1, 7-17, 8-12, 8-25****He indicated he couldn't find a policy for Con under active. After further research he found it using a "D" in front of Con's social security number. I believe he was the representative that told me it meant "Dental "- later I found out it meant "Double "- like in double coverage. I was under the impression that something was going to be "D"- like in done.****In between these 2 dates I talked to someone (female) and asked if Jeannie McAlpine (see 10-14) had pulled the hard copies and resubmitted them. Her response was: "If Jeannie said she would, she did." Not knowing Jeannie personally and since my faith in NYLCARE's efficiency was slowly eroding, I asked if she'd check the computer to see when the "hard copies" had been pulled and she indicated to me that there wasn't room on the computer to record something like that. (Must be one of those mini-computers.)****11-18-97****Talked to Shelley - Anchorage Office - re: (well, you know by now)****She sounded very interested in assisting me and said she would contact Kit Turk/Concord. I was under the impression that Kit was the gal for**

the job.

12-07 Received a call on the answering machine - supervisor is checking on claims.

ONE MONTH LATER and still no co-pay

1/7/98

Talked to Vickie (Anchorage Office)

She really sounded interested in solving my problems (I've been fooled before). Vickie said no record of claims submitted for Sage 10-2 and Providence Anch. Anesthesia 10-13 - please resubmit. I took care of it that day. She would send in claims for Compton 10-13 and Newman 10-16 to Con's active for co-pay.

She called back later that day and said her supervisor had received an E-mail and claims were almost settled.

1-15-98

Talked to Vickie (Anchorage Office)- old habits are hard to break

Vickie will call Kit Turk again to see what's happening.

Vickie called back to say K. T. not in but left a message on her voice mail. Vickie will call back.

1-20-98

It's cold, it's dark and Vickie hasn't called or written! And you know what? I don't think there is a Kit Turk. I think they just made her up!!

P.S. Several times in talking to the various reps. they mentioned that the confusion was because it hadn't been decided whether the co-pay on my claims should be your active or retiree policy. Later I was told that it was to be your active and then your retiree. This means the claims (on me) go to California, then to Seattle and finally back to California. I hope the claims have a frequent flyer account - think of the mileage!

Example - Dental

2 policies cover Dental + Vision

Date Claim Processed:
Not when received

<u>Date of Procedure.</u>	<u>Dr.</u>	<u>A-Retiree</u> 20722	<u>C-Active</u> 20723	<u>C-Ret</u> 20722
7-17-97	Angeline Luiters	10-15-97	12-16	
7-28-97	" Sage	10-16	⊖ so far	
8-25-97	" Sage	10-2	⊖ so far	
10-2-97	Con Sage	⊖	⊖ so far	

partial payments

No dental coverage →

Example - Medical

3 policies cover medical

		<u>A-Retiree</u>	<u>C-Active</u>	<u>C-Retiree</u>
8-1-97	Henry	10-17-97	⊖	⊖
10-13	A. Prov. Anch Anesthesia	⊖	⊖	⊖
10-13	" Compton	11/29	⊖	⊖
10-13	" ADL	11/26	⊖	⊖
10-16	" Newman	12-17	⊖	⊖

45 of 1-21-98

DRAFT

HOUSE STATE AFFAIRS STANDING COMMITTEE

February 10, 1998

8:00 a.m.

TAPES

98-_, Sides A & B

98-_, Side A

CALL TO ORDER

REPRESENTATIVE JEANNETTE JAMES, Chair, convened the House State Affairs Committee meeting at 8:00 a.m.

PRESENT

Committee members present were Representatives James, Berkowitz, Dyson, Elton, Hodgins, and Ivan.

SUMMARY OF INFORMATION

DAVID FORD, President of NYLCare, presented NYLCare's solutions to problems mentioned at the State Affairs hearing on January 22, 1998. He also responded to questions asked by committee members.

MARTY ROSEN, Senior Vice President of NYLCare, also presented NYLCare's solutions and other suggestions to alleviate problems.

MICHAEL KIRK, a Juneau retired teacher, testified regarding numerous problems he has had with NYLCare.

SENATOR LYDA GREEN noted she has had good luck with NYLCare's coverage, but she would like to see the issue of confidentiality of records addressed.

DANA GRAMS, a dental consultant, testified via teleconference from Anchorage that NYLCare's responses have been good.

DALE MCKIERNAN testified via teleconference from Fairbanks, saying a NYLCare branch office is needed in Fairbanks. He also noted problems he has had obtaining prescriptions in a timely manner.

GERALD BOWEN testified via teleconference from Kenai, discussing problems he also has had with prescriptions.

ROBERT NESVICK testified via teleconference from Ketchikan regarding numerous and unnecessary duplicate requests from NYLCare for information.

GALEN PAINE, an attorney with the Public Defendant's Agency, testified via teleconference from Sitka regarding many problems he has had with NYLCare.

DRAFT

KAREN PHARMAY, a pharmacist, testified via teleconference from Anchorage, regarding her dissatisfaction with NYLCare's policy of using an out-of-state mail order pharmacy which is owned by NYLCare.

BARRY CHRISTENSEN, a pharmacist and a representative of the Alaska Pharmaceutical Association, testified via teleconference from Ketchikan, concurring with previous testimony as to the inappropriateness of NYLCare using a pharmacy which it owns.

KATHRYN CALLAHAN of Juneau testified on behalf on Dr. Akiyama regarding new problems their office has encountered in the last two weeks since the previous hearing, noting that the state is not required to follow its own statutory requirements.

ALISON ELGEE, Deputy Commissioner with the Alaska Department of Administration, explained the differences between the old plan and NYLCare's coverage, and she answered questions from the committee.

JANET PARKER, Deputy Director of the Alaska Division of Retirement and Benefits, answered questions from the committee.

Committee members asked both NYLCare and the Department of Administration for written answers to the many new questions and concerns raised at today's hearing.

ANNOUNCEMENTS

A follow-up NYLCare hearing may be held toward the end of the legislative session, when the House State Affairs Committee has taken care of the bills needing hearing and NYLCare has had a chance to work on further solutions.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

CHAIR JAMES adjourned the meeting at 10:00 a.m.

NOTE:

The meeting was recorded, and handwritten log notes were taken. A copy of the tapes and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182. (907) 465-2214, and after adjournment of the second session of the Twentieth Alaska State Legislature in the Legislative Reference Library.



NYLCARESM
HEALTH PLANS

Northwest

David E. Ford
President

February 10, 1998

NYLCare Health Plans
Northwest, Inc.
1400 One Union Square
600 University Street
Seattle, WA 98101-1158
206 442 4562 *tel*
206 447 5677 *fax*

The Honorable Jeannette James, Chair
State Affairs Committee
House of Representatives
State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative James,

Attached is a copy of my complete report to today's meeting of the Alaska House State Affairs Committee regarding the status of the AlaskaCare health plan.

Let me summarize by saying that we're enthused by the quality of the design of the AlaskaCare plan that you and your legislative colleagues assembled last year. We believe it's a good plan that meets the needs of the state employees and retirees who are its members. As anyone could expect with a program such as this, some problems are being encountered. As your claims administrator, we can say that we're committed to resolving any and all problems we discover or which are brought to our attention. Our goal is to work with the State Department of Retirement & Benefits to implement an AlaskaCare program that delivers an effective health care program to Alaskans today, tomorrow and into the future.

We are further committed to a system that focuses on care first without interference from paper or administrative process. We are establishing reporting mechanisms so that Alaska State employees, retirees and their dependents, members, our State Department of Retirement & Benefits partners and you can see that NYLCare is working hard to help Alaskans "be at ease with their health care."

Please feel unrestrained from sharing this document with anyone who also cares, as we do, about the health care system for Alaskans. We welcome any questions you may have at any time while we strive for this goal.

Sincerely,

DAVID E. FORD
President & CEO

Attachment: Full report to House State Affairs Committee
Alaska House of Representatives

Written Testimony, State of Alaska
House State Affairs Committee Hearing
By Mr. David E. Ford, President & CEO
NYLCare Health Plans Northwest
February 10, 1998

MADAM CHAIR and Members of the Committee. My name is David E. Ford, and I'm the President and Chief Executive Officer of NYLCare Health Plans Northwest. Thank you for inviting us here this morning.

I'd like to take a moment to introduce to the Committee a few of my colleagues. Please allow me to present:

- Kathy Odegard, Senior Operations Director for Claims & Member Services, NYLCare Health Plans Northwest.
- Mike Wiggins is our Director of Public Programs at NYLCare Health Plans Northwest.
- And Martin Rosen, Senior Vice President of Marketing of our Corporate Office, NYLCare Health Plans, Inc.

I have a copy of this testimony for each Member of the Committee and I'll leave a couple more copies for your staff. But, in the few minutes I have, let me touch on what we think are the most important issues.

First of all -- and this may surprise you -- we're happy to be here this morning. Although I'm not entirely happy about the circumstances that bring us together, I am happy that NYLCare has the chance to tell you, and show you, that the Alaska public employees and retirees contract is very, very important to us.

We are here today to tell you that -- for our part -- the period of transition for the Alaska employees and retirees to NYLCare is finished. I'm here to talk with you about the problems we have experienced and about the actions that we are putting in place to resolve these problems.

By the way, when I say, "We are here," I'm referring to the fact that you have the attention of the most senior level staff of NYLCare Health Plans as well as New York Life Insurance Company and that we're all very serious about these issues. You've hired NYLCare to administer this AlaskaCare program, and we take the responsibility for doing just that. The core group is here today and is prepared to answer any questions that the committee may have.

We have two primary concerns. The first is that Alaskans get the health care services they need -- **now** without interference from paper or administrative process. The second is that all problems associated with the administration of this contract will be resolved quickly. Let me summarize the key issues and actions we are taking.

1. **Problems Expressed at Your January 22nd hearing:** Various individuals have experienced problems with the new system.

Action: A letter went out to each and every one of those people responding to their specific problem and offering to answer their questions. We will also conduct follow up for every plan member who has a claim aged greater than 30 days.

2. **Backlog in the Processing of Claims:** The backlog of member claims has caused doctors and other health care providers not be paid in a timely way.

Action: We have put remedies in-place and are making significant progress. I can assure you this morning that we will meet the ten day goal by March 1st.

3. **Explanation of Benefits to Plan Members:** The third issue is the explanation of benefits, which have been difficult to understand and have made it difficult for providers to reconcile their accounts in a timely way.

Action: The solution we are putting in-place is a consolidated statement or voucher for providers and an improved explanation of benefits to the plan members. Our commitment is to have this completed by the beginning of April.

4. **Problems with the Coordination of Benefits:** The fourth issue involves questions surrounding the coordination of benefits and instances in which individual claims have been complicated because they are covered by multiple coverages. I understand that State Representative Con Bunde has had direct experience in his family with this issue.

Action: We are working to streamline and simplify this process by installing procedures that facilitate a claim being processed at the location it is received within NYLCare as opposed to being processed through more than one administrative site.

5. **Customer Service Issues for AlaskaCare Members:** Some plan members are experiencing slow customer service and, I'm very sorry to say, rudeness by some of our employees.

Action: Very simply stated, this is not the NYLCare way of doing business. We are instituting new training programs and have strengthened our system of monitoring and evaluating employee service. We do not tolerate rude behavior to customers, and I want to take this opportunity to apologize to any Alaska state employee or retiree who has experienced this behavior. Further, I want to ask anyone who is treated in this manner to call me at 1-800-654-3250 ext. 562 and report this behavior directly to me in the future.

6. **Coordination between Medicare and AlaskaCare:** Sixth is the issue of Medicare coordination.

Action: We are working with the Medicare intermediary in Fargo, North Dakota to receive Medicare payment information electronically. This will improve the claims turnaround for both members and providers.

7. **Some Communication Issues:** And finally, there are some basic communication concerns that we need to address.

Action: We have put in-place a program of communicating with the individual plan members and providers, and periodically to the Members of this Committee and other Legislators, about our progress in resolving these and other problems. Most importantly, we will continuously keep Alaska State employees and retirees informed about our progress in resolving their individual cases, how much time is expected and what specific activities are being taken to help them.

Let me also offer additional background which provides perspective as to where we are and the role of NYLCare. Last year, the state of Alaska made major changes to its health care program for active state employees and for state employees who have retired. The state changed from a privately insured program to a health care program that is self-insured by the state of Alaska. Under this new program authorized by the Legislature and implemented by the State Department of Retirement & Benefits, NYLCare does not function as an insurance company. Rather, we function as the benefits administrator of a program designed to give state employees and retirees more control over their own health care. Our job is to work with you as the private sector component of this public/private partnership and help you develop solutions that meet the health care needs of Alaskan state employees, retirees and their dependents.

We have called this program "AlaskaCare" to distinguish it from the fully insured program you had previously. This program is collaborative between NYLCare and the state Department of Retirement & Benefits. Our role is not, as before, to act as your insurance company, but rather to administer the specific benefits of the plan that the state has designed.

As we work with the Department to develop this AlaskaCare program, we intend to make it fully responsive to the needs of State employees and dependents. It's with that in mind that we have:

- Established two offices here in Alaska, one in Juneau and the other in Anchorage. These offices are staffed by Alaskans, including an Associate Medical Director located in Anchorage -- demonstrating that the care employees and retirees get under AlaskaCare is hands-on care, rather than health care by remote-control.
- We have designed an Internet website to allow Alaska state employees and retirees, as well as health care providers throughout Alaska, to access information about the program.
- We have set in motion a program to look into the full range of capabilities that the Internet and other technologies give us, including an application that will allow providers to check eligibility and benefits on-line.
- We have initiated a preferred provider contracting network to improve the predictability of costs and limit the extra, out-of-pocket expenses to the AlaskaCare member. This provider network is included in our contract with the Department of Retirement & Benefits.
- We have started exploring the potential uses of tele-medicine, which promises to allow us to extend the benefits of modern medicine into the most remote corners of the state.
- And we have established a 24-hour, around-the-clock nurse advice line for most of the employees, which is meeting widespread enthusiasm and use by plan members.

There are some issues regarding the AlaskaCare plan that are beyond NYLCare's control and I ask for your assistance with these issues. Let me be specific. First, there is the issue of the increase in premiums. These premiums and employee contribution levels are set by the state and our role is to implement your decisions.

A second issue we've heard about is health care benefits plan changes. When any employer, including a state government, creates a new system of health benefits, it does so with the idea of doing the greatest good for the greatest number of people. In some cases, employees have received a reduction in the benefits they receive. Again, we were hired to administer the benefits you want and we're going to do the best job we possibly can to help the State be successful with the program it has designed.

We hear there are some complaints about the requirement for enrollment in the Medicare program. But it's a fact that Alaska law now requires that individual

employees and retirees who are 65 and over enroll in Medicare. While our job is to administer that policy decision, we need your assistance in explaining the reasons for the legislative decision.

In short, our main concerns now are to help see that the services are delivered, the claims are paid and the problems are fixed. We are determined to do better with the management of the Alaskan public employee and retiree contract. We recognize the issues and we want you to know that we're addressing them at all levels of the corporation.

Some people have asked about what the incentives are for NYLCare to do well in this contract. The contract, as you probably know, contains certain performance penalties. But our real incentive to do well is expressed in our desire to develop other business in Alaska. And "reputation" is a key ingredient to doing that. There's our own professional pride in upholding the integrity of the NYLCare name. And finally there's the fact that we've invested a lot already in this contract so far, and want to develop its potential for our company. Each of these items alone would inspire us to do well here. Together, they comprise compelling incentives.

I'd like you to call me if there's a problem or if you have further questions. In the meantime, I'm going to get back to you periodically to report our progress. We have established goals, we will give you progress reports and demonstrate rapid improvement.

If you've seen some of our corporate documents, you may have noticed that our corporate mission is "...helping people be at ease with their health care. We work hard wherever we are to live up to it. And we will live up to it here in Alaska, as well.

Thank you very much, Madam Chair and Members, for your time this morning. I trust that the next time we have the occasion to visit with you, we'll have good news to report. In the meantime, we welcome the opportunity to have a direct dialogue with individual plan members and with the people who provide them their health care.

I'd be happy to take any questions you may have at this time.

Post-it Fax Note		7671	
To	M. Kirk	From	Ms. Stewart
Co./Dept.		Co.	Healthcare
Phone #		Phone #	
Fax #	586-4318	Fax #	
		Date	2/16
		# of pages	1

Mr.
Kirk

Fax: 586-4318

no announcement

phone: 586-4318
 My leave
 minutes

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

STATE AFFAIRS COMMITTEE
Representative Jeannette James, Chair



Rm 102, Capitol Building, Juneau

Phone 465-3743, Fax 465-2381

These letters RE: NYLCare are in
alphabetical order, for your reference.

*for hearing
2/10/98*

Allison

Author: dan@akcache.com (Allison, Dan) at CC2MHS1
Date: 1/23/98 7:33 AM
Priority: Normal
TO: Representative Jeannette James at LAA_TRANS, dan@akcache.com at CC2MHS1
Subject: NYL-Care Insurance
Representative James,

Last night I read in The Frontiersman newspaper (Palmer/Wasilla) that there was a public hearing yesterday morning to find out how the NYL-Care Insurance Program is working. I am sorry that I didn't read this in time to testify. However, I feel it my obligation to let you know my opinion.

The NYL-Care Insurance Program is a joke! My husband and I are both state employees and therefore have double NYL-Care coverage. We have two daughters, both of whom are still double covered under our plans. Right now we have five (5) outstanding claims that have NCT been coordinated between our two coverages. I have already had to make 2 lengthy phone calls regarding this matter. When the 800# was announced in Anchorage, I called (11-04-97) regarding coordination and the agent there told me that there didn't need to be coordination as long as we were still in the deductible portion of coverage. I thought that I had made him understand that even if it was deductible, it needed to be coordinated in order for later claims to be properly paid. At that time I also asked that all four names for our family be listed on both accounts for coordination purposes. I waited and nothing happened.

Meanwhile, more claims accumulated and were not coordinated. On 12-31-97, I called about the original claim plus four more. This time I called the 888# listed on the claim form. The lady that I talked to said that even though I had called to have all names placed in both insurance files, this had not been accomplished. I was assured that it would be taken care of and I asked for copies of several claims that she said had been coordinated, but that I had no record of. I asked that the five (5) claims be reconsidered for coordination. It is now twenty-two (22) days later and my husband has had numerous health problems that have required hospital stays, emergency room visits, and various tests. I still have heard nothing on these 5 claims and have only received correspondence back on two of the claims for December.

I feel that the State and it's employees pay an enormous amount of money for insurance coverage. Those of us who are (un)fortunate enough to have both of the spouses working for the State sit back and watch a phenomenal sum being paid to insurance companies that is never ever recouped. Many of us feel that because the State is obliged to pay an equal amount of money for each employee that it would be much more beneficial if there were some sort of a menu plan whereby each employee could choose the coverages available for that dollar amount which would be most beneficial to his/her family.

I need to make another lengthy call to NYL-Care today, and quite frankly, I have my doubts how successful that call will be considering past performance. It should not be this difficult to get claims processed competently and efficiently. I have worked for the State of Alaska for 17 years and have taken pride in becoming more efficient with each passing year to give my employer my best possible effort. I have come to expect the same from people and companies being paid top dollar to provide a service to me and to my family.

I appreciate your request for information. I am sending a copy of this E-mail to NYL-Care.

Sincerely,

Christine Allison
Department of Environmental Conservation

HENRY I. AKIYAMA, MD
INTERNAL MEDICINE, & CARDIOLOGY
1420 GLACIER AVENUE
JUNEAU AK 99801
(907) 586-6226

Akiyama

January 26, 1998

RE: Nylcare overview

Dear Chairman James:

Please find enclosed a detailed list of all the problems, frustrations, and concerns as Medical providers we are experiencing. It was a pleasure to come before you and the committee on Thursday, January 22, 1998, and briefly describe the experiences we have had with NYL CARE.

1. **COMMUNICATION:** This seems to be the major problem between the enrollee's and NYLCARE. Our office has not run into one participant that knows what insurance coverage they have. **SOLUTION:** A simple, concise report that lists each specific plan. This needs to be coordinated by the State and NYLcare, to not further the confusion. The key word here is confusion.
2. **SERVICE:** The level of service that has been experienced by us as providers from NYLCARE has been by any standards unacceptable, and out and out incompetent. Claims do not get filed, processed, reviewed or paid in any reasonable time manner. Having to call and "baby-sit" claims on a daily basis is not what I would call quality service. **SOLUTION:** They need to implement more staff, with more thorough training, and put service as there number one priority. The turn over of employees has been tremendous in the NYLcare office which results in claims being lost, not followed through with, but most of all NOT PAID. We were told that each Benefit Technician handles around 200 calls a day... now that flags a problem to begin with, it should not be the number of calls that matters, but the call being handled correctly and accurately.
3. **PAYMENT:** This issue is at the heart of all providers who are still trying to give quality care, with the benefit of billing direct for their patients. Unless payment patterns, denials, and other time delays do not become a thing of the past, providers will not be able to offer there State patient the luxury of billing direct. It will be left to the participants to battle the claims on state time! Providers are not banks, but as the months roll by and payments are minimal and slow, that seems to be the position we are forced into. We know providers who have taken loans out to keep there practices running.
4. **FISCAL YEAR** July - January With NYLCARE having there benefit year different than any other insurance company, this proves to be a problem with coordinating benefits for all other insurance companies. We feel that State be in line with the rest of the insurance companies. This would make the active and the retirees all fall under the same

deductible year. The potential for future confusion and problems with this is enormous in our opinion.

5. **PENALTIES AND INTEREST:** All claims that don't get processed and paid in 21 days need to have interest added to them. Medicare and Medicaid follow with these same guidelines, and pay interest when a claim is not processed in a timely manner. Medicare just went through a change and had some problems to contend with, and this included untimely payments, but interest was paid. Is the state's self funded policy exempt from these guidelines? We are entitled to charge 18% interest on all unpaid balances to our patients. We do not want to impose this penalty due to processing problems out of our control, but may have to consider this in the near future.

6. **DOUBLE COVERAGE:** NYLCare needs to have all of its claims processed and paid out of one office. This is an issue with providers. With today's technology, why are we dealing with two separate offices in two different states? First of all this doesn't seem cost efficient or logical. Active and retirees with double coverage are being handled out of the Seattle office last we heard... But if you call Concord they can't tell you anything. AETNA was able to process both ACTIVE and RETIRED in one office. NYLCare should be expected to streamline its claims in one central office. Was this not an issue that was looked at from the beginning by the STATE?

7. **FOLLOW THROUGH-** It is expected with any job, that when you are asked to check or look up something and fix it, that it was accomplished. It seems that with NYLCare that follow through has gone out the window. You can call 3 different people in the same day and get 3 different answers. We have found that the only way to ensure that claims are corrected properly is to go to the supervisor. This is a ludicrous use of a supervisor's time, obviously the training and retention of staff needs to be improved. Our office found that our Electronic transmissions from 10-24-97 to 11-28-97 had been transferred to NYLCare but their system was saying that they did not receive them. After many phone calls to NEIC in Seattle confirming that yes indeed they were received, but not showing in their system by NYLCare, they needed to find them... on goes the battle. We got the week from 11/13- 11/18 visits faxed to Seattle, they were entered into their system on 12/24/97 by the supervisor Lita Swanson herself. So our office just lost 7 weeks in delayed payment time there. As of this date we have not received payment entirely on these claims. We then found four more weeks where they did not show any claims... Again no payments. They will tell you they don't have them, so why should they have to pay but we have verification that they were received by them. Again, we have to be the bank.

8. **TIME AND MONEY:** The amount of time it takes to process, handle, resubmit, and review, call, review again, fax, and resubmit, results in a great many number of hours of frustration and the accounts receivable going through the roof. At this point we have approximately \$47,500 dollars owed to us from months of incorrect and lost billings. Additionally, other staff have had increase hours to help with the other duties that accumulate while this is being dealt with at around 35 hours a week. This is a direct increase in overhead. We handle between 370-500 claims a week. When you have to resubmit 40-60% of these with reviews, and re faxes this becomes an enormous job. At this point we don't trust the system enough, and have implemented several check systems to track and monitor each claim individually. These routines were never even considered

with AETNA. We billed NYLCare 11/20/97 for compensation for the incredible overload we were experiencing from the beginning. They replied to us on 12/4/97 with the statement that they didn't have the ability to reimburse any provider or encumber the state other than for the services rendered. We were assured with that letter that Kathy Odegard, Senior Director of Operations, is doing everything in her power to alleviate or mitigate any administrative burdens your office may be having. (see letter attached)

9. EOB's- Now here's an issue for real... You couldn't read one of these if your life depended on it... Were are the CPT and ICD codes that are suppose to be on these in order for us to know what got paid and what did not..?? The explanation of denials leaves a lot to be desired.. ex:: not covered under you plans policy??? Over and above the usual and customary fees for this procedure??? At the beginning of this we were told that no historical data had been transferred, but then a few months into this whamo... the old usual and customary denials kept coming in... how do we as providers explain that at first they were paying and then they weren't??? It is the responsibility of the adjudicator of claims to provide an understandable explanation of the processing. The current format is difficult to understand for those of us who read EOB's all the time.

10. CUSTOMER SERVICE": It seems as though whenever you call them, you finally do reach (and let me reiterate the FINALLY) a Benefit Technician, the overall consensus is that Yes they seem to willing to help, but that the fact that so many holes are being found in the receiving and processing of the claims, it makes you actually wonder just how many of these benefit technicians that you talk to really do anything with your phone call. They are severely understaffed and frustrated themselves, and the turn around rate with employees is great, and need to appropriate funding to elevate the back log of claims and problems that have been in existence since the beginning. The state employees deserve to get there claims paid in some form of a timely manner, that should fall on the shoulders of NYLCARE, and they should appropriate funding as to eliminate the delay and frustration. As with any type of contract there are always avenues of expense that need contended with that are not presumed initially. With the state and NYLCare added help in many areas are the avenue that greatly needs expanded and now..

11. STATE LEVEL: We find on a daily basis that the information that was supposed to of been sent to NYLCare still has not been sent, and we try to call NYLCare to confirm benefit and eligibility and NYLCare says no they are terminated, no they don't have coverage, no they have no double coverage... The participant clearly states that they have coverage and that they are covered. We again get on the phone and call the STATE R&B regarding what types of coverage they have.. we leave a voice message because talking to a person just is not an option. Maybe later that day someone will call you back, but mostly we have to call back and remind them about what we called about. Remember we can not get on with our jobs until we know what and how to bill for what service level of insurance they have. For all we know maybe they don't have insurance, but the system is not working for this as well. Too many hoops to jump through to make this work well. The "waiting on other insurance information" Numerous patients have said. "so how many times do we need to call, and send in that card before they are going to release our claim for payment?" What should we say to that? We are finding that the state level is not much better at retrieving information and following through as NYLCare. The state R&R department only has 7 techs working in that division. It seems a shame that we can't even

get enough help at the state level, and then we complain about NYLcare being understaffed?? It would be really nice to call either place and get a person, instead of a recording or voice mail message system...

In closing we would like to reiterate that the most important reason we are speaking out is the PATIENT to PHYSICIAN care that will take a toll with the added stress and frustration that is being unduly handled by the powers to be with the STATE and NYLCARE. Our quality of care comes first to the patient, but it is coming harder and harder to provide this when there are so many obstacles and hoops to jump through to get payment for this care. We are at a point that billing for this Nylcare insurance will have to cease unless timely payments can be made, and reviews, pended claims get the attention that they need. In essence the system needs to prove to us that it can work, it is just not profitable for us to carry an incompetent insurance company and its practices .

We would like to extend our thanks to all the efforts over that past several months, and without them, who knows what would have gotten done, Kathy Odeguard, and Lita Swanson out of the Seattle office have been tremendously helpful, and have taken on more than their share of the problems associated with this disaster. The problem is they are only 2 people trying to solve a mountain of trouble and there is only so much time in a day.

To summarize the suggestions for improvement:


- 1: Provide participants with cards and booklets that show the coverage that each has opted for.
2. Increase staff and training of Benefits Technicians so that they can properly handle claims coming into NYLCARE without having to utilize the supervisors time for every mistake. Additionally we would like to see specific staff to handle the backlog of claims from the fall without diminishing the service of current claims. We see this as the only way to dig out from the hole that we are all in now.
3. The retirement and active claims would most efficiently handled from one office. The checks should also be cut and sent from the office that they originate to cut down any possible delays in payment.
4. The benefit year should be the same for both retiree's and active employees. Every insurance company that we deal with has a calendar year as its benefit year. Making the active benefit with the state's fiscal year may be easier for the Dept. of Administration but it makes it more complicated for all the providers and participants.
5. Interest should be paid on all "lost and improperly handled claims".
6. Revamping of the Explanation of Benefit statement. Blue Cross and Aetna have many examples that they would be able to follow. Providers and Participants should be able to read and understand how the claim was processed.

7. Retirement and Benefits should increase their staff to handle the calls and changes they are responsible for implementing. They should undertake an intensive education program for all employees of the state.

8. The state should keep a very close eye on NYLCare to ensure that all the problems that have been identified are corrected to at least the industry standard.

We thank you for undertaking this task and look forward to the result of your committee's action.

Sincerely,


Henry Akiyama and Business Office Staff

cc: Gov. Knowles
Fran Ulmer
Rep. Elton
Rep. Hodgins
Rep. Hudson
Rep. Vesey
Rep. Duncan
Rep. Majesky

Northwest

December 4, 1997

Dr. Henry I. Akiyama
1420 Glacier Avenue
Juneau, Alaska 99801

NYLCare Health Plans
Northwest, Inc.
1400 One Union Square
600 University Street
Seattle, WA 98101-1158
206 447 0757 tel
800 654 3250 tel
206 447 0762 fax

Dear Dr. Akiyama,

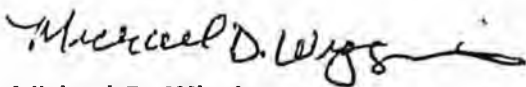
Re: Request For Payment For Administrative Services Other Than Medical Procedures

I am in receipt of your certified correspondence received and date stamped November 25th, 1997. Please be aware that NYLCare as the State of Alaska's contracted medical benefits administrator *does not have the ability to reimburse any provider or encumber the state other than for services rendered.* After meeting with your staff during my last visit; I can assure you that Kathy Odegard, our Senior Director of Operations, is doing everything in her power to alleviate or mitigate any administrative burdens your office may be having. This has included phone numbers for direct contacts with appropriate NYLCare staff and documenting each check sent to your office for services.

Although not intimately involved with each case in question, I can state with a high degree of certainty that all claim payment problems are not a result of claim processing errors, but are the result of a combination of things such as participant eligibility questions, lack of COB information or understanding COB saving application, State of Alaska actives not being aware of their benefit selection as part of the implementation of flex, lack of understanding of NYLCare's explanation of benefits, the unbundled billing of some laboratory procedures, and finally, NYLCare does some things differently than Aetna, the previous insurance company who underwrote the prior benefits for a number years. Yes, all of this has led to a somewhat less than satisfactory implementation from your perspective, but NYLCare is committed to making it better which can be evidenced by the significant man-hours we have spent with your staff in not just researching the issues, but resolving them.

Dr. Akiyama, what I can offer you at this point in time to mitigate some of the financial impact of the initial implementation is a prospective interim payment based on services rendered, but yet to be reimbursed. Obviously, this will mean a reconciliation at some point in time and is not a solution to any new administrative burdens you may feel that your office has acquired. It should be perceived as a good faith offer to lessen any financial impact of our new relationship and an acknowledgment by NYLCare of the significant nature of active and retired State of Alaska employees to your total patient base. If you would like to pursue this financial arrangement I can be reached at 206-442-4673. I anticipate being in Juneau on December 15th and if you would be available for dinner I would appreciate any insight you would be willing to share with me.

Sincerely,



Michael D. Wiggins
Director of Public Programs
& Special Accounts

HENRY I. AKIYAMA, M.D., F.A.C.C., P.C.

INTERNAL MEDICINE
& CARDIOLOGY

1420 GLACIER AVENUE
JUNEAU, ALASKA 99801

TELEPHONE (907) 586-6226
FAX (907) 586-6155

November 20, 1997

Michael Wiggins
Director of Public Programs
and Special Accounts
NYL Care Health Plans
1400 One Union Square
600 University Street
Seattle, WA 98101-1158

Dear Mr. Wiggins,

I am billing NYL Care for the extreme increase in work that has impacted my office. My bookkeeper, Candi Corcoran is spending between 20-30 hours per week exclusively on problems associated with NYL Care claims. I am sure that if you check your phone logs and E-mail messages you can verify that this is true.

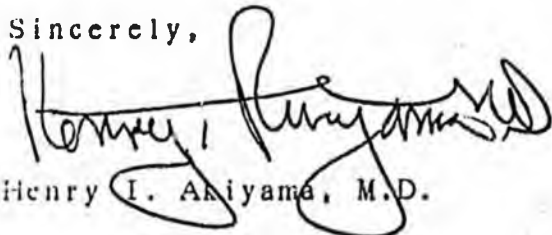
Due to her energies expended on NYL Care, other aspects of her job have had to be assumed by other office staff. Other part time staff have worked more hours, thus causing a direct increase in my overhead.

I know you are working hard to correct the many problems that are associated with a change of this magnitude. I do not feel that I should not only see my accounts receivables rise to a dismal proportion directly due to NYL Care claims but also have an increase of my actual practice cost.

I am submitting a bill for 25 hrs per week at \$20.00 per hour for 16 week. (August 1 - November 21) The total: \$8,000.00. Please submit payment to me within 30 days.

I would be happy to discuss this with you if you want to contact me directly.

Sincerely,



Henry I. Akiyama, M.D.

92-0055077

HENRY I. AKIYAMA, M.D., F.A.C.C., P.C.
INTERNAL MEDICINE & CARDIOLOGY
1420 GLACIER AVE. JUNEAU, ALASKA 99801
(907) 586-6226

STATEMENT

DATE _____

NYL Care Health Plans
P.O. BOX 91028
Seattle, WA 98111-9128

FILL IN AMOUNT ENCLOSED

DETACH HERE ↓ AND RETURN THIS PORTION WITH YOUR PAYMENT

IRS #92-0055077

HENRY I. AKIYAMA, M.D., F.A.C.C., P.C.

1420 GLACIER AVE., JUNEAU, ALASKA 99801

DATE OF SERVICE	RECEIPT NO.	PROFESSIONAL SERVICES RENDERED	CHARGES	PAYMENTS & CREDITS
8-1-97 to 11-21-97		Cost to practice/NYL Care claims \$20.00/hr 25 hrs per week/16 weeks	\$8,000.00	
PAYMENT NOW DUE →			NEW BALANCE	\$8,000.00

OVERDUE AFTER 30 DAYS

RETAIN THIS PORTION FOR YOUR RECORDS

Barron

TO: Alaska House State Affairs Committee
State Capital Building, Room 102
Juneau, Alaska 99811

FROM: Sandy R. Barron
3176 Pioneer Avenue
Juneau, Alaska 99801

Phone: 907-586-1621
Fax: 907-586-2275

DATE: February 16, 1998

RE: NYL Care Issues

I am writing this letter as the spouse of a retired Juneau teacher, who has been a member of the Alaska TRS retirement system since July of 1987, with retirement insurance benefits for both of us. I do all the family bookkeeping, therefore I submit the bills and follow-up claims. Since the takeover by NYL Care on July 1, 1997 the philosophy seems to be consumer beware.

Here are examples of some of the situations that I have encountered so far, along with backup information:

- 1) I paid for our doctor's appointments and sent in the claims to NYL Care. Numerous claims were never processed, so I have had to have the Doctor's offices resubmit these claims;
- 2) I am finding that claims are taking an average of 6 or 7 weeks to be processed or reprocessed. An example, a claim that was submitted on December 9, 1997 to NYL Care did not get back to me until February 2, 1998;
- 3) I submitted a claim under my name, but it was processed under my husband's name. I found the error and called NYL Care to have it reprocessed under the correct name;
- 4) A claimant having out patient services at the hospital are covered at 100%, but the claims were instead processed at 80%. I again called NYL Care to have the claims reprocessed;
- 5) My claims clearly showed the doctor's visit had been paid by the claimant, but NYL Care instead sends the check to the doctor. Because most doctor's do not send out credit slips, I have to take my time and trace down my refund;
- 6) Under the column, charges excluded, more and more amounts of money are showing up in this column to be paid by the patient;
- 7) Charges on many claims are being excluded, but no explanations are given on the form under notes, as to why;
- 8) I have several claims being processed and reprocessed. When I receive these it is taking more and more time to verify that everything is correct and if not, it takes more time to call NYL Care and wait another 7 weeks for the claim to be reprocessed.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Bickar

January 20, 1998

Mr. [Name]
[Address]
Chicago, IL 60613
Phone: 312-555-1234
Fax: 312-555-5678

Dear Mr. [Name]:

Thank you for your letter regarding the hearing that will be held February 3 in reference to [Name].

I am sorry to hear about the fact that payment of our insurance claims have not been made. We have been making the school health and dental claims. I have been working with the insurance company to get the claims paid. I have been working with the insurance company to get the claims paid. I have been working with the insurance company to get the claims paid. All claims were paid promptly by Actna to the doctors, dentists, hospitals and pharmacies.

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Sincerely,

[Signature]
[Name]
[Title]
[Address]
[Phone]

Bickar

January 30, 1998

Representative Jeanette James
Chairwoman, State of Affairs Committee
Phone 465 3743
Fax 465 2381
Toll Free Phone 1-800-565 3743

Dear Rep. James:

This is in reference to the hearing that will be held February 3 in reference to NYLCARE.

I am very concerned about the fact that payment of our insurance claims have not been made to the local pharmacies. As a retired teacher the school district of Sitka make payments every month as part of my retirement agreement and I pay the supplementary payment so that my husband is also insured. We had no complaints for the ten years that we were cared for by Aetna. All claims were paid promptly by Aetna to the doctors, dentists, hospitals and pharmacies.

Now I understand that it is a very different story. Harey Race and Middle Pharmacy of Sitka have thousands of dollars due them. In fact they have received only one very small check since Aetna turned it over to NYLCARE. They cannot afford to keep GIVING us our medicine and receiving the small co-pay payment only that we are paying individually. As a Sitka business owner I know what happens when we have huge outstanding payments due us. We rely on our local pharmacies for the personal care that we receive from them. Please do something to insure that they are paid what they are owed so they can continue to furnish us with the care we expect and have always gotten from them.

I understand that the doctors, dentists and hospitals, etc. are having similar problems though I have not asked them just how much they have received, or are still owed.

Give us back Aetna if NYLCARE can not keep their word and give us the same advantages and pay for our needs.

Sincerely,

Patricia Bickar

Patricia Bickar, Box 1017, Sitka, AK
Tel: 747 8467 Fax: 747 4907
e-mail: pbickar@ptialaska.net

Blackett

P.O. Box 593
Kodiak, Alaska 99615

(907) 486-3505
January 24, 1998

Representative Jeannette James
Alaska State Capitol
Room 102
Juneau, Alaska 99801

Dear Representative James:

I appreciate your recognition of the Problems with NYLCare Health Plans Northwest and the hearing you held on January 22 to help resolve these problems. I testified from Kodiak and am submitting the following as written documentation of my testimony:

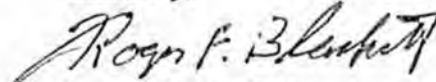
1. My wife is an active state employee and I am a retired former state employee. Therefore we have co-insurance with NYL and benefits should be automatically coordinated. The problem is that benefits are not automatically coordinated by NYL as was done by Aetna. Instead claims must first be submitted to the primary insurer and then to the secondary insurer as if NYL was two separate companies. This causes substantial delays in payment of clinics and doctors and patient payment of interest on past due billings. I have one medical bill for my son with a service date of August 12, 1997 that still remains unpaid by NYL because of this problem. I have had the clinic re-submit the billing three times, called NYL representatives four times and was told that they would process the claim for payment, but it still remains unpaid.
2. Another problem is that NYL office for retirees insurance is in Concord, California and for state employees insurance in Seattle, Washington. This is very confusing to patients with co-insurance with NYL trying to resolve problems with claims and benefits that are coordinated. Often one office will tell me to call the other office first. Apparently the NYL computer system is not cross-linked with employee and retiree insurance information. I would prefer one phone number to call and to speak with one NYL representative that has the ability to access all health insurance for employees and retirees in Alaska as was done previously by Aetna.
3. We need an up-dated handbook of insurance information on coverage, procedures for claim processing, benefits, certifications, etc. by NYL. Although we were told that there would be no changes in insurance and that only the carriers are being changed, there are very obvious changes between the way NYL and Aetna do business.

4. The State contracted with NYL for health insurance even though NYL apparently did not have the capability that Aetna had to handle Alaska Insurance claims. After six months of transition time, NYL still has not developed a reasonable capability in efficiently handling our claims. There were problems with Aetna also, but they were minor compared to the the problems with NYL.

5. Department of Administration needs to work with NYL over the next six months to improve the way they handle our Alaska insurance. Time limits and penalties need to be imposed. Claim processing and coordination of benefits for retirees and employee insurance needs great improvement as does payment of late and overdue claims. If NYL remains unsatisfactory, another insurance company, at least as good or hopefully better than Aetna, needs to be contracted. To improve service, NYL needs to consider expanding the existing Anchorage office to centralize all Alaska insurance processing out of the Anchorage office including full responsibility for claim processing and payment. All doctor and clinic claims need to be paid within a 21-day limit.

Thank you for the opportunity to testify at the NYL hearing.

Sincerely,

A handwritten signature in cursive script, appearing to read "Roger F. Blackett", with a long horizontal flourish extending to the right.

Roger F. Blackett

Bowen

To Representative: Jeannette A. James

Att. Barbara Cotting
STATE AFFAIRS

As per your request I am writing about the prescription side of the Alaska Care Health plan, especially the RX Benefit Express Scripts.

I am a Retired State Employee 27 years and have been retired for 10 years. I have never had problems with the health plans.

Since N.Y.L. Care took over I have had problems.

1. Refusal of medicine. {Too many pills} when I was going traveling I was refused medication they said I had too many pills 7 pills more than the travel days. {Notice these were Heart Pills without which I would Die.}

2. Note attached from the Druggist from Express Scripte {Refill To Soon}

The Doctor had doubled the dose. So the pills had ran out.

The medications should be between me and the Doctor-- The Drugist should only fill what the Doctor orders. What happens if I should drop one pill down the drain by accident then I would be short.

In Alaska with long supply lines and a history of Natural Disasters. To not have a surplus of Necessary Life saving medications is very foolish.

Fred Meyer 
 43843 STERLING HWY
 SUCOOTNA, AK 99669

01/20/98
 RX6627179
 BOWEN, GERALD D
 ZOCOR 20MG
 DR. SANDERS, JIM D D TAB M
 REFILL TOO SOON

PREV DISPENSING DATE
 12/05/97
 DS SUP 100

907-260-2233

THIS INFORMATION MAY NOT APPLY TO YOUR SPECIFIC CONDITION. PLEASE CONSULT YOUR DOCTOR.

Gerald D. Bowen
Gerald D. Bowen
P.O. Box 764
Sterling, Alaska 99672
907-262-9168

Brown

Chairperson Jeanette James
 State Affairs Committee
 Juneau, Alaska

Dear Chairperson James,

It has been brought to my attention that you are reviewing state policy concerning insurance benefits for state employees. As a pharmacist I need to express my grave concerns about the State of Alaska making such deals and turning it's back on the pharmacies, pharmacists, and other health care providers in the State of Alaska. What the state has done is promote, by virtue of signing this contract, is to send Alaska dollars out of the state. **This was a bad contract and position from the start,** the state is not saving dollars here. The National Chamber of Commerce has data that says for every dollar spent within the community (state) it benefits 4 other people. For every dollar sent out of state, you drain dollar for dollar. We have a small checking account, and the state wants to spend more outside? Drug costs total only represent 7% of all health care dollars spent nation wide. Properly managed by pharmacist we can impact up to 30% of all hospital dollars spent. Pharmacy costs is the state's best buy. Based on Alaska Medicaid data **you should reward the pharmacist in the state,** for their efforts. Yet, you only rewarded them by giving them only 6% over their cost. 3% to physicians, heat & light building. The Permanent Fund and any other investment, except gold, did better. Have you every seen a Mail Order pharmacy sponsor a house league team, a local youth soccer team, or Yukon Quest event, Food pantry, or any other local need? Why should the State of Alaska be about the business of promoting Mail order pharmacies, who does that serve? Who benefits? And for that matter what about the chains like Wal-Mart, K-Mart, & Fred Meyers? How do they benefit the people of Alaska with their profits? Where does it go? When the State of Alaska promotes business and signs contracts, who should benefit? How should we write legislation? When will health care, insurance, and government start listening to pharmacist? The public does. See attached sheet.

I have seen the mail-order pharmacies promote their own products Merck-Medco (Blue Cross Blue Shield) or promote their own Mail-Order pharmacies New York Care (Fairness Points) because they own them. A violation of medical ethics in my view. Is this what the State of Alaska wants to promote? I have a lady in Fairbanks who would have gone 3 weeks without a anti-platelet drug, because the mail order pharmacy screwed up and her policy would not reimburse her for local service. Why should the insurance companies be allowed to give preferences to mail-order over local pharmacies. It should be the other way around. How can they write such policies in the state? **Who** benefits? It's not the patients, it's not the State of Alaska, it's not the local pharmacies, it's not the local community. As they say this is a lose lose scenario.

I am sorry I may not be able to testify in person, because I have a job. I am helping the sick here in the state of Alaska, in Fairbanks. Call me I'd like to talk to you.

Sincerely Yours
 Gerald Brown, Pharm.D., F.A.C.P.
 PO Box 70195 Fairbanks, Alaska 99707 452-2556(w)

**Testimony of Rep John Davies
before the House State Affairs Committee
Rep Jeanette James, Chair**

January 22, 1998

Madam Chair, Committee Members,

Thank you for the opportunity to address my concerns regarding the management of our health care plan by NYLCare. I have specific concerns and two general ones. The specific issues relate to the processing of claims from me for reimbursement from my Health Care Recovery Account (HCRA), from the Fairbanks Memorial Hospital to NYLCare, and from the Eye Clinic of Fairbanks to VSP. The general ones have to do first, with modern families that are blended and composed of adopted, step, or shared children, and second, with unnecessary paperwork.

In November I called NYLCare to ask how to submit a claim to my HCRA. I was advised that I may not be eligible to apply since my son was claimed by my ex-wife on her federal income tax return. I called the State benefits office to ask how this could be, since my son was clearly listed as my minor dependent, my ex-wife had no health care plan, and our divorce agreement requires me to provide health care insurance. Lisa Tourtellot advised me that my son should be eligible and that I should go ahead and submit my claim and that she would contact NYLCare to clear things up. On Dec. 2, I mailed my claim to NYLCare. When we had heard nothing by the end of the year, we called and found out that there was still a problem stemming from my son's tax status. I called the state again, Lisa told me there was no problem and that she had told the head administrator at NYLCare to pay the claim. Last week we received a form from NYLCare that said that we had a 30 dollar claim pending. No mention of our 500+ dollar claim from Dec. 2! Post Script: On Friday, January 23, I called Lisa to ask what to do next. She said that the tax status issue was resolved but there was now an issue regarding the secondary coverage. My wife has health care benefits (including dental) with Welfare and Pension. It does not include orthodontic care. Lisa said NYLCare wanted me to submit the claim to W&P to get a denial. Because I don't want to burden W&P each time I submit a HCRA claim, I called W&P and they faxed me a copy of the list of things that are not covered, which includes orthodontia. I faxed this list to the Juneau office where Freda (?) assured me she would expedite payment. I remain hopeful.

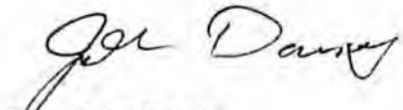
In August, both my son and I were served in the Fairbanks Memorial Hospital (FMH). They submitted a variety claims, some were paid in a reasonable amount of time. Others were lost by NYLCare, resubmitted by FMH and still remain to be paid.

The Eye Clinic of Fairbanks has had a long series of problems submitting claims to VSP. While not all of these are attributable to NYLCare or VSP, the situation with having a separate point of contact for billing vision claims contributes to the confusion and I think it would be better if vision claims could be integrated into the regular health care system.

There are many different blended family constellations possible, my wife and I each have children living with us who are products of previous marriages. It seems that modern health care systems should be able to accommodate this circumstance without requiring a lot of extra steps. The basic solution seems to be: if the child is shown as a dependent by the employer, the provider should treat them as an ordinary child.

There are many requirements of the present system that seem to force the generation of unnecessary paperwork. Why should hospitals and emergency rooms not be able to consolidate bills from all of the providers who work there? For each event, one bill could be sent to the insurance manager instead of 5 to 7, and if there is a secondary, 2 instead of 10 to 14. The bills to the secondary often may be for amounts not much different than the cost to process them. This is especially true of pharmacy bills. A number of simplifying possibilities come to mind. Why not have the secondary claim submitted automatically by the primary. Why not allow consolidated monthly status reports (only when claims are pending)?

Thank you very much for this hearing and the opportunity to address you.

A handwritten signature in cursive script that reads "John Davies". The signature is written in dark ink and is positioned above the typed name and address.

Rep. John Davies
State Capitol, MS 3100
Juneau, AK 99801-1182

P.111
Feb 2, 1998

DeLong

Dear Jeannette James:

The health care plans the state provides has not helped us with our pharmacy needs. It is cumbersome at best, and does not take into account smaller communities which do not have "participating pharmacies".

We are a reasonably healthy family so our medication needs are limited to medicines we need when we see the doctor, not 3-5 days later.

When my son had to have a wisdom tooth extracted we could not wait for the antibiotic he needed.

Living in a small community brings with it some responsibilities to support your community. The type of program does not foster community support. If we don't support our local business, how can we expect them to support our schools and other community projects.

Please reconsider the pharmaceutical portion of our insurance plan.

Thank you.

Sincerely,
John DeLong, Mt Edgewood High School
21th

Post-It™ brand fax transmittal memo 7171		of pages	
to	Jeannette James	From	John DeLong
Co.		Co.	MHS
Dept.	State & Albion Comm	Phone	465-2281
Fax #	465-2281	Fax #	

DeWitt

Barb -
I was Director of
Office of Public Liaison at
HCFA / DHSS For A Bit. Medicare
Beneficiary Relations Reported to me. I
Am chasing info on this, but FE. Green
is more pressing
Right now.
DENY

MEMORANDUM

DATE: January 21, 1998
TO: Barb Cotting
FROM: Denny DeWitt, Legislative Assistant
Representative Mulder
Phone 465-2647 (Toll Free 888-465-2647)
Fax 465-3518
E-Mail: Denny_DeWitt@legis.state.ak.us
RE: NYLCARE Senior Benefits

It is my understanding that the state medical benefit program is requiring retirees or spouses reaching age 65 to enroll in Medicare Part A and purchase Medicare Part B. They then have the state plan pay secondary.

I am of the opinion that this may not be consistent with federal requirements that the employer plan is primary and that an employer cannot force or entice enrollment in medicare, especially in an attempt to save plan expenses and shift those costs to Medicare.

I have been away from this issue for some years now, but I would be surprised if this has changed much. There may be some sort of exemption for states, but that would also be new.

In any event, the state is treating its retirees differently than any other employer, and it ought to discuss why. If they are getting away with it because the feds just aren't pushing states, we ought to know that. Some private employers might think that is a bit of unfair competition in cost of employees.

I would appreciate your asking the NYLCARE and state folks about this issue.



H ? —

GREGORY H. DOSTAL, M.D.

Surgery

JAN 15 1998

3225 Hospital Drive, Suite 102
Juneau, Alaska 99801
(907) 586-3068

Plastic and Reconstructive
Hand and Microvascular
January 13, 1998

Dear Representative Hudson,

I recently had the pleasure of meeting one of your colleagues. As we spoke, our discussion evolved toward the topic of medical care. I understand that there have been some concerns arising with our insurance companies. I was encouraged to write.

I have been in Juneau for three years and I have already seen a rather disturbing trend regarding third party payers. Because of my involvement with injuries of the hand, I see a large number of worker's compensation patients. One year after I arrived, worker's comp unilaterally reduced their reimbursements rates 50 percent! Because of the uproar by health care providers, rates were readjusted to a 25% reduction six months later, with no retrograde compensation for the interim.

Federal regulators continue to target health care providers (surgeons in particular) to the point where some no longer accept Medicare, due to the significant reduced level of reimbursement (approximately 20-25 cents on the dollar). Fortunately from a strictly financial point of view, we have a relatively low number of Medicare beneficiaries here in Juneau. In places like Florida, practices that have a high volume of Medicare patients cease to become viable- if you have a practice overhead under 25% (which is exceptional) you might make it.

Unfortunately, insurance companies would like to follow the lead (if you can call it that) of the federal government, which seems to be supported at the national level. The president's directive on lowering the age limit for Medicare recipients is worrisome to say the least. There is a strong move to continue to decrease reimbursement, limit coverage, and burden the subscribers of policies and the people who provide health care. Unfortunately, there is only one senator on the national level who is a physician, and literally, a handful of congressmen with similar backgrounds. The road to help counter the powerful insurance lobbies and other special interests is a difficult and frustrating one.



Member
AMERICAN SOCIETY OF PLASTIC AND RECONSTRUCTIVE SURGEONS, INC.

On a local scale, I can give you an examples of what I consider less than appropriate behavior. I perform a number of procedures in our office (removal of moles and skin cancers for example). My bill involves a code/fee for the procedure, as well as a code/fee for a surgical tray. The cost of the instruments for a surgical tray (scalpel, surgical dissecting scissors, suture scissors, forceps, skin hooks, a needle driver, and sutures as a bare minimum) runs \$700 to \$1000. Additionally, my nurse cleans, sterilizes, and maintains the instruments for each procedure, a substantial investment of her time. We charge \$50 for the tray. Blue Cross has seen fit to reimburse for the surgical tray. However Aetna and now NYL Care have not. The latter two companies have stated that the materials and supplies are covered under the procedure code/fee alone. However, if I perform the same procedure at Bartlett, the insurance company reimburses not only for the instrument tray, but also for a substantial facility fee (and the patient would have a substantially higher copay). I am penalized for trying to be more cost effective. If I am called in at night to suture a facial laceration at Bartlett, the insurance company will pay for a surgical tray and facility fee, as well as my service. The end result is an inconsistent policy on behalf of insurers and confused and frustrated patients. NYL Care has told patients that I should raise my fees as compensation for the surgical tray, which I feel would be manipulative and misleading. Chances are, NYL care would also not cover such an increase and would attempt to pass it along to the policy holder.

I also perform various procedures for which we seek written preapproval, such as breast reductions (to be sure that the surgery is functional and not cosmetic). We send the insurers a copy of our initial evaluation notes, the functional reasons an individual will benefit from such surgery, an estimated amount of tissue to be removed, a list of the procedural codes and surgical fees, and the need for a surgical assistant, as well as Polaroid photographs. We request, not only preauthorization, but also, a predetermination of benefits for an individual's policy. Not infrequently, companies will reply that 'benefits are available', but will not address the concerns about exactly what their coverage policy is. Recently, we have received preapproval for two such cases and have performed the cases, only to be denied surgical assistance coverage (these procedures take 5-7 hours; without an assistant, they would take an additional 2 hours). This type of handling of claims is downright fraudulent (we are appealing to the insurers presently). And, yes, NYL Care is one of these companies.

In general, we have also seen a decreased reimbursement rate by NYL Care as compared to other providers. While some of this may be reflected in cheaper policies selected by the insured, we still have quite a number of patients upset when they see the amount that must come out of their pocket despite an increase in their premiums. NYL Care typically responds that, "Your doctor's fees are above the usual and customary.." Unfortunately, they usually give no good reasons for their fee scale and refuse to comment on the comparison to the fees suggested by the American Medical Association.

Our surgical fees have remained the same, or in some cases have actually been lowered, compared to when I arrived three years ago. In no case was there an increase. Our office costs, rent, malpractice, salaries, and supplies all continue to climb. Insurance premiums continue to climb, but subscribers are getting less in return. Somebody is making out well.

Another worrisome issue was raised during my last clinic in Ketchikan. Apparently there is a move afoot to essentially force people to go to Seattle for elective surgical care because the facility fees are cheaper there. Champus (the coast guard's insurer) already does this, although they are more than happy to have a Juneau doc take care of one of their people if it is a middle of the night emergency. SEARHC does this also, but sends its patients to Anchorage, where patients are covered by a different set of funds. These types of policies set bad precedents, wherein the residents of Juneau may eventually be forced to go south for any elective surgical procedure. This will dramatically effect the supply of health professionals here, and ultimately, the care of patients.

What to do about all of this? There are no easy answers, although there may be some options - perhaps an Alaskan insurance program. Alaska has a relatively small population with significant financial backing. Perhaps some funding could come from the permanent fund (I suspect this might be politically unpopular). I am originally from Vermont and am continually amazed at what 'out of state' corporations have tried to do there. I see a bit of a resemblance to a variety of issues here. The concept of value added resources may include health care programs generated by the people of Alaska for the people of Alaska. I first came to visit Alaska 15 years ago. I still have a tee-shirt which I bought then, stating that, "Alaska is what America was." I hope it can stay that way.



Janet L. Downing
12/15, 1997

4

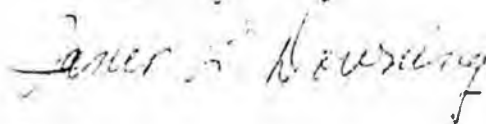
Dear Rep. James,

As you can see I am having considerable problems with NYLcare. I have tried to solve them myself but to no avail. I contacted Claudette Kreuzenstein of the Benefits Division but received no assistance. I do not know how to get the insurance company to honor their obligation to me.

Have they been paying your bills correctly? Are they correctly tracking your OUT-OF-POCKET expenses?

I would appreciate any help.

Sincerely,

A handwritten signature in cursive script that reads "Janet L. Downing". The signature is written in dark ink and is positioned below the typed name "Sincerely,".

HELP!!! HELP!!!! HELP!!!!! HELP!!!!!! Help!!!!!!

December 15, 1997

Janet L. Downing
P. O. Box 326
Ester, Alaska 99725
523-48-2841

NYLCare Health Plans Northwest
Ethix
P. O. Box 91028
Seattle, Washington 98111-9128

After much frustration and a realization that the quality of your accounting system is lacking I am writing this letter in hopes I can get your attention and ACTION!!!!!! I have called the customer services many, many, MANY times asking for assistance and so far NOTHING!!! I asked the representatives if I should write letters and they said no they were supposed to handle these problems. Well, they have not.

The following bills were submitted to you for payment :

Arua Chiu MD med service 7/10/97 \$69 Claim # 72600270056
Arua Chiu MD med service 7/22/97 \$108 Claim # 72610130064
Arua Chiu MD med service 8/11/97 \$69 Claim #72600270057
Linda Garcia MD med service 9/6/97 \$127 excluded charges \$18 Claim # 72650390092

These charges were mistakenly paid at 70% not the proper 80%. WHY??? You owe me or the clinic an additional \$35.50.

WHAT does it take to get this mistake corrected?

NEXT!!!!

This claim to Dr. Clarice Dukeminier has not been paid or its non-payment explained. It was for an annual pap smear.

7/18/97 \$91 Claim # 72370120055

WHY???

WHAT does it take to get this mistake corrected?

The next BIG problem is the accounting for the "1997 OUT OF POCKET SATISFIED TO DATE". Your system is not tracking this figure and is stuck at \$65.10.

According to the invoices I have the amount should be approximately: \$551.90 minus the additional 10% due on the above claims paid at 70 %.

WHAT does it take to get this mistake corrected?

NEXT!!!

Claim #72820170067 as follows:

Provider	Service	Dates	Actual chgs	Exclusions
Fairbanks Memorial Hospital	Medical Services	9/8/97	\$ 25.45	\$.51
Fairbanks Memorial Hospital	Medical Services	9/8/97	\$ 7.50	\$.15
Fairbanks Memorial Hospital	Medical Services	9/8/97	\$ 5.79	\$.12
Fairbanks Memorial Hospital	Medical Services	9/8/97	\$207.03	\$ 4.15
Fairbanks Memorial Hospital	Medical Services	9/8/97	\$994.33	\$ 19.89
Fairbanks Memorial Hospital	Medical Services	9/8/97	\$437.56	\$ 8.76
TOTAL			\$1677.66	\$33.58

I am requesting a detailed accounting of these exclusions. Exactly what services were excluded and WHY. What could make a 12 cent difference? What could make a 15 cent difference? No reason is stated on the claim for the exclusions. According to the representative on the phone the reason was usual and customary according to the policy book. I still want a detailed accounting of which services were so minutely looked at. Fairbanks Memorial is the only civilian hospital in town so what they are charging is the USUAL AND CUSTOMARY charge for services in the community. No other facility in the Fairbanks area provides this test!!!!!!!!!!!! Please reevaluate your analysis of this bill.

Janet L. Downing
12/15, 1997

3

What I am asking is not unreasonable. I am paying for a service (contract) and relying on your prompt service. I have been prompt in paying my premiums even though they increased by \$30/mo after your contract took effect. I am paying more for less coverage and the bills are not being paid promptly.

I am expecting a reply and action on these matters.

Sincerely,

Janet L. Downing

cc: Alaska governor's Office
Alaska State Benefits office
ASEA office
State Senators and Representatives

Judith Erickson
4465 Mountainside Drive
Juneau, AK 99801
(907) 586-3118

January 21, 1998

To: House State Affairs Committee

From: Judith E. Erickson

Re: Testimony Regarding NYLCare

My husband took his retirement from the State of Alaska last year. His retirement provides health insurance coverage for our family, which consists of my husband, myself and our two college-aged students.

In July 1997, my daughter was prescribed oral contraceptives by her doctor to try to cure an ongoing medical condition. I filled the prescription that month.

When my daughter had no adverse reaction to the drug and it seemed to be helping her, I filled six months of the prescription in August, so she could take them with her to college. My pharmacist advised me that in order to get reimbursement for these drugs, I must submit a letter from my daughter's doctor stating that they were prescribed for a medical condition.

I secured this letter and sent it into Express Scripts on September 3, 1997, with a claim for \$185.68. Attached to the claim were a copy of the original letter from my daughter's doctor and all seven original receipts. Fortunately, I kept a copy of the claim and all the receipts.

When I had not heard anything from Express Scripts or NYLCare by November, I began calling about my claim. I was advised that neither NYLCare nor Express Scripts had ever received my claim, although other claims sent at the same time were received by NYLCare and processed.

Ms. Mary Hinson with NYLCare agreed in November to take over my claim. She said these prescriptions were reimbursable and that she would take care of this claim as soon as she received a copy from me. She asked me to fax her a copy of my claim and copies of the prescriptions. I did so on November 18, 1997. Ms. Hinson never called me back to advise me the status of my claim, despite numerous phone calls to her.

On November 24, I received an explanation of benefits from NYLCare informing me that my claim had been forwarded to Express Scripts for payment. There was also a note on this form that said the charges for these prescriptions exceed usual and prevailing allowance and additional information from the provider may be considered.

In mid-December, I received notice from Express Scripts saying that my claim was rejected because this medication was not covered under my benefits. Express Scripts only showed three of the seven prescriptions on this form. I called NYLCare again to find out why this was not paid after NYLCare had authorized payment. I spoke with a claims representative who said she would type up a form authorizing payment of this claim and would fax it to Express Scripts.

One week later, I still had not received reimbursement so I called NYLCare again and was turned over to a supervisor named Joyce Cannon. She told me she would look into this claim and get back to me. Ms. Cannon called me back on December 17, and advised me that Express Scripts had issued me a check for \$52.23, reimbursement for two of the seven prescriptions. She said that since six of the prescriptions had the same date, Express Scripts assumed that they were duplicates, despite having copies of each prescription form. Cannon said the check was in the mail and Express Scripts was advised to issue me a check for the remaining five prescriptions.

On January 16, I called Ms. Cannon back to inform her that I had never received a check from Express Scripts. Every time I call Ms. Cannon, it costs me money. She does not give me an 800 number to contact her and never answers her phone. I must talk to her answering machine every time I call.

Ms. Cannon called me back, told me the December check had been issued and a check for the remaining five prescriptions was sent to me on January 6, 1998. If I had not received it, she suggested that she ask Express Scripts to reissue the check.

I called Express Scripts that day myself and after being put on hold for 25 minutes, I was told they had never issued me a reimbursement check for this claim. I was advised by Ms. Pat Gerran that I should contact NYLCare about this claim.

I called Ms. Cannon back to tell her what Express Scripts had told me. I once again had to leave a message. She got back with me on January 19, and told me that Express Scripts had issued these checks and she would have them reissued.

This past week, I had an appointment with a local orthopedic surgeon. I was referred to this doctor by my general practitioner. I know this doctor well, since he had treated my son for an accident and also performed surgery on him. In the past, this doctor billed my insurance. This week, I was asked to pay the \$315 charge at the time of service. The doctor's staff told me they are now requiring payment at the time of service because of the extreme problems they are experiencing in getting reimbursement from NYLCare.

I appreciate your attention to this issue. I know that my problems are probably quite small in comparison to many.

cc: Commissioner Mark Boyer

-- Findley

For meeting 2/10/98
Thank you.

To: Representative Jeanette James, Chair
State Affairs Committee
Fax 465-2381

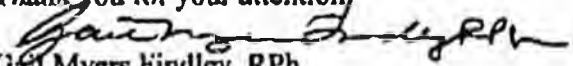
From: Juneau Drug Co., Inc
202 Front Street
Juneau Alaska 99801
Phone: 586-1233
Fax: 463-3848

Juneau Drug is a locally owned business that employs two pharmacists year round and an additional pharmacist during the summer months. We contract with Alaska Medicaid, most Blue Cross of Washington and Alaska and the State NYL Care health insurance plans to provide pharmacy services.

Our concern with NYL Care focuses on mail order services provided by the insurance company, for the following reasons:

1. **Economic:** Mail order can decrease the number of prescriptions filled by our store causing decreased income and ability to employ pharmacists. Without pharmacists the store would close, eliminate 6-8 Alaskan jobs (3 pharmacists and 3-4 non-pharmacists) and decrease tax dollars for the city, state and federal governments.
2. **Patient Rights:** Mail order decreases the patient's right of access to care by the pharmacy of choice. Customers use mail order due to lower copays and increased authorized quantities per fill. This is unfair to Juneau Drug and the patient.
3. **Pharmacist Liability:** Mail order decreases the pharmacist's ability to maintain adequate patient profiles making it more difficult to check for drug interactions and contraindications. Incomplete profiles increase our liability and decrease patient safety.
4. **Customer Contact:** Mail order eliminates possible face to face customer contact and the pharmacist's opportunity to observe or discuss compliance, adverse reaction or inadequate medication response.
5. **Ethical Issue:** We do not believe that NYL Care should own the mail order pharmacy and direct business to their own profit.

Thank you for your attention;


Gail Myers Findley, RPh

Freeburg

HOSPICE
& HOME CARE
of Juneau

3200 Hospital Dr. Suite 100 ♥ Juneau, Alaska 99801

(907) 463-3113 ♥ FAX 463-3835

FAX

Date: 2-4-98
 Number of pages including cover sheet: 2

To: BARBARA

Phone: 1/65-2381
 Fax phone: _____

From: Marianne Freeburg

Phone: (907) 463-3113
 Fax phone: (907) 463-3835

REMARKS: Urgent For your review Reply ASAP Please comment

*Re: Alaska NYL Care
 please call if questions*

If you have problems receiving this fax, please call 463-3113.

This transmission is private and confidential and is intended only for the use of the individual(s) named above. If you are not the intended recipient, be advised that unauthorized use, disclosure, copying, or distribution of this information is strictly prohibited. If you have received this transmission in error, please immediately notify us by telephone to arrange for return of this material to us.

Date: February 3, 1998

From: Marianne Freebury, R. N.

I was informed that there is going to be a legislative hearing on Alaska NYL Care. I am a Clinical Care Coordinator for a Hospice and Home Care Agency in Juneau, AK. I work with insurance companies on a daily basis, including Alaska Care, and would like to share some of my experiences.

On several occasions I have had to call to get pre-authorization or benefit information for prospective clients. On more than one occasion, I have had to call one number, only to be referred to other numbers that never connect me with the department that I need to talk to. There are times that I am on the phone for an hour or more just trying to get benefit information. The agents are apologetic and tell me that the phone systems are difficult to navigate through. The process of obtaining information is both time consuming and extremely frustrating.

The people on the other end of the phone are always pleasant and sound like they know what they're talking about. I had my doubts about this, however, when I would ask different benefit and pre-authorization people the same questions and get totally different answers about benefit information and what the client will need to pay out-of-pocket and when the fiscal year begins and ends.

Another problem that I have had is about a client that wished to access her long term care coverage. I inquired about it for her last November. This is February and we finally have the papers in hand and filled out. I was told that we weren't allowed to assist her with this. It was something that she had to deal with on her own. It took one month to send the paperwork out to her. It was sent Dec. 19. She never received it. She managed to get them to send more papers. I was told that her 90 days of self pay would not take effect until the completed paperwork was received by the insurance office. It would not be retroactive. This is grossly unfair for this poor lady. She will end up having to wait 6 months for her coverage to finally begin paying. All of this was within the control of the insurance company. The client had no control over this.

I am not certain what, if anything, can be done to improve organization, the phone system and communication within the insurance agency. I do know that until something is done, I will have to allow for extra time and hope that the information I receive is accurate.

North Pole Prescription Laboratory

167 Santa Claus Lane • ~~907-488-8555~~
North Pole, Alaska 99705
(907) 488-8555



FAX TRANSMITTAL

RUSH ()
CONFIDENTIAL ()
FOR YOUR INFORMATION ()

Date: 1/21/98 Pages: 11
 To: Barbara Fax Number: 907-465-2381
 From: BONNIE HOLM Fax Number: 907-488-8556
 Subject: _____
NYLCARE Teleconference

CONFIDENTIALITY NOTICE

This transmission is intended only for the use of the individual or entity to which it is addressed and may not be released to any other agency. The information contained within this transmission is protected. If the reader of this message is not the intended recipient you are notified that any disclosure, distribution or copying of this information is prohibited. If you have received this transmission in error, please notify us immediately, by telephone, and return the original documents to us at the above address via the United States Postal Service.

North Pole Prescription Laboratory

145 Santa Claus Lane • Suite 102
North Pole, Alaska 99705
(907) 488-8555

Holm

1/20/98

Since the change in administrators for the Employees of the State of Alaska Health Insurance specifically with regards to the prescription plan it has been a nightmare. The problem exists in the untimely payment of the claims which takes MONTHS, some have not been paid at all. This was not the case with the previous carrier. The current carrier owes us \$31,423.31 in unpaid claims and this can go on no longer. They are doing this same injustice to the "Preferred Providers" as well.

This current carrier is turning the State of Alaska's Health Care into a Managed Care Plan "telling" its employees when they can have prescription refilled (this by the way has to be 2/3 gone or they will refuse payment). Be it heart medicine, inhalers antibiotic regimens. Alaskans don't always live close to a supply source.

Managed Care likes to tell people they can't have a refill when they need it - they have to wait until this Managed Care says they can. We have lost a number of good customers to this plan. This concept of managed care is taking much needed revenue out of the State of Alaska to either Missouri (where the retirees claims are paid) or elsewhere. This is not right!!

North Pole Prescription Laboratory

145 Santa Claus Lane • Suite 102
North Pole, Alaska 99705
(907) 488-8555

2/.

With regards to the Return Program.
In conversations I have personally had with
Kevin Duesin the main reason for not
processing our claims is because as a
"non preferred provider" they had to give our
pharmacy a dummy NABP number so that
their system would identify our claims
supposedly for faster payment. We had been
submitting claims to the previous carrier
without any problem and without them having
to change anything. This number that I
mentioned is a national number all pharmacies
are required to have: National Association of
Boards of Pharmacy which we already have
and use on all submittals.

I am enclosing several examples of
unpaid Return claims starting with July. Please
note the reasons for non payment as well
as for the type of medicine.

In closing, thank you for your
assistance in this matter. Please don't
hesitate to call me if you have any questions
concerning this.

Sincerely,

Bonnie J. Holm

Mr. B. Horn

Horn

Representative **James James**
Chairman, State Affairs Committee
P.O. Box 23511

Friends,

I am a retired state employee. Over the years I have been very appreciative of the excellent service we received from Aetna. In the many years we were serviced by Aetna, we had no complaints. The Jennifer touch and our insurance cover became NYCare. My experience has been that everybody is willing to work for someone. All of my medical suppliers are complaining. My wife who handles our medical papers is annoyed. My plan is to pay more, to be left up and re-hospitalized or to be kept in a state of confusion. All of these people are important to my health service.

I like being able to work with my local providers. I feel that the more business we can do with our local community and our state the better off we all will be. They need and appreciate our business, and we need their services. I know that cost is important, but what is the cost in good will and good service?

I sincerely urge you to consider a return to the Eetna. Or if that is not possible please change the rules of the game NY care keeps playing.

In all sincerity

Charles W. Horn
Charles W. Horn



MEDICAL CENTER PHARMACY

1867 Airport Rd.

Suite # 105

Fairbanks, Alaska 99701

DEA # AM7082766

Phone 452-2328

452-8073 FAX

Jackson

To: Jeannette Jones
 From: Jerome Jackson R.Ph.

MEDICAL CENTER PHARMACY
 1867 AIRPORT ROAD, 105
 FAIRBANKS, ALASKA 99701

RE: STATE OF AK NYLCARE

A QUICK NOTE of my experience with this plan—

- ① WE BILL THE PATIENT'S MEDICATIONS FOR THEM AS A NON-PARTICIPATING PHARMACY (NON-CONTRACTED). A MAJORITY of CLAIMS have had to be BILLED 2 OR 3 times before payment has been made to the patient. THIS IS IN CONTRAST WITH THE BILLS WE SEND OUT FOR THE RETIRED STATE EMPLOYEES THROUGH EXPRESS SCRIPTS THAT ARE PAID ON THE FIRST BILLING WITHIN FIVE WEEKS.
- ② THIS OUTFIT DOES EVERYTHING IT CAN TO PERSUADE ITS CLIENTS TO USE THE CHAIN STORE PHARMACIES VS. LOCALLY OWNED INDEPENDANT PHARMACIES. (BY MAKING IT INCREASINGLY DIFFICULT TO BILL FOR SERVICES AND BY PROMOTIONAL MESSAGES ON CORRESPONDENCE TO USE 'CONTRACTED' (OUT OF STATE) CHAIN STORES.
- ③ MANY of our customers have very good reasons to prefer our services.
 - ⓐ MANY have BEEN WITH US 10-30 YEARS!



MEDICAL CENTER PHARMACY

1867 Airport Rd.

Suite # 213

Fairbanks, Alaska 99701

DEA # AM7062766

Phone 452-2328

③ (cont)

- ② THE PHARMACEUTIC KNOWS 90+% of our customers by NAME, KNOWS MANY of the MEDICATIONS they are ON BEFORE LOOKING AT THE FILE
- ③ THE PHARMACIST WAITS ON EVERY CUSTOMER, ALWAYS AVAILABLE FOR QUESTIONS, OR CONSULTATION ON DRUG THERAPY.
- ④ WE PROVIDE SERVICES NOT FOUND AT CHAIN STORES—
- PRIMARY and SECONDARY INSURANCE BILLING
 - CHANGE ACCOUNTS
 - CONTACT WITH PHARMACEUTICAL (ZEPHAN)
 - WORKMANS COMP BILLING
 - MEDICAL SUPPLIES
 - INFUSION PHARMACY SERVICES.
 - preparation of MEMBERS (special packaging for patients on multiple medications)
 - CLOSE PARKING - can drive up to the door.
 - MAILISTS TO THE BUSH

BASICALLY the state plan for active employees is trying to force its employees to accept inferior service and sending this prescription business to out-of-state chain stores —



MEDICAL CENTER PHARMACY

1867 Airport Rd.

Suite # 213

Fairbanks, Alaska 99701

DEA # AM7062766

Phone 452-2328

AND you know the story —

Go to a chain store a pharmacy teck hands you your medicine in a BAG and sends you off — Why not get your medicine out of a vending machine ?

Go to our locally OWNED INDEPENDANT STORE —
A PHARMACIST GIVES you your medicine, counsels you, checks your profile AND provides the services as NOTED ABOVE. OUR customers cherish this service — it provides them great medicare care & supports AK business.

THINK of THIS — WHAT OTHER PROFESSIONAL IS SO ACCESSABLE to the public ? AND FOR FREE!!!

A PHARMACY that provides good SERVICE IS + VERY ECONOMIC. SERVICE for your state employees.

Thank you for your time
James A. Quinn

P.S. PLEASE SUPPORT House Bill NO. 300 BY REP BUDD —

2-5-98

Dear Representative Jeannette James,

Recently we received a letter from the Alaska Pharmaceutical Association, through our local Sitka pharmacy, regarding a State of Alaska Nylcare Hearing. We have been encouraged to speak out and let you know how the new insurance plan, specifically the mail order prescription drug plan, has affected us as consumers.

Living on an island in Southeast Alaska means our mail and prescriptions, comes in with the planes. It's no secret our weather effects the coming and going of those planes. Therefore it is an inconvenience to the consumer to have to mail order maintenance medications and be certain to have them arrive in a timely manner. The mail order co-pay is a nice incentive to use the mail order prescription service, however it ends up being more of a financial hardship for immediate and short term medications. New York Life/Nylcare Insurance Company doesn't make receiving prescriptions a smooth transaction with our small local pharmacy under their present prescription plan.

Being a healthcare provider myself, I have concerns about clients not receiving the face to face counseling that is needed when medication is prescribed. Not to mention assisting the client in being both safe and knowledgeable when taking several prescribed medications. I am aware the mail order prescription service offers some written direction for taking medications provided, but again, there are clients who do not read well and are embarrassed to ask for assistance in understanding the directions. Would there be legalities involved relating to client education issues? It's a fact there are legality issues in other health related services.

Besides being a consumer of prescribed maintenance medication, I would also like to speak up on behalf of our local pharmacy. These people are willing and able providers who go the extra distance to ensure client safety and satisfaction. These services are valuable commodities to our community. I would like to see the New York Life/Nylcare Insurance Company work with our pharmacy to provide a more immediate and friendlier co-pay system.

Thank you for allowing me the time to voice our problems and concerns.

Respectfully,


Michelle Kennedy
109 Bahrt Circle
Sitka, Alaska 99835

Kirk

Michael J. Kirk

P.O. Box 20844
Juneau, Alaska 99802

February 4, 1998

Hon. Jeanette James, Chair
House State Affairs Committee
State Capitol
Juneau, Alaska 99811

Re: Welcome to NYLCare

Dear Representative James:

Welcome to NYLCare is the title of the slick PR manual distributed to retirees by the State of Alaska Retirement & Benefits Division and the New York Life Insurance Health Plan.

My local physician recommended that I be hospitalized briefly in Seattle for diagnostic work. Let me describe the welcome I received from NYLCare on January 26 and 27, 1998:

On page 3 of this booklet, we are informed under *Checking into the Hospital* :

Let us know before you're hospitalized. For a pre-scheduled admission, you and your provider must contact NYLCare for certification at least 14 days in advance of the admission...

For emergency admission, you or a friend or a family member must notify us within two working days or as soon as reasonably possible.

If you do not receive certification, your benefits will be reduced.

[Italics added.]

On January 26 I spent one hour and 30 minutes, and again on January 27, 1 hour and 15 minutes, trying to carry out these instructions, on the telephone, arranging for certification for hospital admission, for transportation, and for out-patient housing. After being shunted back and forth on the phone from office to office and back again in several cycles, here is what I was told:

(1) that I would *not* receive admission certification in writing. Therefore I have no real proof of certification;

(2) that I will be reimbursed transportation costs (the normal one-half) *only if* the result of the diagnostic procedure was that treatment was necessary, i.e., even though my doctor advises the diagnostic procedure, I have to take a gamble on the result, and the system discourages people

from seeking diagnostic treatment; and

(3) that I would *not* receive financial assistance with needed out-patient housing, even though it is required for this prescribed medical service..

I find the tone and content of the Welcome manual to be bizarre and intimidating.

I find the instructions to be particularly bewildering for most elderly folks, many of whom are infirm and need special assistance in understanding their benefits.

I find the NYLCare implementation process to be, at best, chaotic, and at worst, it results in what I believe is wrong information and discouragement from seeking medical help.

* * *

To NYLCare, I ask, Is your main concern for the client or for your stockholders?

To the State of Alaska and its Retirement and Benefits Division, I ask whether it really knows how to enforce medical care management contracts which require value to be received for paid contracts.

To this committee, I ask whether this healthcare system should really be called CARE-22 ?

With Welcome manuals like this -- and a chaotic administration behind it -- who really needs a welcome mat?

Sincerely,


Michael J. Kirk

P.S. It was enlightening to read in the manual for *retirees* the instruction to seek certification at least 60 days before expected *maternity* hospitalization. Perhaps NYLCare believes their retirees are more active than is common. Or perhaps it indicates that NYLCare gathers its basic facts on the facts of life the same way it gathers its facts on health care.

cc: Jim Ayers, Governor's Office
Commissioner, Department of Administration
Director, Division of Retirement and Benefits

**CARR
GOTTSTEIN**

FOODS CO.

6411 A STREET ANCHORAGE, ALASKA

99518

Krull

Monday, February 09, 1998

To: Representative Jeanette James
Chairwoman, State of Affairs Committee

From: Martin Krull
Director of Pharmacy, Carr-Gottstein Foods, Inc.

Subject: NYLcare mail-order hearing February 10, 1998

Dear Representative James:

Carr-Gottstein Foods, Inc. d.b.a. Alaska Managed Care Pharmacy has operated a mail-order pharmacy out of Anchorage since 1994. We service several union based Medical Trust Funds for mail delivery only of prescription medications.

If the NYLcare mail-order contract had been made available to us, there would be an Alaskan based company servicing Alaskan employees. This would allow locally earned dollars to remain within Alaska.

Our mail-order pharmacy staff is familiar with the special conditions that apply to mailing prescriptions in temperature extremes throughout Alaska.

We are locally based and pride ourselves in serving our clients in a timely fashion. Also, a pharmacist is always available during the same hours as the members local physicians, which prevents us from having to contend with time zone conflicts. This also allows the pharmacy staff to consult with physicians and members on a real time basis.

Thank you for your time and consideration.

Sincerely,

Martin Krull
Director of Pharmacy
Carr-Gottstein Foods, Inc.
Phone 907-565-7590

Ron J. Miller
Manager
Alaska Managed Care Pharmacy

January 22, 1998

Representative Jeannette James
ATTN: Myrna McGhie
State Capitol Bldg.
Juneau, AK 99801

Dear Representative James:

This letter is submitted as testimony relating to your NYLCare hearings.

I have a Reimbursement Account (to cover my out-of-pocket expenses with pre-tax dollars). My year-end statement, attached, showed no claims open. However, there are well over \$900 worth of claims pending; almost \$700 worth have been pending for about three months.

According to NYLCare's "Participant Information" brochure, copy of relevant page attached, my reimbursements are supposed to happen "automatically" after the provider is paid. This "automatic" reimbursement took over three months for the \$96.25 that I have received to date. (Copy of record attached, showing claim date of July 24, 1997 and reimbursement date of November 1, 1997.)

Subsequent payments to my dental provider by NYLCare occurred on October 24, 1997 (for October 3 services) and December 17 (for October 28 services). My copayment for these two dates totaled \$674, and I also satisfied my \$250 medical deductible in November. This totals over \$900 of eligible claims for reimbursement, but I have yet to receive any reimbursement for these amounts from NYLCare (and their year-end statement shows no "open claims").

This state of affairs is unconscionable, especially so in light of their pithy little statement at the bottom of the year end form that says "Any account balance remaining 90 days after the end of the plan year will be forfeited." They are not even recognizing that claims exist within 90 days of the service! (I'm glad their mishandling of my account is occurring early in the plan year so that there is some hope of getting things straightened out and avoiding the obvious "Catch-22" involved in the 90-day deadline.)

Anything you or other state officials can do to improve NYLCare's processing would be greatly appreciated.

Sincerely,



Theresa M. Lauterbach
Legislative Counsel
Division of Legal and Research Services
Legislative Affairs Agency

NEW YORK LIFE INSURANCE COMPANY
51 MADISON AVE
NEW YORK, NY 10010



THERESA M LAUTERBACH
800 F ST APT N6
JUNEAU, AK 99801-1875

03171

YEAR-TO-DATE PARTICIPATION SUMMARY
STATE OF ALASKA

For The Period Beginning 07/01/1997 Through 12/31/1997

Plan Year 07/01/1997 To 06/30/1998,

Date: 01/06/1998

* * * REIMBURSEMENT ACCOUNT ACCOUNT SUMMARY * * *

(a/k/a: Flexible spending account)

Annual Election	\$960.00
Contributions	\$400.00
Claims Paid	\$96.25
Claims Open	\$0.00
Current Account Balance	\$303.75

wrong
\$400 is
"open"

ANY ACCOUNT BALANCE REMAINING 90 DAYS AFTER THE END OF THE
PLAN YEAR WILL BE FORFEITED.

Unconsciousable

Requests for Reimbursement

Reimbursements are processed on or about the 15th and 30th of each month.

Ha! Hardly!

To be reimbursed for eligible expenses, please follow these procedures:

- Submit the claim to all health care plans first. You will receive an Explanation of Benefits (EOB) showing your out-of-pocket expenses. If AlaskaCare is the final payer of you claims, any out-of-pocket expenses will be automatically forwarded for payment from your HCRA. *
- If AlaskaCare is not the final payer or you have services which are not covered by that plan, you should complete all sections of the HCRA reimbursement form and sign the form. Forms are included with this material. Additional reimbursement forms may be obtained from NYLCare, your human resources officer or the Division of Retirement and Benefits.
- The original EOB and copies of itemized bills or, if the expense is not covered by a health care plan, the original itemized bill, must be submitted with a reimbursement form.
- Photocopy the EOBs and/or itemized bills and the reimbursement form you are submitting for your records, as all originals become the property of NYLCare, and we will not be able to return them to you.
- Send the completed reimbursement form and original documents to the address at the top of the reimbursement form.

You can submit requests for reimbursement for eligible health care expenses that are listed on page 6. You may not submit any expenses that will be reimbursed by any other health plan coverage or any expenses which you will claim as a deduction on your Federal income tax return.

You may submit requests for reimbursement any time during the plan year and up to 60 days beyond the plan year end (extended period), for expenses incurred during that plan year.



NYLCARE
HEALTH PLANS

NYLCARE HEALTH PLANS, INC.
180 SHERRILL BLVD SUITE 1400
EXTON, PA 19341
(800)666-3168

EXPLANATION OF PAYMENT
PLEASE DETACH AND SAVE FOR YOUR RECORDS
0767 CHECK NO: 0000028481
NOVEMBER 01, 1997



THERESA M LAUTERBACH
800 F ST APT N6
JUNEAU AK 99801-1875

over 3 months!

*Source as
"Reimbursement
Account"*

FLEXIBLE SPENDING ACCOUNT - ADMINISTRATIVE SERVICES

POLICY #: G20723 STATE OF ALASKA
EMPLOYEE NAME: THERESA M LAUTERBACH
EMPLOYEE ID: 484607648
CLAIM #: 000001443

Claim Date	Account Type	Amount Eligible	Amount Paid	Amount Pended	Amount Not Eligible
07/24 - 07/24	HEALTH CARE	96.25	96.25	0.00	0.00
TOTALS		96.25	96.25	0.00	0.00

Plan Year	Health Care	Dependent Care
07/01/97 - 06/30/98		
Annual Election	960.00	0.00
Year To Date Contribution	240.00	0.00
Claims Previously Paid	0.00	0.00
Payment Adjustment	0.00	0.00
Claims Paid This Check	96.25	0.00
Claims Pending	0.00	0.00
Account Balance Remaining	143.75	0.00

Lowe

2/9/98

ATTN: BARBARA

As per our phone discussion this morning... please see that the legislative committee investigating NYLCare Insurance get the letter and two attachments to it. I sent the same to our union & NYLCare.

For the record, I went to a physicians office this morning and talked to the bookkeeper about NYLCare. The Dr's Office bills the ins. co. as a courtesy to the patient. However if they have much more trouble the patient will have to start paying for the visit up front. Then the patient will have to go after NYLCare for reimbursement.

NOT GOOD.

Thanks for your help



Douglas Lowe

W 465-4491

H 789-3866

F 465-3506

February 8, 1998

Reference: Coordinated Benefits

NYLCare Health Plans Northwest
P.O. Box 91028
Seattle, WA 98111-9128

Attention: Audio Claim Services

To Whom It May Concern:

This letter to you is multi-purposed in nature. The following will substantiate my claims, arguments and disprove your claims. I will also show, that even though AETNA had its failings, they at least gave the State of Alaska and her employees a heck of a lot more personal attention and insurance coverage for the amount of premiums paid.

When I first started wearing hearing aid appliances 12 years ago, Aetna always paid the maximum allowable for both of our policies under Coordinated Benefits, with no arguments or hassles what so ever. Miracle Ear was the supplier of my first two devices and Beltone, before this claim. As in the past, this service provider submitted the insurance claim forms using the coordinated benefits only to be denied by NYLCare. When we contacted NYLCare on 2/6/98 we were told that this type of benefit claim was not extended to its clients, never was and never will be. I explained to your representative (Daniel) that Aetna always extended the coordinated benefit coverage to us for hearing aids. Daniel then tells me that he use to work for AETNA and that they had never extended the coverage as I explained it.

If you take the time to review the enclosed documents, you will see that his claims and your company policies are in error. I then asked him that if the State of Alaska is paying two full premiums for my wife and I, why is coverage only extended on one policy? HELLO!!...Please pass the oil...Someone is getting shafted and it sure isn't NYLCare.

Your company's coverage to the employees of the State of Alaska is being scrutinized and is currently under investigation by our current Legislative session. As far as I am concerned, your company and literature distributed before our acceptance of you was misleading. Our coverage was supposed to remain the same!

As of this writing, I have now joined the ever-increasing number of employees that are tired of fighting with you folks on every claim in such a short period of time. I will also testify and present this claim to the necessary groups. I have copied this to the State of Alaska Insurance Commission, The State of Alaska Legislature and the Insurance Benefit Committee for State Employees.

I also believe that if you are not going to honor both of our insurance policies, you should at least refund the State of Alaska one of the premiums that is being paid to you.

Sincerely,

Douglas & Caron Lowe

Enclosures (3)

cc: State of Alaska Legislature
State of Alaska Insurance Commission
Ins. Benefit Committee For State Employees



AETNA LIFE INS CO-AETHA HEALTH PLANS
P.O. BOX 21645
SEATTLE, WA 98111

909-000551

EXPLANATION OF PROVIDER PAYMENT

THE HEARING CENTER
8745 GLACIER HWY # 312
JUNEAU AK

99801-8091

E-92-0128927

PAGE 1
02/28/96

ENCLOSED IS A DRAFT (909-02291589) IN THE AMOUNT OF \$1,489.00 IN PAYMENT OF THE FOLLOWING ASSIGNED BENEFITS. IF YOU HAVE ANY QUESTIONS ABOUT THE INDIVIDUAL PAYMENTS LISTED BELOW, PLEASE CONTACT THE APPROPRIATE ISSUING SERVICE CENTER.

NOTE: ALL INQUIRIES AND CLAIMS SHOULD REFERENCE THE INSURED ID NUMBER FOR PROMPT RESPONSE

SERVICE DATES	SERVICE PL CODE NO.	SUBMITTED EXPENSES	NEGOTIATED ADJUSTMENT	COPAY AMOUNT	PENDING OR NOT PAYABLE	SEE RPT'S	DEDUCTIBLE	COINSURANCE	PATIENT RESP	PAYABLE AMOUNT	
SUNING SERVICE CENTER - P.O. BOX 21645, SEATTLE, WA 98111, - TEL. (206) 467-2000 YOR ID 68054 SUB-ID 0881 BNP NO - 392675 CRP NAME - STATE OF ALASKA											
INSURED: C LOWE		INSURED ID: 574266415									
PATIENT: DOUGLAS		RELATION: SPOUSE		PATIENT NO: NA		DIAG:		DRG:		TCN: 5594051	
0209	OT	1,489.00		689.00	AL				689.00	800.00	
CLAIM TOTALS:		1,489.00		689.00					689.00	800.00	
										LESS OTHER CARRIER PAID AMOUNT	911.00
										ISSUED AMOUNT	889.00
INSURED: DR LOWE		INSURED ID: 574188312									
PATIENT: DOUGLAS SR		RELATION: SELF		PATIENT NO: NA		DIAG:		DRG:		TCN: 5594051	
0209	OT	1,489.00		689.00	AL				689.00	800.00	
CLAIM TOTALS:		1,489.00		689.00					689.00	800.00	
										ISSUED AMOUNT	800.00
										== TOTAL ==	91,489.00
										== DRAFT AMOUNT ==	91,489.00

SEE REVERSE SIDE FOR CHANGE IN ADDRESS OR BILLING INFORMATION/PENDING OR NOT PAYABLE EXPLANATIONS

02/06/1998 11:25 9077892359

BELTONE HEARING CTR

PAGE 02



State of Alaska
Group Health Benefits

Complete this form and submit to:
Aetna Life Insurance Co.
P.O. Box 21645
Seattle, Washington 98111
(800) 426-3211

MEDICAL BENEFITS CLAIM FORM

Use this form for submitting Medical and Audiology claims from Doctors, Clinics, Labs, etc. Special forms are available for Vision, Prescription Drug, or Dental claims. Contact your employer or Aetna Life Insurance Company for additional forms. COMPLETE FORM—SIGN BELOW—ATTACH ITEMIZED BILL—MAIL TO ADDRESS ABOVE

PART 1 / PATIENT INFORMATION — Use separate form for each patient

1. PATIENT'S NAME FIRST INITIAL LAST <u>Douglas R. Lowe</u>		2. BIRTHDATE MO DAY YEAR <u>12 4 51</u>	9. IS THIS CLAIM DUE TO AN ACCIDENT OR INJURY? <input type="checkbox"/> HOME <input type="checkbox"/> AUTO <input type="checkbox"/> SCHOOL <input type="checkbox"/> WORK <input checked="" type="checkbox"/> OTHER
3. RELATION TO PARTICIPANT <input checked="" type="checkbox"/> Self <input type="checkbox"/> Spouse <input type="checkbox"/> Child	4. PATIENT <input checked="" type="checkbox"/> M <input type="checkbox"/> F	5. PARTICIPANT'S SOC SEC. NO. <u>5 0 7 4 1 1 8 1 9 1 1 1 2</u>	DATE OF ACCIDENT _____ TIME OF ACCIDENT _____ <input type="checkbox"/> AM <input type="checkbox"/> PM
6. PARTICIPANT'S NAME, ADDRESS, CITY, STATE, ZIP <u>Douglas R. Lowe</u> <u>P.O. Box 32572</u> <u>JUNEAU, AK. 99803</u> <small>Is this a New Address <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</small>			10. DO YOU OR ANY OF YOUR DEPENDENTS HAVE OTHER GROUP MEDICAL COVERAGE? (THIS INCLUDES OTHER AETNA COVERAGE) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO NAME AND ADDRESS OF OTHER CARRIER: <u>Aetna</u>
7. PARTICIPANT'S TELEPHONE NO. (907) <u>789-3866</u>			COVERAGE IS FOR: ACCOUNT (ID) NUMBER <u>574-26-6415</u> GROUP NUMBER (if any) _____
8. IS THIS CLAIM FOR AN ANNUAL WELL-PHYSICAL EXAMINATION TO BE PAID UNDER YOUR SRS COVERAGE? <input type="checkbox"/> Yes <input type="checkbox"/> No			

PART 2 / MEDICAL INFORMATION — Use separate form for each provider (Dr., Clinic, Lab., etc.)

11. PROVIDER'S (Dr., Clinic, Lab., etc.) NAME AND ADDRESS	12. DATE(S) OF SERVICE(S)	RYS OR CPT CODE	ITEMIZED DESCRIPTION OF SERVICES	CHARGE FOR EACH SERVICE
<u>The Hearing Center</u> <u>8745 Glacier Hwy. #312</u> <u>Juneau, Alaska 99801</u> <u>(907) 788-2358</u> PROVIDER'S PHONE NUMBER () _____	<u>2/9/98</u>	<u>72590</u>	<u>MONAURAL HEARING AID FITTING</u>	<u>1489.00</u>
12. PROVIDER'S IRS TAX NUMBER OR DOCTOR'S SOC. SEC. NO. (You are required by law to provide this number) <u>92-0128927</u>				
13. HAVE THESE CHARGES BEEN PAID? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO (If No, payment will be made to the provider)				
14. IS THIS ILLNESS NEW? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	15. DATE OF ONSET _____	16. PREGNANCY RELATED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		
17. NAME OF HOSPITAL (if applicable) _____	ADM. DATE _____	DISCHARGE DATE _____		
18. DIAGNOSIS (including complications) <u>Hearing Aids</u>	ICDA CODE _____			
19. TYPE OF OPERATION? (If unusual or complicated, attach code above report)				
				TOTAL <u>33 1489.00</u>

Any person who knowingly and with intent to defraud or deceive any insurance company files a statement of claim containing any materially false, incomplete or misleading information is guilty of a crime.

TO ALL PROVIDERS OF HEALTH SERVICES:
You are authorized to provide Aetna Life Insurance Company and consulting health professionals acting on Aetna's behalf with the information needed to evaluate and administer claims for benefits (including information relating to mental illness).
Aetna may provide the State of Alaska with any benefit calculation information used in the payment of this claim for the purpose of reviewing the experience and operation of the policy or contract.

I know that I have a right to receive a copy of this authorization upon request and agree that a photographic copy of this authorization is as valid as the original.

Date: 2/9/98 Patient's or Authorized Person's Signature: [Signature]

Fax 907-465-2321
Mortemore

2/2/96

CHAIRPERSON JEANETTE JAMES
STATE AFFAIRS COMMITTEE
JUNEAU, ALASKA

WE WOULD LIKE TO VOICE OUR SUPPORT FOR HOUSE BILL 4300.
IT IS VERY DETRIMENTAL TO OUR BUSINESS TO HAVE PRESCRIPTIONS
SENT TO ANOTHER STATE. WE FEEL IT IS IMPORTANT THAT PATIENTS
HAVE FACE TO FACE CONTACT WITH THEIR PHARMACISTS. PEOPLE THAT
NEED TO HAVE CHANGES MADE IN THEIR CARE SHOULD BE PERFORMED
BY PROVIDERS IN THE STATE OF ALASKA, NOT SOMEONE 2000 MILES
AWAY.

THANK YOU FOR YOUR SUPPORT:

ROGER MORTEMORE R.PH.
3430 THOMAS ST
FAIRBANKS, ALASKA 99709
PAYLESS/RITE-AID PHARMACY

AIMEE MORTEMORE R.PH.
3430 THOMAS ST
FAIRBANKS, ALASKA 99709
FAIRBANKS MEMORIAL HOSPITAL

Tammy Armstrong
RX Technician
4279 Bishop Circle
FAIRBANKS, AK 99709
Paycoast Riteaid
Pharmacy

J. LAWRENCE BRADLEY R.PH.
2055 DIGGER DRIVE
FAIRBANKS, ALASKA 99709
PAYLESS/RITE-AID PHARMACY

LEONA ECKERT-KISNER RX TECHNICIAN
2391 SOMERSET DR
FAIRBANKS, ALASKA 99709
PAYLESS/RITE-AID PHARMACY

Roger Mortemore R.Ph.

Aimee Mortemore

Tammy Armstrong

J. Lawrence Bradley R.Ph.

Leona Eckert

Druggists/Pharmacists Top Gallup Poll

Gallup Poll

for Eighth Straight Time

For the eighth straight time, American consumers have named pharmacists the nation's most trusted professionals. A full 64 percent of Gallup poll respondents rated the honesty and ethical standards of "druggists/pharmacists" as "very high" or "high," according to the Princeton, New Jersey-based Gallup Organization.

"We're pleased that once again, the Gallup Poll results confirm that the community pharmacist is the most trusted professional in the eyes of the American public," said Dennis Ludwig, president of the National Community Pharmacists Association (formerly NABP).

The Gallup Poll asked more than 800 adults to rate the honesty and ethical standards of 26 different occupations. Those surveyed gave ratings of very high, high, average, low, very low, and no opinion. The survey was conducted December 9-11, 1976.

The clergy were again ranked second, a full eight percentage points behind pharmacists at 56 percent. Medical doctors and college teachers tied for third, each scoring 55 percent "very high" or "high" ratings.

"Our continuing number one performance in this poll clearly demonstrates that community pharmacists

are doing a first-rate job," said Ludwig, a Boulder, Colorado pharmacist. "Patients continue to affirm their trust in the care we provide by returning to our pharmacies and relying on our health care expertise."

The National Community Pharmacists Association, formerly NABP (the National Association of Retail Druggists), represents the pharmacist owners, managers, and employees of nearly 35,000 independent pharmacies across the country. Independent community pharmacists—more than 75,000 individuals—prepare a majority of the nation's retail prescription drugs.

Druggists/Pharmacists	64
Clergy	56
College teachers	55
Medical doctors	55
Dentists	54
Policemen	49
Engineers	46
Federal directors	46
Lawyers	46
Public opinion pollsters	44
TV reporters/commentators	43
Journalists	43
Building contractors	42
Local officeholders	41
Newspaper reporters	37
Lawyers	37
Business executives	37
Labor union leaders	36
Real estate appraisers	35
Scientists	35
Stockbrokers	35
Congressmen	34
State officeholders	33
Advertising practitioners	31
Insurance salesmen	31
Car salesmen	28

1976 Gallup Poll

"How would you rate the honesty and ethical standards of people in these different fields—very high, high, average, low, or very low?"

The Gallup Organization conducted this poll, 1969-1976, for the U.S. Dept. of Health, Education and Welfare.

Percentage Ranked "Very High/High"

JOHN F. RASTER, M.D.
Otolaryngology Head & Neck Surgery
10301 GLACIER HIGHWAY, SUITE 100
JUNEAU, ALASKA 99801
Telephone (907) 700-4047

Dear Representative Hudson,

I am an Otolaryngologist in Juneau and I was made aware of the open testimony regarding NKL care on the eve of tomorrow's session. My patients complain of limited reimbursements which necessitate their out of pocket expense approaching 50% of the procedure. Also a global fee is applied to initial consultations associated with an in-office procedure such as nasal endoscopy. This usually results in refusal of NKL care to pay the initial consult fee which is the most time consuming part of the evaluation and requires much thought and discussion. I would be happy to testify if given a bit of advance notice. Thank you

Sincerely

John F. Raster
P.S. I haven't raised my surgical fees since I came here in Dec '95

Schwartz

ALASKA HEALTH CARE NETWORK, INC.

FACSIMILE TRANSMITTAL SHEET

TO: The Honorable Jeanette James, Chair House State Affairs Committee Alaska State Capitol	FROM: Gary B. Schwartz, MPH	DATE: 02/09/98
FAX NUMBER: 1.907.465.2381	TOTAL NO. OF PAGES INCLUDING COVER: 3	
PHONE NUMBER: 1 800.860.4797	RE: Mischaracterization of NYLCare	

Dear Representative James,

My apologizes for not getting the attached letter to you before today. I would very much appreciate your sharing my correspondence with members of the House State Affairs Committee. The original correspondence is being sent under separate cover.

Thank you.

1867 AIRPORT WAY, SUITE 115-A; FAIRBANKS, AK 99701
PHONE 907.452.3772 FAX 907.452-6772

AHN
ALASKA
Healthcare Network

Non-Profit Physician Organization

Schwartz

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Gary B. Schwartz
Executive Director

February 9, 1998

The Honorable Jeannette James, Chair
House State Affairs Committee
State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative James,

I am concerned with the mischaracterization of NYLCare Northwest's administration of the AlaskaCare health plan for state employees and retirees. Unfortunately, there has been poor communication among the State, the enrollees, providers and NYLCare. NYLCare is responsible for claims administration, but does not write or administer the benefits for the State employees and retirees. I am unsure as to who has ultimate responsibility for benefits determination or what benefit options are available to the enrollees. State enrollees do not appear to understand the benefits or the chosen options. With this lack of communication, it is difficult to correctly administer claims payment.

There have been payment delays by NYLCare during the initial start-up of the AlaskaCare health plan. Many of the medical practices represented by the Alaska Healthcare Network, Inc. (32 independent medical practices) experienced payment backlogs during the first few months of operation; however, this has been corrected by NYLCare. Comments to the effect that every Fairbanks provider is in arrears are misleading and inaccurate. To my knowledge, there is only one multi-specialty medical group, represented by the Alaska Healthcare Network, who has experienced a claims backlog in the past couple of months. According to Kathy Odegard, Senior Director of Operations with NYLCare, this backlog was reconciled on February 6, 1998.

For more than thirty years, I have been involved in health care administration and have had many opportunities to work with all of the major health plans in the United States. This includes Prudential, United Healthcare, Aetna, Mutual of Omaha, and several Blue Cross/Blue Shield plans (to name a few). I want you and members of the House State Affairs Committee to know that I consider NYLCare to be among the best of the best in terms of

professionalism, commitment, integrity, and follow-through. My opinion is shared among the medical leadership of the Alaska Healthcare Network and many of the medical practice administrators with whom I have contact.

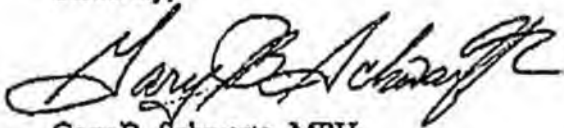
NYLCare has operated in good faith, is open and creative in its approach to problem solving for its client organizations, and takes a business partnership approach in its work with the Alaska Healthcare Network. They do this from a "community equity model" of business dealings, which translates into local initiative, local control, and local decision-making. I trust that all Alaskans want to operate in this manner and believe the opportunity is there for us.

Quite frankly, I am pleased that the State chose NYLCare to serve as its third party administrator and I look forward to NYLCare securing additional business in Alaska. I believe that with better communication and the opportunity to perform the prescribed functions addressed in the State contract with NYLCare there will be continuous improvements to the mutual satisfaction of the State, its enrollees, providers, and NYLCare.

I would be happy to share other specific thoughts and experiences regarding NYLCare along with recommendations for improving State program implementation. Please do not hesitate in calling me in this regard during or subsequent to the February 10th hearing in Juneau, should you desire.

Thank you.

Sincerely,



Gary B. Schwartz, MPH
Executive Director

Stevens

Larry Stevens
515 N. Franklin Street
Juneau, AK 99801-1123

January 22, 1998

Honorable Jeanette James, Chair
House State Affairs Committee
State Capitol, Room 102
Juneau, AK 99801-1182

Dear Representative:

Thank you for taking time to schedule a hearing to air problems with NYLCare medical insurance services provided to the State of Alaska. Here are some additional ideas not mentioned during today's hearing.

First, my experience is that NYLCare does a significantly BETTER job than Aetna in one particular area. They identify the specific claim involved when a payment is issued. By comparison, the Aetna Explanations of Benefits were ambiguous and required considerable research -- by Aetna service representatives -- to determine what portion, of which claims, had been paid by any given check.

I consider the NYLCare approach a SIGNIFICANT improvement!

Second, I believe that a major opportunity to reduce administrative overhead, and the attendant paperwork, is being overlooked and should be explored to help reduce the total cost of medical services.

At present, the insurance company will not reimburse a patient who pays the charge, at the time service is provided, any more than the actual out-of-pocket expense. In other words, there is no provision for a patient to obtain a discount for paying cash. As a result, there is no incentive for a patient to become involved in the claims process.

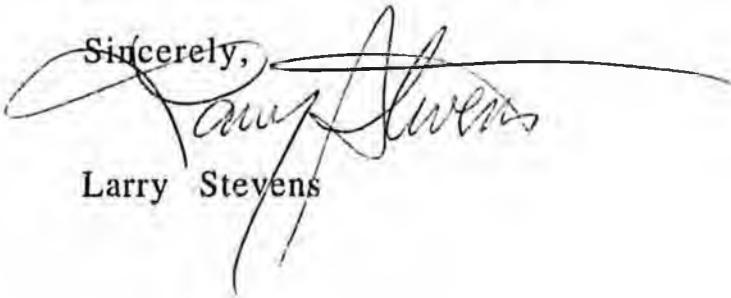
Honorable Jeanette James, Chair
January 22, 1998
Page Two

A small monetary consideration for immediate payment would result in a reduction of the doctor's overhead, a definite improvement in the doctor's cash flow situation, and the possibility of lower fees.

Finally, my experience confirms what others have suggested -- that greatly improved communication is essential. In particular, there needs to be a better, faster way to report status changes to NYLCare.

You don't need to hear all the gory details of my personal situation. Suffice it to say, that obsolete employment status information is the root cause of virtually ALL the errors made processing our claims!

Sincerely,



Larry Stevens

Thorgard

Author: thorgard@polarnet.com (Splash) at CC2MHS1
Date: 2/9/98 12:29 PM
Priority: Normal
TO: Representative Jeannette James at LAA_TRANS
Subject: HB 300. . .

I just heard about HB 300 this morning. It was timely, since I had just discovered that buying prescriptions from a local pharmacy is costing me 20% more than if I acquiesced to buy them from a chain approved by New York Life Care health insurance, provided by the State to state employees such as myself.

I had been getting my prescriptions at 80% pay (I pay 20%) from a long-time local pharmacy as late as 6/30/97, when our health insurance provider changed to NYLC. Now I discover, to my amazement and sadness, that since they are not approved by NYLC, the local pharmacy no longer is paid 80% of claims, but only 60%. This results in me paying about \$800.00 more, for six months, than I would have paid in the past.

Other than the unfairness of me having to pay so much more without notice that my benefits were going down, it is extremely unfair to Alaskan businesses, who are obviously losing customers over this practice. As it is, I will have to change pharmacies to one of the NYLC-approved ones which are paid 80% of the prescription price, since I certainly cannot continue to pay 40% myself.

If we want small businesses to succeed in Alaska, negotiating health care arrangements such as this are ridiculous. As it is, I consider myself to have suffered a loss of benefits, and a loss of \$800 because of lack of notice.

Please attempt to remedy this matter, if you can, Mrs. James. I trust your hearings will be very enlightening! Let me know what more I can do to encourage local businesses.

Thank you.

February 9, 1998

Helen Valkavich
P.O. Box 102417
Anchorage, AK 99510
(907) 269-6263 (w)
(907) 248-6202 (h)

Representative Jeanette James
Juneau, AK

Re: State employees health care benefits
New York Life

Dear Representative James:

It is my understanding that you are seeking comments on the management of the state employee's new health plan. I would like to say from the outset that I have been employed by the State of Alaska since September 1989 and used Aetna benefits until the state switched to NYL Care last year. Not once did I ever have a problem with Aetna. Not once had any of my claims been denied.

Unfortunately, I have had many problems with NYL Care. I had a baby on August 23, 1997. When the state switched over to NYL Care in July, 1997, I called the information line to ask about maternity benefits. The agents seemed very unsure about the information they gave me and I ended up calling numerous times. Often, answers were preceded by "I think" or "I'm not sure, but I would call two or three times to talk with different agents to see if I could get a consensus, but often the agents disagreed among themselves regarding my coverage.

Since a new deductible year started in July 1997, I paid for my prenatal appointments and my doctor sent in the paperwork to NYL Care so that my payments could be applied to my deductible. NYL Care sent the paperwork back to me saying that they couldn't apply my payments to my deductible because maternity benefits had to be paid "globally". I called a few times to find out what "globally" meant, but no one was ever able to answer my question.

All of a sudden, NYL Care decided that maternity benefits were no longer "global" and that my payments for my prenatal appointments could be applied to my deductible. Just to make things very confusing, NYL Care sent checks to reimburse me for a couple of my prenatal appointments, but then told me I would have to pay full fare for subsequent prenatal appointments because I hadn't made my deductible yet.

Once I had the baby, things really got messy. Some bills got paid, others did not. I took my whole pile of paper to the local NYL Care office where I learned that my OB/GYN bill and two

hospital bills had never been sent in to NYL Care.. At least that's what I was told. Its funny that my OB/GYN had never failed in eight years to send in insurance paperwork until NYL Care took over. All my providers had sent me notice that they had sent the bills to the insurance company. A very nice woman at NYL Care called the providers and explained that the bills needed to be resubmitted. After numerous phone calls, NYL Care finally received all my bills. Processing took forever.

Once processing took place, I learned that two of my claims were partially denied. The first bill was my post-partum checkup. My doctor charged me \$135 - a fee which I understand is normal in this community. It is also a fee which Aetna was apparently prepared to pay. NYL Care told me that it was \$35 over and above the allowable cost. Other than telling me that \$100 was the maximum allowable cost for a post-partum check-up, I was unable to get any information regarding how NYL Care came up with that number.

The second bill was for my anesthesia. I had planned to try to do a natural childbirth. However, after 50 hours of being in labor, I decided I'd had enough and asked for something to help with the pain. The first medication, stadol, stopped working after only an hour. So I asked for the next step, an epidural. An anesthesiologist was called that morning (which was a Saturday). I received the epidural and felt a lot better.

When I received the bill, the doctor charged me around \$760 as the standard cost of the treatment and then another \$88 for special OB anesthesia.. NYL Care declined to pay the \$88. When I asked why, I was told that the \$88 was over and above customary charges.. Again, I was unable to get information as to how they arrived at a figure for customary charges..

I contacted the doctor's office to see if they could assist me in explaining the \$88 charge. The office apparently sent chart notes to NYL Care explaining the procedure for which the additional \$88 was charged. A representative of the doctor's office explained to me that when anesthesia is unplanned, the patient has not fasted before the procedure. Because stomach contents can cause complications for the anesthesia, it is necessary for the doctor to take certain precautions not necessary when the procedure is planned ahead of time. It is for that reason that the extra \$88 is charged.

After the chart notes were sent to NYL Care, I was again informed that my appeal was denied.. When I asked why, this time I was told that the \$88 charge was incidental.. I asked the agent if this meant over and above customary charges.. She said, No, its incidental.. When I asked her what she meant by incidental, she gave a long answer that made no sense whatsoever. It sounded like she was trying saying the procedure had been unnecessary. When I asked her if that was what she was trying to say to me, she circled around and told me again that the charge was incidental.. I am a lawyer and I think I'm usually pretty good at figuring out gobbledygook language, but I was completely befuddled by this one.

There are many other little problems I have had with NYL Care. I spent hours on the phone during and after my maternity leave trying to deal with this. Although a couple of the agents I worked with seemed very nice and tried hard to help me, I feel that the company itself is determined

to make it as difficult and unpleasant as possible for me to use my employee benefits.

I know others in my office are having problems with NYL Care, too, though most are unlikely to complain. For some its not worth the bother. Its just \$20 here and there. For others, they think that nothing will come of making a complaint.

Representative James, I hope that your investigation will be successful in making NYL Care more responsive to state employees. Thank you for your interest in this matter.

Sincerely,

Helen Valkavich

Varosi

JUNEAU URGENT CARE AND FAMILY MEDICAL CLINIC

8505 Old Dairy Road
Juneau, Alaska 99801
(907)790-4111
Fax: (907)790-3111

Jeanette A. James; Representative;
Chairwoman; State of Affairs FX 465-2381
Alaska State Legislature
State Capitol; Room 102
Juneau, AK 99801-1182

Dear Representative James,

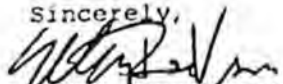
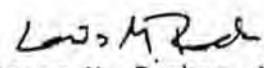
This letter is regard to the recent complaints against NYLCARE, the new health insurance claims processor for the State of Alaska. We would like to state our opinion about NYLCARE's performance with regard to payment.

Juneau Urgent Care has found NYLCARE's payments to be fair and prompt--both for general medicine and specialized medicine. We have found NYLCARE to be responsive when contacted over billing problems. We have found that nearly all of our charges were covered and reimbursed by NYLCARE. With Aetna this was not the case as charges were excluded even though Juneau Urgent Care has demonstrated that we are below usual, customary and reasonable charges for family practice and anesthesia services. We pride ourselves in delivering affordable, excellent medical care and appreciate NYLCARE's reimbursement policies for our services. We do not have a contractual agreement with NYLCARE, we are merely commenting on their performance compared to Aetna.

During the transition, some minor problems occurred. These problems, however, stemmed from patients being confused about their coverage. It is important to realize that the State of Alaska, Department of Administration is responsible for a majority of the problems that patients are experiencing. The State of Alaska determined the benefits for the employees. At the time of open enrollment the Alaska Care's Plan options were not clearly defined. To this date, the State of Alaska employees have yet to receive a Insurance Benefit Book from the Department of Administration. To further complicate the issue, employees in supervisory positions were given the option of 3 plans; and non supervisory positions were given the option of 2 plans. With a total of 5 plans and benefits that are not clearly defined it is no small wonder that providers and patients are confused.

NYLCARE processes claims based on benefits that have been defined by the State of Alaska. Without a clearly defined Insurance Benefit Book patients are unsure about what is covered. With a plan has been operational for seven months we recommend that a look at the State of Alaska's roll in the problem be a part of your discussion.

Sincerely,

 
Ellen Rose Varosi & Louis M. Packer, MD
Financial Officer Medical Director

Wagner

2/2/98

TO: Representative Jeannette James
From: Marilyn Wagner RPh
Subject: mail order pharmacy

Dear Representative James,

I am a pharmacist working in Fairbanks. I have also worked in Nome. My experience with mail order pharmacies is that they get the \$\$, but we local pharmacists are the ones who answer all their drug related questions. We are there when our Alaskan customers need us and we do not benefit financially from this. We also have to recall these people when they are out of medicine and their mail order prescription has not yet arrived. Why not allow our local businesses to prosper instead of sending Alaskan dollars elsewhere?

Respectfully,

Marilyn Wagner RPh
Home 452-5996
Work 456-2151

Dear Representative James:

This letter is to offer testimony regarding the new health care provider the State of Alaska now uses, New York Life Health Care (NYL). Thank you for this opportunity to provide this input and showing the concern to see how NYL is performing. If I were grading NYL at this time, NYL would be given a D-.

My reasons for this low opinion of NYL is based on several interactions with the company; and most have not been handled very competently. I have four young children, that, like most children go to the doctor now and then. Further, I order mail-order prescription supplies approximately every 3 months. Therefore, I have submitted several claims to NYL for various expenditures. Some of the claims were processed, but I had questions on others. So, I called there Seattle office, but after listening to a series of voice mail messages; and not getting to speak with anyone directly, I was directed to leave a voice mail message and someone would return my call. This happened three times, and not once was my call returned. I then wrote the company; no response has been received. I cited exact dates and referenced my claims in the letter, even mentioning the items I would like some information on. Finally, I recently contacted the new Juneau office to check on some additional claims I have submitted. Same situation, no response.

Based on the poor customer service provided thus far, you can see why I have such a low opinion of NYL and rated there service so low. I thought I never would say it; but Aetna Health Care actually was doing a better job of processing claims and responding to inquires, and in my opinion Aetna was not that efficient.

Thank you again for letting me provide these comments (some would even say vent; but I do have legitimate complaints and concerns).

I was not aware of your hearing on NYL until about 1 hour before it started, thus was unable to testify in person.

Sincerely,



Ernest White
9342 Parkview Court
Juneau, AK 99801
wk 465-5145
hm 789-4308

Representative Jeanette James
House State Affairs Committee

Re: State Insurance Program

I wish to voice my concerns over the new mail-order prescription policy offered by the State of Alaska. The State, Department of Retirement and Benefits, has encouraged employees and retirees covered under the new policy to use the out-of-state mail-order service by offering financial incentives in the form of lower or no copayments. These mail-order prescriptions are filled by pharmacists in Florida, not by Alaskan pharmacists. This policy is costing Alaskans jobs. Please let Alaskan pharmacists fill prescriptions for Alaskans.

William M. Whitehead RPh
8674 Dudley St
Juneau, Ak. 99801
(907) 790-7252
(907) 586-2090 work

Wilson

January 27, 1998

Dr. Lawrence D. Weiss
President
United Academics
Department of Sociology
University of Alaska Anchorage
CAS 364
3211 Providence Drive
Anchorage, AK 99508-8046

Dear Larry:

I am writing to call your attention to what I believe to be an unfair and arbitrary decision by the University of Alaska Benefits Office.

Briefly, I purchased prescriptions, out-of-pocket, totaling \$579.92. The purchases were made at a network pharmacy in advance of my being gone from Alaska for most of the month of December. When Blue Cross denied my claim, I appealed to Mr. Mike Humphrey, University of Alaska Director of Benefits. My letter and his reply are attached.

The reasons why I believe this decision is unfair and arbitrary may be summarized as follows:

- the materials furnished to employees do not clearly spell out the coverage limitations as Mr. Humphrey interprets them;
- the purpose of a 30-day supply limitation is to prevent waste and protect employees, not to punish employees who fail to understand all the particulars of the plan; and,
- I have never before been denied a prescription benefit in spite of the fact that I have acted similarly in the past.

You'll note in Mr. Humphrey's letter that he references the "30-day supply limitation and restriction on early refills which has [*sic*] been part of our plan since May 1, 1993 (see the enclosed brochure)." I have long understood that there is a 30-day supply limitation. Since the plan instituted this provision in 1993, I have been careful to purchase no more than a 30-day supply at any one time. However, none of the materials furnished by Mr. Humphrey (*UA Benefits Health Care Plan Changes*, April 1993; "Pharmacy Program," pages 37-38; or *Introducing Your Prescription Drug Program*) makes any reference to a "restriction on early refills," let alone to an outright prohibition.

The reasons for limiting supply are explained in the employee benefits information as being in the employees' interest as well as the institution's. To paraphrase, such a limitation reduces waste and protects the employees by avoiding interactions with other drugs, drugs inappropriate based on age, unusually high or low drug dosage, and drug duplication or excessive use. None of these "protections" apply in this instance: they were drugs I have been taking for chronic health conditions and I acted to ensure that I had a sufficient supply while I was traveling. Furthermore, a review of my purchasing history will reveal that I did not obtain another 30-day refill of these prescriptions until January 23, 1998. In other words, there was no waste.

Finally, I have documentation of a number of instances in the past when I purchased prescription drugs in advance of 30 days. (Actually, Blue Cross tells me I can refill within 24 days or in the case of foreign travel but, again, this is not stated in the materials furnished to employees.) Specifically,

- On December 14, 1994, I filled one prescription which I then refilled on December 29, 1994.
- On November 14, 1995, I filled three prescriptions which I refilled on December 2, 1995.
- On April 17, 1996, I filled five prescriptions which I refilled on May 6, 1996.
- On December 13, 1996, I filled five prescriptions which I refilled on December 31, 1996.
- On September 22, 1997, I filled one prescription which I refilled on October 15, 1997.

Given this history and the absence of an explicit statement in the employee benefits materials, why would I conclude in December 1997 that I could not refill my prescriptions in advance of extended travel?

Mr. Humphrey's letter states that, "it is clear you knew or should have known about the pharmacy plan restrictions in question." Surely, the out-of-pocket expenditure of \$579.92 is ample testimony to the fact that I was unaware that I could not refill these prescriptions in advance of travel. And how can it be asserted that I "should" have known when even the insurance company responsible for administering this program found the provisions unclear enough to routinely pay me benefits when Mr. Humphrey maintains it should not have?

I would appreciate your advising me on whatever remedies may be available through United Academics. I can be reached at (907) 789-3994 or by e-mail at jnlaw@acad1.alaska.edu. My home mailing address is 8459 Prospect Way, Juneau, Alaska 99801.

Sincerely,



L.A. Wilson II
Professor of Public Administration
University of Alaska Southeast

cc: Dr. Michael S. Stekoll, Vice President, United Academics
Dr. Jerome Komisar, President, University of Alaska
Mr. Mike Humphrey, Director of Benefits, University of Alaska
Mr. Michael P. Kelly, President, Board of Regents
Ms. Elsa Froehlich Demeksa, Member, Board of Regents
The Honorable Tony Knowles, Governor, State of Alaska
The Honorable Lyda Green, Chair, Alaska Senate State Affairs Committee
The Honorable Jeannette James, Chair, Alaska House of Representatives State Affairs Committee
The Honorable Jim Duncan, Alaska State Senate
The Honorable Kim Elton, Alaska House of Representatives
The Honorable Bill Hudson, Alaska House of Representatives

Attachments

January 12, 1998

Mr. Mike Humphrey
Director of Benefits
Statewide Office of Human Resources
Butrovich Building
910 Yukon Drive
Fairbanks, AK 99775

Dear Mr. Humphrey:

I am enclosing copies of prescriptions filled on December 1, 1997, and December 9, 1997, as well as an explanation of benefits (EOB) from Paid Prescriptions for the December 1st transaction.

As you can see from the EOB, this claim was denied because it "is for a refill that was dispensed sooner than your plan coverage allows." The three prescriptions filled on December 9th will meet the same fate, having been filled previously on November 20, 1997 (Glucotrol and Rezulin), and November 21, 1997 (Glucophage).

These prescriptions were filled "early" because of a hectic business and personal travel schedule in the month of December that allowed for less than a week in Alaska. Before I left on December 10th for the entire remainder of the month (my son was graduating from college on the 13th, to be followed by various commitments over the holidays), I wanted to be sure that I had an ample supply of my medications. Hence, the "early" refills.

I was completely unaware that my plan forbids the advance filling of prescriptions in the event of travel. (In fact, there have been several occasions in the past when I behaved similarly under the same circumstances and encountered no difficulty with the claims.) When my wife spoke with Kirk McCallister in the UAS Human Resources Office about this matter, he told her he could do nothing to remedy my situation. Because I believe I acted in good faith and entirely reasonably when I obtained these prescriptions in advance of embarking on a complex travel schedule—and because I have already made out-of-pocket expenditures totaling \$579.92—I am requesting that you intervene so I may be reimbursed. I can assure you that my prescription purchasing habits will be forever altered.

Thank you for your assistance. If I can answer any questions, please call me at home at (907) 789-3994.

Sincerely,



L.A. Wilson II
8459 Prospect Way
Juneau, AK 99801
SSN: 530-28-3773



University of Alaska
Statewide System of Higher Education

January 21, 1998

L.A. Wilson II
8459 Prospect Way
Juneau, AK 99801

Dear Dr. Wilson:

Your letter and documentation regarding early prescription refills has been reviewed. I am unable to approve your appeal for reimbursement because it is clear you knew or should have known about the pharmacy plan restrictions in question.

The 30-day supply limitation and restriction on early refills has been part of our plan since May 1, 1993 (see the enclosed brochure). For maintenance medications, we've developed the pharmacy mail order program to allow the purchase of a 100-day supply at one time. These restrictions were implemented to prevent waste of medications purchased in advance and not used, and to take advantage of bulk pricing of medications required for long-term or maintenance use. This program change was distributed to all employees in 1993, and has been incorporated into The Handbook and other communications sent to employees.

Because you purchased your prescription refills at Fred Meyer, one of the participating network pharmacies, you should have been told, had you identified yourself as being part of the network, at the time of purchase that the refills were too early to qualify for reimbursement. If you had called Blue Cross Customer Service, you would have been directed to contact this office to discuss your unique issues.

The pharmacy networks were implemented to take advantage of contractual pricing agreements with participating pharmacies, thus saving you and the University money. By purchasing your prescriptions at a participating pharmacy, but not through the network, you and the University pay considerably more. You have also been receiving in error protection under the University's \$100 maximum out-of-pocket limit for participating pharmacy purchases because you have not been using the network to process your claims. In the future you will pay 20% of the purchase price of all your prescriptions if you manually submit your claims. The maximum out-of-pocket limit will be in effect only for claims processed through the network.

University of Alaska

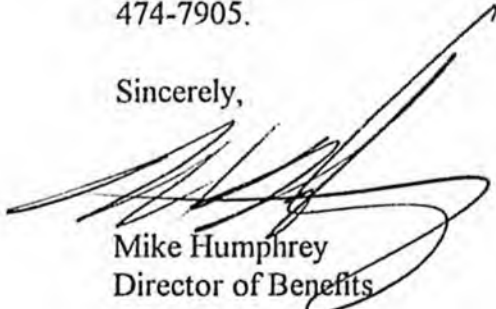
L.A. Wilson

January 21, 1998

Page Two

It is a benefit to you to use the pharmacy network or mail order program for these medications. I've enclosed a mail order claim envelope for your convenience. The cost to both you and the University is significantly less with the mail order program. If you have any questions about this information, please don't hesitate to contact me directly at (907) 474-7905.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Humphrey", written over a printed name and title.

Mike Humphrey
Director of Benefits

enclosures

cc UAS Personnel

Wood



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs
 committee name
 committee on NYL Care, dated Feb. 10, 1998
 bill/subject

2 pages following

Signed: Demarie Wood
 Testifier

Representing (Optional)
Box 2391, Sitka AK 99835
 Address
907-747-6518
 Phone No.

February 7, 1998
Representative Jeannette James
Chairwoman
State of Affairs

Dear Representative Jeanette James,

I am writing to you to express my total dissatisfaction with the NYCARE Mail-order Prescription services for the Retirement portion of the Health Care coverage.. The first time I sent in my prescriptions it took more than 4 weeks to receive my prescriptions.

The last time I ordered on October 13, I told the individual who was taking the order that I was at my Mother's, 3902 Woodlawn Dr. SE, Olympia, WA 98501 I gave this individual the address three time and had him read it back to me so I knew that he had put in the correct shipping address.

It was on October 29, 1997 at 9:03 AM AST that I called to inquire about my order and was told that it had been sent on October 18, 1997 to my address P.O. Box 2391, Sitka, AK 99835. Needless to say that I went ballistic when I heard this. I then called the Division of Retirement and Benefits at 10:59 AST and talked for 6 minutes to an individual in the retirement section who handled retirement inquiries about the problem that I was having with the mail-order prescription program. At this time I was told that she would talk to her supervisor and get back to me as soon as possible. Well, I waited for a day and a half and place another call to R&B on October 31, 1997 at 9:40AM AST and was told that there wasn't anyone in the office that would come clean about taking my call the first time. I then told this individual what had transpired and asked them to check in with NYCARE and find out what was going on with my refill order. Well, this was getting to be quite a bit of stress and I asked that individual to ask around and I would call back later. I then called back called back at 3:45 PM AST and was told that the original order had been sent to the address in Olympia. At this time I was confused. So I called NYCARE back and inquired about the address and they gave me the Olympia address as the address they had sent the drugs to they changed the shipping address to cover their incompetence. By this time I was steaming since I would be out of one of my drugs on Wednesday of the next week.

NYCARE didn't send out this order until November 4, 1997 a full 6 days after my first complaint. I find this response to my problem to be the worst service I have ever received on mail-order prescriptions. In fact NYCARE didn't give me any options to get a supply to hold me over until the Nov 4, 1997 shipment arrived.

I was finally able to get in touch with my house-sitter and had her pick up my mail being held at the Post Office and she sent the drugs on Nov 3, 1997

Express Mail, at a cost of \$15.00, that arrived the next day in Olympla at 9:AM
Nov 4, 1997.

The order that was sent from NYCARE on Nov 4, didn't reach me until Nov 14,
1997 in the regular mail. What I want to know is why it took them so long to get
the drugs in the mail and why they sent them Priority instead of Express Mail or
asked me if there wasn't a Pharmacy that participated in their plan in the area I
was located which they could have called in a temporary prescription to get me
by until the refill of the refill arrived?

When I used the former mail prescription program it was in the mail in a couple
of days and in my P.O. Box within a week. The NYCARE is not what I call an
improvement in services. Let's go back to the former plan.

Thank you for an opportunity to comment on the Mail-order Prescription Plan.

Sincerely,



Demarie S. Wood
P.O. Box 2391
Sitka, AK 99835
907-747-6518

9th order
Present at 8:05
Ellen, Berkowitz
Lipson, Ivan
Johnson
James

Absent: Versey

1. ~~AYC President in~~ David Ford -
See letter in pile.
2. ~~James, Berkowitz, Lyson, Allen, Hodgins~~
checked him questions.
Had Follow-up meeting Aid - April,
When all problems were solved.
3. ~~Marty Rosen, Jr. V.P. AYC Care~~
4. ~~Michael Kirk~~
See letter in pile.
5. ~~Jan Tyda Green - General~~
6. ~~Ruch - Dana~~ - Dental Consultant
7. ~~Fox - Dale McKernan~~ - Had
office in TX!
Travel w/ Express

8. ~~Kendall - Gerald Barron -
 4/21/77 w/ ^{EXPRESS} SCIPPS~~
9. ~~Ketch - Robert NASHICK - 700
 many reports for SAME info.~~
10. ~~514Ka - Walter Payne - Lawyer
 w/ Public Defender's Agency -
 Many other problems.~~
11. ~~Cook - Karen Farnes -
 Pharmacist; out of state
 Hall, Archer Pharmacy~~
12. ~~Cook - Darryl Christensen - Pharmacist
 AK Pharm. Assn. RE mail order program
 being owned by NY State!~~
13. ~~Jennifer Catherine Callahan - for
 Dr. Chiyama. RE: severe problems
 in last 2 weeks, state
 not required to follow
 its own statutory requirements.~~
14. ~~Allison Tzee - Dept of Comm
 Dept of Admin in place
 Dept of Health & New -
 are problems.~~
15. ~~Janet Parker Dept Retirement & Ben
 all questions~~

Committee members asked for
written answers to
the many ^{new} questions & concerns
expressed today.

BOYA Admin and
NYL Care

COMMITTEE TAPE LOG

COMMITTEE: (H) STATE AFFAIRS DATE: 2/10/98 TIME: 8:

SUBJECT: NYL CARE

MEMBERS: BERKOWITZ DYSON ELTON HODGINS IVAN VEZEY CHAIR JAMES

SPEAKER	TAPE#	SIGNIFICANT INFORMATION
JJ	0001	CALLED TO ORDER AT:
DAVID FORD	602	OPENING COMMENTS THANKS HOPING TO RESOLVE COMPLAINTS CONSOLIDATED VOUCHER - SINGLE PAYMENT METHOD BY MID MARCH PEOPLE FELT THAT THEY HAD BEEN TREATED RUDE
	95	800 655 325 x 562 MR FORDS # PARTNERSHIP W/ DEPT of ADMINISTRATION COMMUNICATE EFFECTIVELY (SP) OFFICES IN S.O.B + 20 OFFICES AWAY ASSOC. MEDICAL DIRECTOR IN ANCHORAGE WEBSITE 24 hr NURSE LINE USED TWICE NATIONAL AUG.
JAMES	183	NURSES LINE, TELEMEDICINE I THOUGHT YOU PAID BILLS -
FORD	190	- BACK UP SERVICES,

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
James	199	- Problems allocated to the program -
Ford	215ish	Satisfying contract with State
James		Telemedicine - what's up with that
Ford		- Basic consulting advice
James		Local provider payment for services -
Ford	250	Medical Director - is NYC AIDS Postage in Anchorage.
James	265	DEU'S STATE PRESCRIPTIONS DENIAL WHAT'S UP
Ford	278	DRUG INTERACTIONS EXCUSE
J	289	TO LITTLE TO LATE,
Ford	315	CHECK W/PHYSICIAN
PERKINZ	337	LAME LATE EXCUSE - WHO PAYS TELEMEDICINE
Ford		GRANT #

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
BERNHEITZ	352	COMPUTERS SERVICES ↓ RATES
FORD		OF COURSE NOT - HOW DIMS DO YOU THINK WE ARE
E.B. FORD		X CHANGES
DYSON	393	- SIMILAR CONTRACTS ELSEWHERE
FORD		YEA
B.F.O.		INCENTIVE FOR COST CONTAINMENT
FORD-		NOT REALLY - REAL ANSWER IS YES
DYSON	415	MAY START UP PROBLEMS
FORD		- BIG CASE, CROSS COVERAGE CONCLUSIONS -
DYSON	432	- PEOPLE ARE PISSED
DYSON	436	- OBLIGATED TO PAY 9% FOR LATE CLAIMS
FORD		NO

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
LITON	447	PROVIDERS HAVE PROBLEMS - WHATS UP - SD?
FORD	468	- PROVIDERS DONT HAVE PROBLEMS AS MUCH - CONSOLIDATED VALUES B.S.
HODGINS	498	- CONSOLIDATED VALUES WILL DO BETTER WHAT ABOUT DEMALS & PAPER SAM
FORD	517	- WORKING ON IT - EXHAUST
HODGINS	530	HOTLINE ? 24 hr. MURDER LINE - THRESHOLD DATE ?
		MARCH 1 & MID APRIL for VALUES
JAMES	545	WHAT UP W/FAIRBANKS
FORD		WHAT ABOUT FBX ?
JAMES	558	WE DONT UNDERSTAND OUR SYSTEM ADMIN SHOULD STEP UP TO THE PLATE
FORD		EXCUSES, EXCUSES - WERE NOT INTENTIONALLY ARBITRARY,

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
MARTIN ROSEN	402	SR. V.P. MYLARIS - IS DISTURBED - HAS ACTION PLAN IN PROGRESS
MICHAEL LIRK	438	JUNIOR RETIRED TEACHER (LOU 404)
SID TUD TAPE		IS BEWILDERED, "THIS CUSTOMER IS ALWAYS WRONG" HAS WRITTEN TESTIMONY
	100	CLIENT VS. STOCKHOLDER, CARE 22
E.B.	116	- CARD, IS WORTHLESS
ELTON	131	
M.H.		WANTS A CALL
LYDAGREEN	147	LIKES NYL CARE, HAS SELF INSURED PROBLEM WITH STATE CONFIDENTIALITY & MAX.P
		LIKE TO SEE PARAMETERS SET IN PLACE
E.B.		PRIVACY PROTECTIONS IN ORDER
LINDA GREEN	207	
LINDA GRAHAM	231	- DENTAL BENEFIT ADMINISTRATOR - SAYS NYL CARE IS DOING BETTER

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
		BUSINESS BENEFITS SIMPLY HAVEN'T BEEN EXPLAINED & LEARNER TO 134 PERSONS INSURED.
DALE McCURRY		- CONSTITUENT - BADGER ROAD WHAT ABOUT FBX? HAS PROBLEMS? WHAT IS SPREAD SCRIPT?
	330 ↓	
CLIFFORD BOWEN		- KENAI - SCRIPT PROBLEMS
ROBERT NESVIE		
	353	- SWITCHOVER SUCKS - DUPLICATION USE LESS CORRESPONDENCE - PRESCRIPTION - LOW BIDDER PROBLEMS
CLIFFORD BOWEN		
LAWRENCE PAINE	401	LAKELAND - PUBLIC DEFENDER - SITKA ASSUMES SOMEONE ELSE CAN DO THE WORK
		PHARMACY - MUST USE TUNISAN, MUST PAY 40% SURCHARGE FOR EMERGENCY
YAREN PHARMY	447	PHARMACIST - MANY USE OUT OF STATE PHARMACY PROGRAM OWNED BY NML CARES
		WHAT ABOUT BUY ALASKA? STATE SUBSIDIZING NML CARES
BARRY Kristiansen	490	PHARMACIST - AK PHARMACEUTICAL ASSOC. - NML CARE SUCKS - MAIL ORDER PROGRAM

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
		MAIL ORDER PRESCRIPTIONS COMPANY OWNED BY INSURANCE COMPANY, MITTEN TESTIMONY ON THE WAY
KATHLEEN CULAHAN	574	- DR. AKIAMA'S OFFICE - HAS DR MITTEN TESTIMONY -
ACTON	645	- MAKE DIVISION BAIN UP -
ARMES	655	- RETIRED PEOPLE CONSIDERED "DIFFERENT CLASS OF PEOPLE"
ALSON ELLE	670	Dept Commissioner, Admin RESPONDING TO HODGINS QUESTION "DIFFERENT INSTRUCTIONS BETWEEN MILLARCE + AETNA"
Quinn	689	- SAME SELF INSURED PROGRAM XCEPT THE SELF INSURED HELD
ALB		- LEVEL OF CATASTROPHIC INSURANCE - NOW TOTALLY SELF INSURED -
TAPE 2		
ALB		- UP SERVICE - IS IT MILLARCE OR THE ADMINISTRATION TO BLAME

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
77	625	- IS POLICY CHANGING OR IS POLICY EXPLAINED -
AFB		- JUST EXPLAINING COVERAGE IN RULEM BOOK - RETIREES COVERAGE DIFFERENT THAN EMPLOYED -
77	61	- RETIRED FOLK LIKE TO FEEL COMPENSABLE -
AFB	92	- NURSE LINE IS COOL - (NOT THIS ISSUE) SAVINGS - \$4/mos/person GRIBENS PRIVACY CONCERNS - ONLY EXPOSED WITHN SOMEONES CALLS STATES
HODGINS	134	- HOW CAN ADMIN HELP - W/ SERVICES
AFB	-	WE'RE WORKING ON IT -
HODGINS	168	RETIREES GET WARM VOICE ON PHONES?
AFB	-	YABA DABA DDD

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
James Parker	256	Deputy Director - Files belong to MILWAUKEE -
John	278	<p>- Questions to respond later</p> <p>Policy - X press scripts - encouraging best of state business -</p> <p>2 different benefit years -</p> <p>Penalties? , Annual Mammogram -</p>
A.E.	310	X Press Scripts - Misconception
MANN	349	ADMIN XPLAIN THE PLAN PLEASE
James	390	- ADMIN DECISIONS on NYL CARE PROBLEMS



Official Business

COMMITTEE:

Feb 10th

DATE:

Subject of meeting:

NYC CARE

SIGN-IN

PLEASE PRINT!

NAME ADDRESS (MAILING) & (ZIP) PHONE REPRESENTING DO YOU WANT TO TESTIFY?

Michael J Kirk	P.O. Box #20844 Juneau, 99802	(907) 586-4318	self & other beneficiaries	yes
David Ford	1400 One Union Sq. Seattle WA	206 442-4562	NYC Care	yes
Mary Natas	3371-Douglas Hwy	907-586-2571	Retirement Fund	No
Matthew Callahan	108 6th St Juneau	586-4007	Henry Heilman	yes
# Sen Lyda Kheen #				

02/10/98
08:00:39

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80193 SCHEDULED FOR:02/10/98 08:00 TO 10:00
PUBLIC HEARING HOUSE STATE AFFAIRS

LTN1150
BY:KEN
FOR:KEN

LOCATION:KENAI LIO
NYL CARE HEARI MR.

GERALD

BOWEN

SELF

TESTIFY

02/10/98
08:03:11

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80193 SCHEDULED FOR:02/10/98 08:00 TO 10:00
PUBLIC HEARING HOUSE STATE AFFAIRS

LTN1150
BY:FBX
FOR:FBX

LOCATION:FAIRBANKS
NYL CARE HEARI MR.

DALE

MCKIERNAN

TESTIFY

02/10/98
08:03:33

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
SCHEDULED FOR:02/10/98 08:00 TO 10:00
PUBLIC HEARING HOUSE STATE AFFAIRS

LTN1150
BY:ANC
FOR:ANC

LOCATION:ANCHORAGE
NYL CARE HEARI

DANA

GRAMS

DENTAL BENE CON TESTIFY

02/10/98
08:06:16

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
SCHEDULED FOR: 02/10/98 08:00 TO 10:00
PUBLIC HEARING HOUSE STATE AFFAIRS

LTN1150
BY: SIT
FOR: SIT

TCN: 80193

LOCATION: SITKA
NYL CARE HEARI
NYI. CARE HEARI

KATHLEEN
GALEN

MCCROSSIN
PAINE

TESTIFY
TESTIFY

KTM Robert Nesvick
Barry Christensen

STEPHANIE
WINSOR
FROM OREGON

02/10/98
08:17:40

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80193 SCHEDULED FOR:02/10/98 08:00 TO 10:00
PUBLIC HEARING HOUSE STATE AFFAIRS

LTN1150
BY:ANC
FOR:ANC

LOCATION: ANCHORAGE

NYL CARE HEARI
NYL CARE HEARI

DANA

KAREN MARCY

GRAMS

PHARMAY *new*

DENTAL BENE CON TESTIFY
TESTIFY

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

April 22, 1998

Kathy Odegard, Senior Operations Director
NYLCare Health Plans
1400 One Union Square, 600 University Street
Seattle, WA 98101

Dear Kathy,

Enclosed are the only two letters I've received regarding NYLCare coverage since March 21 when I gave you the last batch.

Things are slowing down, finally!

Thanks for all your cooperation and your help.

Sincerely,

A handwritten signature in cursive script that reads "Barbara".

Barbara Cotting
Committee Aide, House State Affairs

Arlene Voehl
26637 White Spruce
Eagle River, Ak. 99577
(907) 694-8716

March 11, 1998

Director of Insurance
3601 C Street, Suite 1324
Anchorage, Alaska 99503

Dear Sirs::

I would like to file a complaint with the Insurance Division regarding New York Care's policy for the usual and customary fee rates applied in Alaska. I am an employee with the State of Alaska and have medical insurance coverage with New York Care, with the Option 1 program.

I have recently experienced a minor outpatient surgery at the Columbia Regional Hospital and the lab work required was performed at the onsite lab. As a patient, there is no choice of who performs the lab work, since all of the Anchorage hospitals have there own contracts with pathologists.

The billing for the pathology work was sent to the insurance company and they did not pay a portion of the bill. They stated that it was above the usual and customary fees. The Pathology Associates said that their rates are competitive with the area labs, and that New York Care was not solely basing their rates on Alaska's facilities.

I do not agree with NYC interpretation of the usual and customary fees, and as a patient I did not have a choice on which lab to use. The only other option would be to fly to Seattle in order to have the insurance company pay for the medical expense occurred.

The people at NYC responded with a blank statement that it did not meet the usual and customary fees, so I was responsible to pay for it. I would appreciate it if the insurance commission would require the usual and customary rates be based on Alaska and not associate it with the lower 48 rates.

Sincerely,

Arlene Voehl



CC Jeannette James Rep.

NYC



REPRESENTATIVE KIM ELTON

March 25, 1998

Commissioner Mark Boyer
Department of Administration
P.O. Box 110200
Juneau, AK 99811

Dear Commissioner Boyer:

Four weeks ago I sent you a letter questioning several NYLCare policies which have a negative effect on state employees (see attached). One of those policies I brought to the attention of the director of Retirement and Benefits four months ago. To date I have had no reply.

I understand the decision to self-insure and to switch to NYLCare for claims processing has caused additional work for the Division of Retirement and Benefits. However, I find it difficult to understand this lengthy delay in responding to a straightforward inquiry regarding state policy. If the issues in question are too complex to resolve easily, I would appreciate receiving a note to that effect, with an explanation of the efforts you're making to resolve the issues.

I make it a practice of responding to constituent inquiries within seven days. I would appreciate your help to move this inquiry along quickly.

Sincerely,

A handwritten signature in black ink, appearing to be "Kim Elton", written over a printed name.

Kim Elton

cc: Rep. Jeannette James
Guy Bell, Director, Division of Retirement and Benefits
Ron Clarke
Kathryn Callahan



REPRESENTATIVE KIM ELTON

February 26, 1998

Commissioner Mark Boyer
Department of Administration
P.O.Box 110200
Juneau, AK 99811

Dear Commissioner Boyer:

I am writing to bring to your attention a problem resulting from the state's self-insurance plan. As you may know, the federal HIPPA law regarding insurance portability went into effect in July, 1997. The law requires insurance carriers to waive pre-existing condition clauses if the enrollee can show he or she had credible coverage of the condition prior to the effective date of the new insurance.

One of my constituents was informed by a benefits specialist with the Division of Retirement and Benefits that the state, as a self-funded group, is not subject to federal insurance laws. Consequently, seasonal workers who do not self-pay insurance during their lay-off period will be subject to the pre-existing condition clause as a new enrollee in the program, regardless of whether they maintained other coverage during the lay-off period. This is a very unfair situation, especially to those Alaskans who have made careers of permanent, seasonal, full-time work such as legislative employees and Fish and Game employees. I hope this is an oversight; I find it hard to believe this administration is willing to cause intentional harm to employees as a result of its election to self-insure.

The state has also elected to change available options for seasonal workers which results in a significant increase in payments from \$200 to \$380 per month. I brought this to the attention of the director of Retirement and Benefits three months ago and have had no reply to date. I find it hard to believe there is any reasonable justification for such an increase. This presents a very real financial hardship for seasonal employees and will make it difficult for the state to encourage Alaskans to choose jobs such as legislative aide or stream guard.

I look forward to hearing from you at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to be "K Elton".

Kim Elton



Northwest

March 20, 1998

Honorable Jeannette James, Chairwoman
Alaska State Capital, Room 102
Juneau, AK 99801

NYLCare Health Plans
Northwest, Inc.
1400 One Union Square
600 University Street
Seattle, WA 98101-1158
206 447 0757 tel
800 654 3250 tel
206 447 0762 fax

RE: Letter of 2/7/98 from AlaskaCare Retiree Demarie Wood

Dear Representative James:

I am writing to acknowledge receipt of a copy of a letter sent to your attention from AlaskaCare retiree Demarie S. Wood of Sitka, Alaska.

Ms. Wood expresses frustration after encountering a series of problems having her prescriptions forwarded to her while she was visiting her mother in Olympia, Washington. It appears that the problems began when she placed a telephone order with Express Scripts, Inc. (our pharmacy contractor) and the prescriptions were forwarded to her home address in Sitka, instead of being sent to her mother's home in Olympia, WA. In an effort to correct the situation Ms. Wood contacted the state of Alaska Department of Retirement and Benefits, and she states she experienced some delay before she was able to determine the status of her prescription order. One order was sent to her from her house sitter in Sitka and arrived over night in Olympia. The second order sent by ESI took a total of eleven days to reach her via regular mail.

While I am unable to determine why the initial order was forwarded to Ms. Wood's home address in Sitka, instead of her vacation address in Olympia, WA, I have expressed my concern with this unacceptable level of customer service with Express Scripts. I have also inquired about the length of time it takes for mail order prescriptions and they tell me normally the mail order process does take up to 10 days and this should be planned for by the member when using the mail order prescription option. Had Ms. Wood contacted AlaskaCare directly, I could have arranged for overnight delivery.

I acknowledge that there have customer service issues for AlaskaCare members which have resulted in their contacting your office to express dissatisfaction with NYLCare NW. We are committed to working with you to bring your constituents a high level of service. When difficulties are brought to your attention, please have your staff bring them immediately to mine and I will commit to addressing them promptly.

We look forward to continuing to work with the state of Alaska.

Sincerely,


Kathy Odegard,
NYLCare NW Senior Director of Operations

RECEIVED BY

MAR 30 1998

Rep. Jeannette James

copy to: Lisa Tourtellot, State of Alaska Department of Retirement and Benefits
Demarie S. Wood



Northwest

NYLCare Health Plans
Northwest, Inc.

1400 One Union Square
600 University Street
Seattle, WA 98101-1158

206 447 0757 *tel*

800 654 3250 *tel*

206 447 0762 *fax*

March 20, 1998

Honorable Jeannette James, Chairwoman
Alaska State Capital, Room 102
Juneau, AK 99801

RE: Letter of 2/3/98 from Hospice and Home Care Agency's Marianne Freebury, RN

Dear Representative James:

I am writing to acknowledge receipt of a copy of a letter sent to your attention from Marianne Freebury, RN, who--as I understand it--is a clinical care coordinator at a Juneau hospice agency. Ms. Freebury has expressed frustration at being referred to several different customer service staff to obtain benefit information and pre-authorization for long term care services from NYLCare. Ms. Freeburn states that NYLCare had the authority from the outset to address the administrative problems she encountered.

As the Senior Director of Operations at NYLCare NW, AlaskaCare's Plan administrator, I am very interested in addressing issues and concerns affecting the members of the AlaskaCare Plan and I personally investigated the specific case Ms. Freebury mentions in her letter.

The LTC claim was initially submitted to NYLCare by the member and physician as required, the level of care required by the member did not meet the Plan standard; the form was formally reviewed, the non-skilled care requested was denied, and the form was then returned to the patient on December 19, 1997.

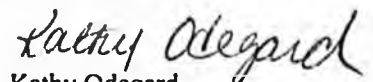
A member of our Member Services staff spoke with Ms. Freebury at length on December 19 and explained the AlaskaCare LTC benefit. (1) Medicare is the primary insurance for this member, and the Medicare program does not require pre-certification for the skilled nursing care covered by Medicare; (2) Long-term Care (LTC) may be covered for AlaskaCare retirees, depending upon the level of need and information provided by the attending physician; (3) the AlaskaCare plan includes a 90-day deductible period, or 90 day waiting period, for each covered program of LTC and this waiting period starts when the program of care begins; thus there is no coverage for the LTC expenses incurred during the first 90 days of care; (4) AlaskaCare does not begin paying LTC benefits until after the 90-day period is over and the 90 day period is calculated from the day services begin, not from the day when the paperwork is initially submitted, or when the LTC is officially approved. For example, if a member begins receiving LTC on January 1, services would not be covered until April 1, and only those services incurred from April 1 would be covered; the services from January 1 to April 1 would not be covered.

In summary, I acknowledge that there have been customer service issues for AlaskaCare members which have resulted in their contacting your office to express dissatisfaction with NYLCare NW. I consider AlaskaCare to be one of our most important accounts and I am personally involved in addressing concerns as they come to my attention. The LTC benefit, particularly the 90 day waiting period, was not readily understood by Ms. Freebury and the presence of two coverages, such as both Medicare and AlaskaCare, often makes administration and understanding more difficult.

I do recognize that it is very important for AlaskaCare providers and members to be made more familiar with their benefits, and our member services staff play an important role in educating them in these areas. We continuously strive to improve in this area of our customer service to our members at the present time.

We look forward to continuing to work with the state of Alaska.

Sincerely,



Kathy Odegard,
NYLCare NW Senior Director of Operations

copy to: Lisa Tourtellot, State of Alaska Department of Retirement and Benefits
Marianne Freebury, RN

March 12, 1998

Representative Jenette James
via fax 465-2381

Dear Representative James:

I wonder what has been done (if anything) about the sad state of affairs with the health insurance companies that the state now uses.

As I stated in my letter of February 24, I still have problems with NYLCare and Express Scripts. I spoke with a nurse yesterday at the dentist my husband has had some appointments with and she said that they have more complaints from retired state workers than from ones that are currently working. (My husband is a retired Judge.)

Both of these companies seem to think that the money that they are paying for claims is theirs. Correct me if I am wrong but I thought it was the state of Alaska's.

One of the many that I have talked with in the two companies blames the mail...stating that Alaska is "so far away"...

Could some legislation be introduced that will make the insurance companies direct deposit the claim. On the forms that we now fill out they could add a line for the checking account number and direct deposit. And if the payment took longer than 30 days from submission to deposit a heavy fine could be imposed on the insurance company. The return receipt used to send the claim (so that we would know when they received the claim could be paid for by the insurance company. They could just add \$3.00 (from their pocket) to each claim they paid.

Better yet, why don't we switch to a different company. The nurse I talked with at the dentist office agreed with me...we both feel that they company delays the payment to keep the money longer.

How does the insurance company make money. Do they collect interest on the funds that they receive from the state or do we pay them a fee to administer to the health claims. I would like to know how these companies are paid.

There has to be a better way. We have very few claims but there has not been one that has not either taken months to be reimbursed (one is 6 months at this writing) and calls and letters have to be placed or written several times to get satisfaction. I never had one problem with the old

P 1

*Gave these
to Kathy T.
David in
Person.*

MAR-12-98 THU 8:18 AM

company the state had.

PLEASE help get this mess straightened out.

With every good regard.

Sincerely,

Mignon Diane Lauber

Mignon Diane Lauber
907-463-5298 (fax)



NYLCARE™
HEALTH PLANS

Northwest

David E. Ford
President

NYLCare Health Plans
Northwest, Inc.
1400 One Union Square
600 University Street
Seattle, WA 98101-1158
206 442 4562 *tel*
206 447 5677 *fax*

February 24, 1998

Representative Jeannette James, Chairperson
House State of Affairs Committee
State Capitol - Room 102
Juneau, AK 99801-1182

**RE: House State of Affairs Committee Meeting
February 10, 1998**

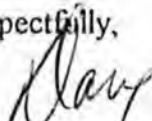
Dear Rep. James:

Thank you for your attention and courtesy in dealing with the issues of transition concerning the State of Alaska and NYLCare Health Plans Northwest. The House State of Affairs Committee Hearing held on February 10, 1998 was very useful in clarifying individual service issues as well as system issues that are currently being addressed.

I plan to return to Juneau on March 11th and 12th, and would like to schedule some advance time to briefly give you a personal update on the commitments I made at the last Committee meeting.

The office of Joe Hayes will be in touch with you to coordinate an ideal time to meet.

Respectfully,


David E. Ford
President/CEO

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

March 2, 1998

Kathy Odegard, Senior Operations Director
NYLCare Health Plans
1400 One Union Square, 600 University Street
Seattle, WA 98101

Dear Kathy,

Enclosed are letters we have received since the last batch I mailed you on February 16, 1998.

Also, I'm enclosing a letter NYLCare sent to me saying I'm not insured because I didn't pay the premium during the month I was on leave without pay. However, I have the cancelled check to prove I did pay the premium. Please look into this for me. Thanks.

Sincerely,

Barbara Cotting,
Committee Aide, House State Affairs Committee

A handwritten signature in cursive script that reads "Barbara".

NYLCare Health Plans, Inc.

COMPANY ID:005042

February 12, 1998

*I left
message
3/2/98*

BARBARA COTTING
37 GLACIER #8
FAIRBANKS, AK 99701

Dear MS. COTTING:

Since you did not pay \$429.93 as required for continued health care benefits under the State of Alaska group health care plan, the following benefits are terminated:

EMPLOYEE ONLY MEDICAL	\$ 387.60
EMPLOYEE ONLY DENTAL	\$ 42.33

These benefits terminated on 12/31/1997.

If you have any questions, please contact Donna Peltier or Helen Oliveira at NYLCare Health Plans, Inc. (401) 438-5062 Ext. 318 or 348.

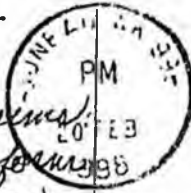
Very truly yours,

NYLCare Health Plans, Inc.

*Kathy -
I DID pay this & I have the
cancelled check to prove
it. Please make sure
I'm still insured.*

Season's Greetings

2-18-98



Re: My Life insurance claims
The problem is the EOB form
not the staff. The form gives
incomplete and confusing
information. I have found very
pleasant and helpful the two
employees I've contacted: Vicki
Hancock in the Anchorage office
and Sandra Rabe in Concord.
I called the above information
to Linda Wims in Mr. Ford's
office.

Barbara I. Fallon
State retiree

Barbara I. Fallon
2400-12 Douglas Hwy
Juneau, AK 99801-2034

Hallmark
PX 121-2

TO Rep. Jeanette Jones
State Affairs Comm. - Room 102

Alaska State Capitol

99801-1182



REPRESENTATIVE KIM ELTON

February 26, 1998

Commissioner Mark Boyer
Department of Administration
P.O.Box 110200
Juneau, AK 99811

Dear Commissioner Boyer:

I am writing to bring to your attention a problem resulting from the state's self-insurance plan. As you may know, the federal HIPPA law regarding insurance portability went into effect in July, 1997. The law requires insurance carriers to waive pre-existing condition clauses if the enrollee can show he or she had credible coverage of the condition prior to the effective date of the new insurance.

One of my constituents was informed by a benefits specialist with the Division of Retirement and Benefits that the state, as a self-funded group, is not subject to federal insurance laws. Consequently, seasonal workers who do not self-pay insurance during their lay-off period will be subject to the pre-existing condition clause as a new enrollee in the program, regardless of whether they maintained other coverage during the lay-off period. This is a very unfair situation, especially to those Alaskans who have made careers of permanent, seasonal, full-time work such as legislative employees and Fish and Game employees. I hope this is an oversight; I find it hard to believe this administration is willing to cause intentional harm to employees as a result of its election to self-insure.

The state has also elected to change available options for seasonal workers which results in a significant increase in payments from \$200 to \$380 per month. I brought this to the attention of the director of Retirement and Benefits three months ago and have had no reply to date. I find it hard to believe there is any reasonable justification for such an increase. This presents a very real financial hardship for seasonal employees and will make it difficult for the state to encourage Alaskans to choose jobs such as legislative aide or stream guard.

I look forward to hearing from you at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to be "K Elton".

Kim Elton

cc: Rep. Jeannette James
Guy Bell, director, Division of Retirement and Benefits
Kathryn Callahan

February 11, 1998

Representative Kim Elton
Alaska State Legislature
Juneau, AK 99811

*Dianne -
let's discuss*

Re: State Self Insurance

Dear Kim

More bad news... I called today to ask questions about Dick's coverage during lay off status. I learned that if an employee does not self pay during the lay off period they will be subject to the pre-existing condition clause as a new enrollee regardless if they have maintained other coverage. In July 1997 the federal HIPPA law about insurance portability went into effect. This law requires insurance carriers to waive the pre-existing clause if the enrollee can show that they have had credible coverage during prior to the effective date on the new insurance.

I was informed by Marti at Retirement and Benefits that the state is not subject to Federal Insurance laws as a self funded group. They have also changed the available options for seasonal workers which result in a significant increase in payments from \$200.00 to \$380.00 per month. This affects all seasonal workers.

It is poor public policy for those who make the laws to not be subject to following those same laws. Yes, it costs more money.

Sincerely,

Kathryn Callahan

February 24, 1998

Representative Jennette James
via fax 465-2381 page 1 of 8

To The Attention of Barbara Cotting

Dear Representative James:

I was not in town on February 6, 1998 when you had your hearing on NYL care. If the rest of the people in the plan have had the same type of service that I have had (better to say lack of service) you must have had thousands of persons complaining.

I have had nothing but problems with them.

The first claim I submitted was in August of 1997. I sent in the claim form and the back up for the prescriptions that I was claiming. The total for our claim was \$1,515.00. They sent us a check for \$22.60. Finally, a fellow named Clint acknowledged that we had a problem, asked us to send back the wrong check. This "screw up" created a pretty good wait for our \$1,515.00.

I wish to address the length of time it takes to get our reimbursements. Six to ten weeks. Calls to them do nothing to expedite the matter.

My husband, Richard B. Lauber, (who is retired from the state and why we have the coverage) is having some extensive dental work done. We got a call from the nurse at the dentists office asking us to call the insurance company that they were not paying on the dentist claim. When my husband did so we were told that my husband had not checked off the box asking if we had other coverage (we don't) and as soon as he clarified that they would pay. What difference would it make if we did have other coverage. And why not call us (they have our phone number - it is on every claim form we fill out) and ask instead of making the dentist wait.

I called the office in St. Louis yesterday to see why a \$800 claim for several prescriptions had not yet been paid. I mailed the claim off January 3, (even allowing a week for the mail to arrive that is seven (7) weeks.) The woman I spoke with looked up the claim and said that "the check was in the mail". I got an envelope that day...thought well, finally. When I opened the envelope I got a form letter telling me that they were returning my submission because it was a non-prescription claim. I send to you a copy of

this claim. It is for \$450.00 worth of PROSCAR which is most certainly a prescription drug. I also sent the back up in the form of the prescription label. When the woman who said she had the information on her computer screen talked to me why didn't she mention that they were returning a claim?

I called about another claim that I had for services from a clinic in Seattle after my husband had an exam for a prostate problem. I spoke with Rachel. She said they did not have the claim and hung up.

Telephoning the number that is given is an effort in futility. I spent 3 days calling every fifteen minutes and finally just gave up.

I think that is what they want you to do...just give up. Writing over and over again to get things straightened out or not getting through on the phone is, I believe, a delaying tactic so that they don't have to pay the claim.

My son-in-law who works for the state has had as much trouble with them as we have. He also says that the employees of the state now pay more than they did before.

Please, Please can't we go back to Aetna. I never, ever had a problem with them in all the years we used them. If not Aetna perhaps another carrier. Anyone but NYLCare. The care we have now sucks!

With every good regard.

Sincerely,

Mignon Diane Lauber

Mignon Diane Lauber
(Mrs. Richard B. Lauber)
fax 907-463-5298
321 Highland Drive
Juneau, Alaska 99801-1442



P. O. Box 64773
St. Louis, MO 63166-4773
Attn: Claims Department

February 18, 1998

Richard Lauber
321 Highland
Juneau, AK 99801-1442

Dear Mr. Lauber:

The attached claim submission is being returned because your coverage with Express Scripts is for prescription drug expenses only. Please submit the attached non-prescription claims to your major medical insurance carrier.

Your prescription drug claims are currently being processed.

If you have any questions, please contact Customer Service at 1-800-451-6245. Thank you for your cooperation and understanding.

Sincerely,

Claims Department

Express Scripts, Inc.

amm

Feb. 24 - 98

certified P 323 511 045

I do not understand why you disclaimed this - it is a prescription claim.!

Richard B. Lauber

04220722

PLEASE READ REVERSE SIDE BEFORE COMPLETING THIS FORM
YOUR CLAIM CANNOT BE PROCESSED UNLESS THIS FORM IS COMPLETE

INFORMATION TO BE COMPLETED BY PARTICIPANT

PARTICIPANT'S SOCIAL SECURITY NO.
567-28-8503

INSURANCE CARRIER/Administrator AlaskaCare
EMPLOYER Retired

PARTICIPANT'S NAME Lauber Richard
LAST FIRST M.I. HOME PHONE (907) 586-1322
WORK PHONE ()

PARTICIPANT'S ADDRESS 321 Highland Dr. Juneau, AK, 99801-1442
STREET APT # CITY STATE ZIP CODE

CHECK IF NEW ADDRESS
& SEPARATE CLAIM FORM MUST BE COMPLETED FOR EACH PATIENT

PATIENT NAME Lauber Richard B PATIENT BIRTHDATE 3-6-22
LAST FIRST M.I. MO DAY YF

RELATIONSHIP TO PARTICIPANT: SELF SPOUSE DEPENDENT OTHER
HAVE YOU REQUESTED REIMBURSEMENT FOR THESE CLAIMS FROM ANYONE OTHER THAN EXPRESS SCRIPTS? YES NO

PRESCRIPTION INFORMATION: THIS SECTION MUST BE COMPLETED BY YOU OR YOUR DISPENSING PHARMACIST
PRESCRIPTION LABELS SHOULD BE ATTACHED; ONE TO EACH BOX

Pharmacy Name Foodland Super Drug Rx No. 6420460
Address 631 Willoughby Ave, Juneau, AK Date Filled 12/17/97
Drug Name & Strength PROSCAR 5MG Qty. 200
NDC # 00006 0072-31 Price \$450.00

Pharmacy Name _____ Rx No. _____
Address _____ Date Filled _____
Drug Name & Strength _____ Qty. _____
NDC # _____ Price _____

Pharmacy Name _____ Rx No. _____
Address _____ Date Filled _____
Drug Name & Strength _____ Qty. _____
NDC # _____ Price _____

Pharmacy Name _____ Rx No. _____
Address _____ Date Filled _____
Drug Name & Strength _____ Qty. _____
NDC # _____ Price _____

Handwritten notes:
Killed patient
no pills

IMPORTANT PLEASE SIGN AND DATE HERE
CERTIFY THAT THE INFORMATION IS CORRECT AND THAT THE PRESCRIPTIONS LISTED ABOVE ARE FOR MYSELF OR MEMBERS OF MY FAMILY WHO ARE ELIGIBLE TO RECEIVE THE MEDICATION DESCRIBED ABOVE AND AUTHORIZE RELEASE OF ALL INFORMATION CONTAINED ON THIS CLAIM TO EXPRESS SCRIPTS, INC. AND NYLON PLAN SPONSOR.

Richard A. Lauber
PARTICIPANT'S SIGNATURE

Jan. 3, 1998
DATE SIGNED

You may have your claim reviewed by making written request to your plan administrator within 90 days after receipt of this notice, or call our Customer Service Department at 1-800-451-8245.

TOTAL BENEFIT PAID \$22.8

DAY-TWING PC OACR No 680 - PLANS A USA

Attention: Clint - Claims Dept

Express-Scripts
1400 River Port Dr.
Maryland Heights, MO 63043

They want the \$22.60 check returned to:

MESSAGE
Express-Script called today to tell us that a \$22.60 check has been sent to us in error. (it was another persons claim). We also will get a check for \$15.00 - that one is o.k.

INTER-OFFICE MEMO
TO: Rick
FROM: Rick
DATE: 9-18-97
SUBJECT: Ins. Prescription Payment
1-800 392 5455 ex 7919

Express Scripts
Progressive Healthcare Management

1000 RIVERPORT DRIVE • ST. LOUIS, MO 63043

Mellon Bank N.A.
Pittsburgh, PA (311)
Payments through Mellon Bank (02) N.A.
Washington, DC

624
311

CHECK NO.

02247135

PAY *****22*DOLLARS*AND*60*CENTS

DATE 09/12/1997

AMOUNT \$22.60

RICHARD B LAUBER
321 HIGHLAND DR.
JUNEAU, AK 99801-1442

VOID

Theresa A. Blumenthal

AUTHORIZED SIGNATURE

⑈02247135⑈ ⑈031100017⑈ 2⑈948 2⑈4⑈⑈

EXPLANATION OF BENEFITS



14000 RIVERPORT DR
ST. LOUIS, MO 63043

Code	Explanation
	WE HAVE RECEIVED TO YOUR SIDE... CENTS... 27.60

Sponsor Group- NYLCARE-ST. OF ALASKA
Subscriber- RICHARD B LAUBER
ID Number- 867-28-8809
Date Processed- 09/12/97

Name	Suffix Code	RX Number	Date of Service	Amount Submitted	Not Covered by Plan	Explanation Code	Amount Allowed	Other Insurance	Applied to Deductible	Member Copay	Amount Paid
		3878784	08/20/97	27.60	.00		27.60	.00	.00	5.00	22.60
TOTAL BENEFIT PAID											\$22.60

You may have your claim reviewed by making written request, to your plan administrator within 60 days after receipt of this notice, or call our Customer Service Department at 1-800-451-8245.

certified P323 030 000

September 25, 1997

Express - Scripts
14000 River Port Drive
Maryland Hights, MO 63043

ATTN: CLINT - CLAIMS DEPARTMENT

Dear Sir:

Find enclosed check number 02247135 in the amount of
\$22.60 made out to Richard B. Lauber.

We were told to return this check.... I have written
VOID on the bottom of this check.

Sincerely,

Mignon Diane Lauber
(Mrs. Richard B. Lauber)
321 Highland Drive
Juneau, Alaska 99801-1442

To: NYL Care
AK State Health and Social Services Committee

From: K. McCrossin
Mt. Edgecumbe High School

Re: 2/10/98 teleconference
NYL Care Problems/Issues

I attended the 8:00 a.m., 2/10/98 teleconference to gather feedback from clients on issues and clients regarding their health care program.

Conferences of this sort should be held after working hours. As a state employee, my day begins at 8:00 a.m.; fortunately my employer allowed me thirty minutes to participate in the conference. This was not enough time to voice my concerns. Most of my colleagues, while they wanted and felt that they needed to attend, had more pressing concerns in the workplace. If NYLCare and the state wanted an accurate appraisal from the clients, they would schedule teleconferences at times the clients could attend.

Since I have just begin to use my benefit package, I have little input regarding the timeliness or efficiency of claim. However, I do have input regarding prescription drug coverage.

In Sitka, there is no NYL Care pharmacy. The only pharmacy is Whites/Harry Race who cannot afford to participate in the NYL Care program because they cannot purchase drugs in the quantity, and at the quantity pricing, that companies like WalMart or Fred Meyers can; therefore, they are financially unable to participate in the NYLCare program. The result too then is that I pay far more for prescription drugs than is set out in my policy (Though retirees, with the same company, do not pay the higher percentage.).

As a client I have these choices then. One, send out of state for prescription drugs. I do not want to send my dollars out of state. I want to invest in the services in my community.

Two, buy drugs in Juneau or Anchorage. I prefer to have Trish and Dirk White act as my pharmacists. They have an accurate record of all the drugs that I consume, they have the time to act on my behalf and communicate effectively with my local doctor and they have personal interest in my case. I am their neighbor. A pharmacist in Juneau wouldn't even know me.

NYL Care should not limit my choice of pharmacies. It is not their prerogative to choose which pharmacist is right for me. It is not their right to control the economics of this town or the type of services offered here. By limiting my choice of pharmacy they are doing this.

February 7, 1998
Representative Jeannette James
Chairwoman
State of Affairs

Dear Representative Jeanette James,

I am writing to you to express my total dissatisfaction with the NYCARE Mail-order Prescription services for the Retirement portion of the Health Care coverage.. The first time I sent in my prescriptions it took more than 4 weeks to receive my prescriptions.

The last time I ordered on October 13, I told the individual who was taking the order that I was at my Mother's, 3902 Woodlawn Dr. SE, Olympia, WA 98501 I gave this individual the address three time and had him read it back to me so I knew that he had put in the correct shipping address.

It was on October 29, 1997 at 9:03 AM AST that I called to inquire about my order and was told that it had been sent on October 18, 1997 to my address P.O. Box 2391, Sitka, AK 99835. Needless to say that I went ballistic when I heard this. I then called the Division of Retirement and Benefits at 10:59 AST and talked for 6 minutes to an individual in the retirement section who handled retirement inquiries about the problem that I was having with the mail-order prescription program. At this time I was told that she would talk to her supervisor and get back to me as soon as possible. Well, I waited for a day and a half and place another call to R&B on October 31, 1997 at 9:40AM AST and was told that there wasn't anyone in the office that would come clean about taking my call the first time. I then told this individual what had transpired and asked them to check in with NYCARE and find out what was going on with my refill order. Well, this was getting to be quite a bit of stress and I asked that individual to ask around and I would call back later. I then called back called back at 3:45 PM AST and was told that the original order had been sent to the address in Olympia. At this time I was confused. So I called NYCARE back and inquired about the address and they gave me the Olympia address as the address they had sent the drugs to they changed the shipping address to cover their incompetence. By this time I was steaming since I would be out of one of my drugs on Wednesday of the next week.

NYCARE didn't send out this order until November 4, 1997 a full 6 days after my first complaint. I find this response to my problem to be the worst service I have ever received on mail-order prescriptions. In fact NYCARE didn't give me any options to get a supply to hold me over until the Nov 4, 1997 shipment arrived.

I was finally able to get in touch with my house-sitter and had her pick up my mail being held at the Post Office and she sent the drugs on Nov 3, 1997

Express Mail, at a cost of \$15.00, that arrived the next day in Olympia at 9:AM
Nov 4, 1997.

The order that was sent from NYCARE on Nov 4, didn't reach me until Nov 14,
1997 in the regular mail. What I want to know is why it took them so long to get
the drugs in the mail and why they sent them Priority instead of Express Mail or
asked me if there wasn't a Pharmacy that participated in their plan in the area I
was located which they could have called in a temporary prescription to get me
by until the refill of the refill arrived?

When I used the former mail prescription program it was in the mail in a couple
of days and in my P.O. Box within a week. The NYCARE is not what I call an
improvement in services. Let's go back to the former plan.

Thank you for an opportunity to comment on the Mail-order Prescription Plan.

Sincerely,

A handwritten signature in cursive script that reads "Demarie S. Wood". The signature is written in dark ink and is positioned below the word "Sincerely,".

Demarie S. Wood
P.O. Box 2391
Sitka, AK 99835
907-747-6518

February 12, 1998

Janet L. Downing
P. O. Box 326
Ester, Alaska 99725

Jeanette James
State Capitol
Juneau, Alaska 99801-1182

Dear Jeannette,

Thank you for your assistance with the problems I have with NYL care insurance. I recently received a letter from them in response to my letter of December 16, 1997. They indicated that a copy was being sent to your office. As of this date they have paid all of my outstanding bills, including a bill to Dr. Cobden for October. It should not take 3-6 months to process these bills.

The one thing I did not bring up in the meeting was the fact that I have had to pay finance charges and was threatened with being turned into a collection agency. I carry the insurance so I won't have this kind of problem, supposedly.

The preferred Provider issue is unfair to all Alaskans. Yes, it does benefit me but who pays for the 2% deduction? The Providers will pass this expense on to their customers one way or another.

I very much appreciate your intervention in this problem but it is not totally resolved.

Sincerely,

Janet L. Downing



Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



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ETHAN BERKOWITZ

February 16, 1998

Kathy Odegard, Senior Operations Director
NYLCare Health Plans
1400 One Union Square, 600 University Street
Seattle, WA 98101

Dear Kathy,

Enclosed are letters we have received since our State Affairs hearing on February 10, as you requested. Thanks again for being in attendance at that meeting.

As long as I'm writing, I'll mention my own problem with NYLCare.

My social security number is 523-48-1794.

On June 21, 1997, just a few days before the state switched from Aetna to NYLCare, I inconveniently broke my wrist. BAD TIMING! At first it looked like the switch-over would be smooth in my case, but then I started getting more and more bills from Dr. Keller at Sports Medicine. We finally ascertained that NYLCare was denying payment.

I've paid all the bills I received, because when they began arriving I was in the process of moving to Juneau for the legislative session (more bad timing!), so part of my records are here and part are back home in Fairbanks.

The part of the claim being denied appears to be a cortisone shot I opted to receive instead of taking the longer and much more expensive route of physical therapy on the wrist, when it appeared not to be healing properly several weeks after the cast was removed. The cortisone shot in the bone, though excruciating at the time, did take away the swelling within three days and my wrist soon returned to normal. NYLCare should be happy that I chose this much less expensive and time-consuming treatment.

If you can check on this for me, I would really appreciate it!

Thanks again for your cooperation and your interest in providing services to Alaska's state employees.

Sincerely,

A handwritten signature in cursive script that reads "Barbara".

Barbara Cotting,
Committee Aide, House State Affairs Committee

HENRY I. AKIYAMA, M.D., F.A.C.C., P.C.

INTERNAL MEDICINE
& CARDIOLOGY

1420 GLACIER AVENUE
JUNEAU, ALASKA 99801

TELEPHONE (907) 586-6226
FAX (907) 586-6155

February 10, 1998

Chairman Jeannette James
State of Alaska Legislature
House Affairs Committee
Juneau, AK

Re: State Self Insurance Coverage

Dear Chairman James,

Thank you for holding these hearings. I am writing to inform you of what we have recently discovered about the new State of Alaska self insurance program. Although we have many complaints about the way NYL Care is processing claims in the retirement section, there are three policy issues affecting retirees that should be addressed.

Breast cancer is the leading cause of death in women. Recognizing that, in January 1998 Medicare began covering screening mammograms every year (previously biannually). Before January's change state retired beneficiaries could bill Aetna for the mammogram on alternate years and be covered as required by state law. NYL Care has declined to pay for these as they are not subject to the state insurance laws. This affects those participants receiving a screening mammogram from July 1 to December 31, 1997. Since NYL Care are not subject to insurance laws they are not required to provide booklets to subscribers nor are they subject to the penalties assessed for untimely payments.

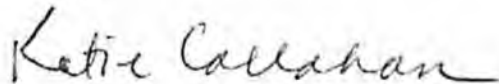
NYL Care under state guidelines does not provide coverage for follow-up care at the level Aetna did. Medicare limits services by medical necessity. For example, Medicare does not cover tests done on a cancer patient for a yearly follow-up. This includes lab studies and x-rays. In the past Aetna would pay for these if the services met the guidelines for coverage for all the other retired beneficiaries. NYL Care has informed us that they are not responsible for these services as they fall into the contractual obligation that a provider has with Medicare. Other employee group supplementary insurance such as Blue Cross cover these services. Medigap policies that are purchases such as AARP do not cover anything not covered by Medicare. Medigap insurance typically represent less coverage to the participant.

The trend with Medicare is to further limit covered services with their medical necessity guidelines passing the responsibility to the participant or the supplemental carrier. State Retired Beneficiaries should not receive substantially different coverage once they become Medicare eligible.

The state now has different benefit years for active and retired plans. The active group has a July 1 benefit year and the retired group remained at January 1. There are many many participants who are covered under both plans or have other insurance coverage under a spouse. I am not aware of any other insurance company that we do business with that has a date other than January 1 for a benefit year. This is a potential nightmare for participants, providers and especially NYL. Care to try to process, coordinate and understand these claims. These dates need to be coordinated.

I appreciate your attention to this matter. The changes are affecting a great many Alaskans. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Katie Callahan".

Katie Callahan
Office Manager

cc: Rep. Ethan Berkowitz
Rep. Kim Elton
Rep. Fred Dyson
Rep. Mark Hodgins
Rep. Ivan Ivan
Rep. Al Vezey

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Gary B. Schwartz
Executive Director

February 9, 1998

The Honorable Jeannette James, Chair
House State Affairs Committee
State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative James,

I am concerned with the mischaracterization of NYLCare Northwest's administration of the AlaskaCare health plan for state employees and retirees. Unfortunately, there has been poor communication among the State, the enrollees, providers and NYLCare. NYLCare is responsible for claims administration, but does not write or administer the benefits for the State employees and retirees. I am unsure as to who has ultimate responsibility for benefits determination or what benefit options are available to the enrollees. State enrollees do not appear to understand the benefits or the chosen options. With this lack of communication, it is difficult to correctly administer claims payment.

There have been payment delays by NYLCare during the initial start-up of the AlaskaCare health plan. Many of the medical practices represented by the Alaska Healthcare Network, Inc. (32 independent medical practices) experienced payment backlogs during the first few months of operation; however, this has been corrected by NYLCare. Comments to the effect that every Fairbanks provider is in arrears are misleading and inaccurate. To my knowledge, there is only one multi-specialty medical group, represented by the Alaska Healthcare Network, who has experienced a claims backlog in the past couple of months. According to Kathy Odegard, Senior Director of Operations with NYLCare, this backlog was reconciled on February 6, 1998.

For more than thirty years, I have been involved in health care administration and have had many opportunities to work with all of the major health plans in the United States. This includes Prudential, United Healthcare, Aetna, Mutual of Omaha, and several Blue Cross/Blue Shield plans (to name a few) I want you and members of the House State Affairs Committee to know that I consider NYLCare to be among the best of the best in terms of

professionalism, commitment, integrity, and follow-through. My opinion is shared among the medical leadership of the Alaska Healthcare Network and many of the medical practice administrators with whom I have contact.


NYLCare has operated in good faith, is open and creative in its approach to problem solving for its client organizations, and takes a business partnership approach in its work with the Alaska Healthcare Network. They do this from a "community equity model" of business dealings, which translates into local initiative, local control, and local decision-making. I trust that all Alaskans want to operate in this manner and believe the opportunity is there for us.

Quite frankly, I am pleased that the State chose NYLCare to serve as its third party administrator and I look forward to NYLCare securing additional business in Alaska. I believe that with better communication and the opportunity to perform the prescribed functions addressed in the State contract with NYLCare there will be continuous improvements to the mutual satisfaction of the State, its enrollees, providers, and NYLCare.

I would be happy to share other specific thoughts and experiences regarding NYLCare along with recommendations for improving State program implementation. Please do not hesitate in calling me in this regard during or subsequent to the February 10th hearing in Juneau, should you desire.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary B. Schwartz".

Gary B. Schwartz, MPH
Executive Director

10 February, 1998

TO: Representative Jeanette James
fax: 465-2381

From: Bette Wright
phone: 458-7404

I do the billing for three mental health clinicians in Fairbanks. I am very dissatisfied with NYLCare. They make too many mistakes.

Mental health care is managed care with negotiated rates for each type of provider. NYLCare can't get them straight; they pay the wrong rate, they pay the wrong percentage, and they are slow to enter the referrals from the managed care company into their system. I received nine checks in Monday's mail and they were all incorrect.

Instead of sending us one bulk check and one Explanation of Payments for all the appointments they're paying for, NYLCare sends an individual check and an individual EOP for each client for each appointment. If I am complaining of having to deal with that much paper for only 3 providers, imagine what it must be like at Tanana Valley Clinic. Imagine, too, what it is costing the State of Alaska for all those checks, envelopes and stamps.

NYLCare has sent our overhead costs soaring with their errors and their use of individual checks. We are not, therefore, accepting any new clients who are State of Alaska Employees.

Sincerely,



Bette Wright

PS The checks are not even written on an Alaska Bank

FEB-10-98 TUE 11:06

ANCHORAGE LIO

FAX NO. 9072581261

P. 01

Post-It™ brand fax transmittal memo 7671 # of pages > 6	
To Rep James	From
Co. (H) state affairs	Co. Anch. TC
Dept.	Phone #
Fax # 465-2381	Fax #

2/10/98

Professional
Infusion
Pharmacy, Inc.

State of Alaska Legislature
 State Affairs Committee
 Representative Jeannette James, chairperson

To Representative James and State Representatives: *Assembly*

I am writing this letter to express my strong opposition to the current "State of Alaska, self insured/NYLCARE" Pharmacy Mail Order program; a plan whereby State of Alaska employees, current and retired, are being given financial incentive to have their prescriptions filled out of state.

Danita Fischbach and myself, are both licensed pharmacists, who have been Alaskan residents since 1981. We established our own small business, Professional Infusion Pharmacy, Inc., in April of 1994. We worked closely with the state funded organization, The Small Business Administration, in developing our business plan, learning tax laws and in securing an SBA loan through the National Bank of Alaska. We are routinely contacted by the Buy Alaska program, another state funded organization. As Governor Knowles often states, small business are what fuel the Alaskan economy. Our business has grown from 2 employees (ourselves) to 10 employees. We pay taxes, lease from Henry Penny (Penco Properties), and pay for services from many local utilities (MPL, ATU, GCI) and businesses. We contribute to a growing number of local charities (Alaskan AIDS Assistance Association, Boys and Girls Club, Imaginarium etc.), sponsor sports' teams and are involved in the Anchorage School District's "mentor program". We write off an enormous amount of Alaskan indigent care medical expenses.

WHY is the State of Alaska coercing their members to use an out-of-state, mail order pharmacy, that is owned by the administrator of their insurance plan????????????????

- * There is no cost savings to the state.
- * The individual saves a considerable amount of money by sending prescription out of state. Why can't the neighborhood pharmacy fill a 90 day prescription with the same co-pay?
 I think, NYLCare, the administrator of the state insurance plan and owner of the mail order pharmacy, Express Scripts, set the state up. They have set up a plan that penalizes state employees that use an Alaskan pharmacy and NOT their mail order pharmacy. How convenient....
- * Many "larger" Alaskan towns don't even have a pharmacy (Bethel), do you really want access to decrease?

725 Northway Drive Anchorage, Alaska 99508
 Phone: (907) 279-8055 800-262-8055 Fax: (907) 279-8054

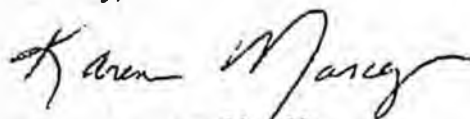
***What about Buy Alaska, lets keep the dollars here!**

Medications shipped to patients, routinely don't come, they get frozen and Federal Express etc, won't deliver to a P.O. Box. I'm the pharmacist dealing with the frantic individuals who are forced to use mail order and experience one or more of the above situations. It's a nightmare.

At Professional Infusion Pharmacy, we provide a high level of pharmaceutical care. We work closely with the patient and their physician to achieve a good outcome. We have extensive patient medication profiles, provide literature searches, do daily or weekly medication cassettes, draw up weekly insulin syringes, provide delivery service, offer 24 hour consultation and service and provide TOTAL pharmaceutical care. The LAST thing a person should do is get their medications from more than one pharmacy. Medications are NOT inert substances, they can cause harm in many ways: if frozen and the full dose is not received, if the medication is taken to often or not often enough, if it is mixed with another medication, if it is taken on an empty stomach and needed food for absorption etc. Every person and every medication is unique and needs the expertise of a single pharmacy.

Please review the attached sheets and call with any questions. The State of Alaska has control of their own insurance program and I hope will change the prescription drug plan to allow Alaskans to patronize the Alaskan Pharmacy of their choice.

Sincerely,



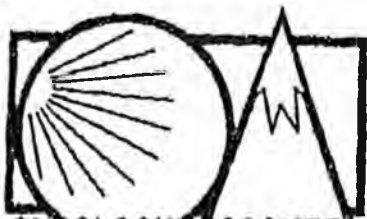
Karen Marcey, R.Ph./V.P.

FEB-10-98 TUE 11:07

ANCHORAGE L10

FAX NO. 9072581261

P. 03



ONCOLOGY ASSOCIATES

1200 Airport Heights Drive, Suite 300
Anchorage, Alaska 99508
(907) 278-3155 Fax: (907) 258-7215

Frank M. Domurat, M. D.

Mary L. Stewart, M.D.

Verneeda Spencer, M.D.

January 14, 1998

TO WHOM IT MAY CONCERN:

RE: [REDACTED]

Please be advised that I am the physician caring for this pleasant 43-year-old white male with several medical conditions. He is taking many important medications. It is imperative that these medications be received intact, without any prior heating or freezing, which may cause loss of efficacy.

Sincerely,

Frank M. Domurat, M.D./pi

Frank M. Domurat, M.D.

FMD/pi

Why HMO members pay less for drugs

People insured by health maintenance organizations pay much less than the uninsured for prescription drugs. Pharmacists, who make no money from HMO prescriptions, have balked. How the system works, using the asthma drug Ventolin as an example:



Source: National Association of Chain Drug Stores... T. TSO / The Associated Press

Drugstore owners settle a price-fixing suit with drug manufacturers, but the deal does little for the uninsured and elderly. Story, Page E-4.

Consider NYL Care an HMO

Stores settle with drug makers

The Associated Press

NEW YORK — Independent drug store owners could get a quick payoff for settling their lawsuit that charges drug manufacturers with giving unfair discounts to health maintenance organizations and hospitals.

However, the tentative deal, revealed this week, apparently offers no relief from high prescription prices for uninsured and elderly patients, whose costs are rising rapidly to subsidize the discounts.

"The message of this is, if you're elderly and don't like it, join an HMO. For the uninsured, the answer is if you don't like it, don't buy the drug," Uwe Rein-

hardt, an economics professor at Princeton University, said Thursday.

In the class action suit, representing 40,000 of the nation's roughly 58,000 pharmacies, lawyers claimed that the drugmakers illegally conspired to offer discounts averaging 40 percent to 50 percent or more to HMOs and hospitals while denying these price breaks to the pharmacies.

If the pact is approved by federal Judge Charles Kocoras in Chicago, it would rank among the biggest antitrust settlements ever, according to The Wall Street Journal, which first reported the settlement in

Thursday's editions. The case was scheduled to go to trial in April.

If the \$600 million figure holds, that could mean an average payment to each drugstore of about \$15,000, minus legal fees.

The deal requires the defendants to admit no wrongdoing. The defendants include pharmaceutical giants representing about 78 percent of the U.S. market for brand name prescription drugs, said the person familiar with the negotiations. Among the companies agreeing are Pfizer, Merck & Co. and Myers Squibb.

P E T I T I O N

To the U.S. Senate and
the U.S. House of Representatives



- WHEREAS** It is bad medicine for Americans that health policies discourage the use of a local pharmacist or even eliminated the choice altogether.
- WHEREAS** Americans trust their local pharmacist and rely on their pharmacist to help ensure that a prescribed drug not only is right for them, but that they can obtain the product without the fear that it will be damaged, delayed, or lost in the mail.
- WHEREAS** Hardworking Americans should not be forced to entrust their health to mail order companies thousands of miles away and deserve the right to continue seeing the local pharmacists they have grown to trust.
- WHEREAS** The Prescription Drug Benefit Equity Act, H.R.1626, (by Representative Nita Lowey) would require equivalent benefits, i.e., co-pay or deductibles, for mail order and for the local pharmacist.
- THEREFORE** I support such federal legislation to eliminate discrimination against those of us who want to continue receiving services from our local community pharmacist. There is nothing more precious than peace of mind and good health.

Signed: _____

Date: _____

Address: _____

Congressional District: _____

P. 06

FAX NO. 9072581261

ANCHORAGE L10

FEB-10-98 TUE 11:07

Rx

Fax Transmission

^^ confidential ^^

Date: 2/9/98

pages faxed(Including cover): 4

To: Representative Jeannette James
Company: House State Affairs Committee
Fax#: 907-465-2381

From: Barry Christensen, RPh
Company: Island Pharmacy
3526 Tongass Ave.
Ketchikan, AK 99901

Fax#: 907-225-6187
Voice#: 907-225-6186
E-Mail: island.pharm@juno.com

Message:

Attached please find my written testimony from yesterdays NYLCAPE hearing.
Thank You.

**ALASKA PHARMACEUTICAL ASSOCIATION**

Box 101185 Anchorage, Alaska 99510
(907) 563-8880

FOR TESTIMONY OF STATE HOUSE AFFAIRS MEETING FEB. 10, 1998

Representative Jeannette James
Chairwoman, State of Affairs Committee
Alaska House of Representatives
Juneau, Alaska

Dear Chairwoman James,

My name is Barry Christensen and I reside at 1111 Jackson Street in Ketchikan. I am a pharmacist and today I will be representing the Alaska Pharmaceutical Association as well as myself as an individual practitioner. Currently I serve as the immediate past president of the Association and the Chairman of the Legislative Committee.

The Alaska Pharmaceutical Association is the professional society of over 200 licensed Alaskan pharmacists. On behalf of our membership I would like to thank you for your decision to conduct hearings on the recent change in the State sponsored insurance program administered by New York Life. Some of our members have had a variety of challenges with the new program as you are aware given your experience in your hometown. Since your last meeting I hope you have received more specific comments from individual pharmacies about the switch and I will inform you of my specific concerns from my community pharmacy practice later in this testimony.

The overwhelming concern voiced by our membership has been the mail order pharmacy program. In your last hearing Melinda Hofstedt, of Representative Hudson's office, did an excellent job of outlining the pitfalls of the mail order program. I will outline three specific areas of concern to our members.

-Patient concerns: Mail order service cannot offer the same care as local pharmacy because there is no face to face counseling. Patients receive maintenance medications from mail order service but must use local pharmacies for immediate or short term medications. Patients rely on local pharmacists for double checks on drug interactions, drug identification, and drug information. Patients often have multiple medication profiles making it more difficult to check for drug interactions and contraindications. Also most medications have specific storage requirements. During delivery of medications from Missouri to Alaska are medications protected from temperature extremes before reaching the patient?

2

-Financial concerns: State employees are offered financial incentives(lower copays) to use mail order prescription service. There is questionable savings to the State of Alaska since those dollars leave the State. There has been some confusion about the exact numbers of prescriptions that have been filled by the mail order pharmacy. Last week I was informed that only about five percent or approximately 10,000 prescriptions have been filled by the mail order program. While these numbers may be small they are never the less dollars that are leaving the State and our concern is that the figures may increase with continuation of the program.

-Ethical Concerns: Is it appropriate for the insurance company to own the mail order pharmacy(i.e. Express Scripts) if the insurance company was contracted to handle the administration of the medical claims. In this instance New York Life is acting as a provider and administrator. And is Express Scripts promoting the substitution of certain brands of medications because of contractual arrangements with pharmaceutical manufacturers? If so does the State or the patients benefit from these substitutions?

I am willing to set down with officials of the state administration, NYLCARE, and elected officials to further discuss the pharmacy problems mentioned.

Now I am going to switch hats to that of a practicing community pharmacist. As you may know, pharmacies that have contracted with NYLCARE submit prescription claims "live"(electronically via the computer=point of sale(P.O.S.). To their credit the Express Scripts P.O.S. claim's processing runs pretty well and we have experienced very few if any down times with their computer system. However, even though the claims information is received the same day we fill the prescriptions the claims are very slow to be paid. Our small professional practice had over \$30,000 in unpaid claims at the end of last year. It takes an average of 6-8 weeks for the claims dollars to reach us from Express Scripts. Under the Aetna P.O.S. program we received payments 2 weeks after filling the prescriptions.

In addition, our patients have been frustrated with the lack of coordination of benefits with the Express Scripts system. Probably the most frustrated are our elderly dual state retired patients who cannot understand why under the Aetna program their brand name medications were fully covered and now they are charged \$5 for each prescription and then they have to submit the receipt to Express Scripts to be reimbursed. I am sure that many of them do not do so and hence are losing out on their benefits.

3

Lastingly, I have a personal ethical concern about having the mail order pharmacy being owned by the insurance company. This is perhaps best illustrated by the following example. Oral contraceptives are not covered by the plan at this time although pending legislation may change this. Some peri and post menopausal women are prescribed oral contraceptives as estrogen/progesterone supplements for non-contraceptive conditions. Therefore when we run the oral contraceptives thru the system they are denied as non-covered and the patient has to pay the full price for the medication. I have told patients that they should have their doctor write a letter describing their non-contraceptive necessity for using the medication and to submit a receipt with it. To my knowledge the patient has not been reimbursed for the medication yet.

I was most surprised to find out last month that a patient submitted a letter from her physician with her mail order prescription to Express Scripts and had no problem receiving her oral contraceptives with insurance benefits. I have verified this with Express Scripts, however no one from their prior authorization department has returned my call to tell me how the patients can receive the same medications locally under their insurance plan. While this may be a "logistical" problem, it underscores the potential conflict of interest that can be involved when the provider is also the administrator of the program.

Again I would like to thank the chair for the opportunity to comment as a member of the Alaska Pharmaceutical association and as an individual practitioner involved with the delivery of health care under the new insurance program provided by the state. A copy of this testimony will follow. It should have arrived today if my computer monitor not failed yesterday. I would be glad to answer any question of the chair or other members at this time. Thank you.

February 12, 1998

Dear Representative Hudson

I was told to notify your office regarding my problems with the State Health Benefits provider, NYL Care, Inc.

I was ill on Tuesday and unable to attend the hearing.

My husband and I are still awaiting a resolution of this matter.

We hope that this information will be added to your testimony.

Sincerely,

Judy Rice

phone. 737-4163

February 11, 1998

NYLCare Health Plans INC

Attn: Donna Peltier or Helen Oliveira

RE: Your letter of January 20, 1998 regarding termination of benefits

I am in receipt of my check made to NYL Care in the amount of 1505.00 (dated Jan 12, 1998) which you returned to me along with a copy of a letter dated January 20 informing me that my benefits have been terminated since 11/30/97. This is the first notice we have been given saying our account is not current. We were unaware there was any problem or missing payments. Your letter of January 20 serves as a retroactive termination, since at no time have we ever received any indication there was a problem with our account, or any request for payment or suggestion that we could be terminated. My check was payment for 1st quarter services for 1998, and I have been on a quarterly payment plan, so the amount you indicate I failed to pay, 501.50, is a monthly amount. I am unclear as to how I could be in arrears for a single month.

Following your return of our check we called the 401 438-5062 number as instructed and asked for Donna or Helen in order to resolve the misunderstanding. We were referred to the State of Alaska NYL Care Coordinator (Lisa Tourtellot). We spoke with her (she indicated her records showed we were in fact active and current) and she referred us to State Health & Benefits (Linda) who listened to our explanation and said her supervisor Lisa House must handle the matter. We have not yet heard from Ms House.

In anticipation of December surgery for Judy, we made a telephone inquiry to NYL Care on 11/21/97 to make sure our account was current. We were informed we were current and there was no problem.

We went through proper channels and obtained pre-approval from NYL Care for Judy's surgery. We have a copy of that pre-approval letter.

We understand that payments have been made to service providers for services to Judy in January 1998, and all correspondence shows we are "active".

We are returning our January 12 check for 1st quarter 1998 premium to you with our request that you fully re-instate us. The January 20 letter is the first notice we have received informing us of a problem, please consider this letter our response. We acted in good faith with payments and proper approval requests in 1997. It is our wish to continue our medical coverage with NYL Care. In addition, we are enclosing a check for 501.50, the amount you say we failed to remit in your Jan 20 letter, your first notification of payment due.

3,

I would also appreciate clarification as to why my 1505.00 check for first quarter 1998 is considered payment number 2 on the coupon. Your billing system is confusing when the payment number does not match the quarter.

To avoid misunderstandings of this nature in the future, we suggest that when a payment is overdue or missing, you provide a reminder and courtesy notice as virtually all insurance companies do. Termination should not initiate until after that reminder goes unheeded. This would alleviate problems of unwarranted termination due to a problem with the mail, or a simple oversight.

Sincerely,

Randy Rice
1988 50 415 14

Randy and Judy Rice

c: State Health & Benefits
Lisa Tourtellot, NYL Care
Representative Bill Hudson, Alaska State Legislature

4/2

NYLCare Health Plans, Inc.

COMPANY ID:020723

January 20, 1998

RANDY RICE
2335 KASEBAN
JUNEAU, AK 99801

Dear MR. RICE and family:

Since you did not pay \$501.50 as required for continued health care benefits under the State of Alaska group health care plan, the following benefits are terminated:

FAMILY MEDICAL INSURANCE	\$ 501.50
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These benefits terminated on 11/30/1997.

If you have any questions, please contact Donna Peltier or Helen Oliveira at NYLCare Health Plans, Inc. (401) 438-5062 Ext. 318 or 348.

Very truly yours,

NYLCare Health Plans, Inc.

Author: paulpostchamai@hotmail.com (paul post) at CC2MHS1
Date: 2/2/98 3:16 PM
Priority: Normal
TO: Myrna McGhie at LAA_TRANS
Subject: NYL Suggestions

I have talked to Tracy Hemett at Concord, CA about these suggestions. She is apparently some sort of many hatted administrative type for NYL. If you call their basic number 1-888-AKCARE2 you get routing menu. They also use this number for the 24 hr nurse but it is a later menu number so as immediate a need a sick person may have to talk to the nurse in the first place, the caller has to listen to one of the most wordy, complicated messages about precertification, blah, blah, blah---on and on before they are given the option and menu number for the nurse. I have been totally irritated by this so that by the time I got to the nurse, she had to calm me down to find out why I called in the first place.

1--the nurse should have a dedicated line or be the first option--even before the consumer/vendor routing. Why should the vendor be served first? Let them go through some menu items before they get served. This is a consumer service not a business oriented one.

2--Simplify the language to "press 3 if you have questions about procedures and then go into the detailed junk once they get there instead of having everybody calling have to listen to excruciating details that turn you off and lose your attention if not make you mad by forcing you to pay close attention the the detailed message just to learn what other button you must punch because you are not calling about that long list but something else.

The people that call are the general public who may be of other cultures, less educated, or don't think in computer programer linear, rational, direct, factual, make no mistakes or else kind of cognitive processes. Don't let your nerds determine customer service policy!

The background music tape that runs while you are on hold is worn out. It hisses like it's slipping, it cuts o. briefly, and it even sounds like a record that's skipping a track or two. Don't the people that work there call themselves up and see what they get from the callers point of view?

3--- There is inconsistency in what the customer service reps tell you....One will say that you can't get the code numbers for a particular medical procedure and others will give it to you, so you can find out in advance what the limits of customerary and usual charges are to see how much you are going to be stuck for ahead of time be before you consent to have the procedure done and how much the local medical vendor has jacked up his prices.

4.---- Help the consumer prevent being gouged here in Alaska by the local businessman who charges exorbitant prices for "convenience" he provides. (the lack of competition that allows these ripoffs needs the state to help prevent them from getting away with it by making it easy to determine usual and customary charges.

5.---In this vein, Sitka's zip code 99835 has the same first 3 digits as Juneau's 99801 yet the customary costs here are 20 to 30 % more than

Juneau due to the strangle hold local businesses have being "the only show in town" Give Sitka its own Usual and Customary rates determined by surveying costs here not in Juneau with its better competition.

Signed, Paul Post

On the Rim of the Western horizon, the edge of the continent, the edge of the ocean, the edge of Baranov Island, the edge of the Tongass forest wilderness, in the last slip on the farthest out float of the harbor, a quarter mile from shore. (living aboard my boat)

Get Your Private, Free Email at <http://www.hotmail.com>

Michael J. Kirk
P.O. Box 20844
Juneau, Alaska 99802

February 12, 1998

Janet Parker, Manager
Retirement & Benefits
Department of Administration
P.O. Box 110203
Juneau, Alaska 99811

Re: NYLCare certification

Dear Ms. Parker:

This is a follow-up to my testimony before the House State Affairs Committee, to which you listened on February 10th.

You will recall that it involved the bizarre run-around and non-resolution I received from your designated agents at NYLCare when I attempted to receive from them the **required** certification for hospitalization.

As a key officeholder, you know the difference between "notification" and "certification":

- 1) The client notifies you;
- 2) you certify your authorization.

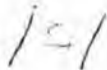
Without written certification, neither I nor the hospital has any assurance that NYLCare will pay the costs. **We both need this assurance.**

"Certification" cannot consist of your agents cooing to that effect over the telephone. Instead, proper certification (when it really is an appropriate requirement) consists of a document -- on paper -- which the client can produce upon hospital admission.

Therefore, I request :

- 1) that you provide a prompt certification, on paper, for me and for other clientele; and
- 2) that you and your office more closely police implementation of NYLCare's contractual duties.

Sincerely,



Michael J. Kirk

cc: Hon. Jeanette James, Chair, House State Affairs Committee

Author: Barbara Cotting at LAA_TRANS
Date: 2/23/98 1:33 PM
Priority: Normal
TO: lmims@SEATTLE.NYLCARE.com (Mims, Linda) at CC2MHS1
Subject: Re: Weekly Phone Updates w/ Jeanette

Good idea. I've given your message to Patrick who handles Jeannette's schedule, and he should be calling you soon.

Barbara

Reply Separator

Subject: Weekly Phone Updates w/ Jeanette
Author: lmims@SEATTLE.NYLCARE.com (Mims, Linda) at CC2MHS1
Date: 2/23/98 5:17 PM

Barbara,
Good Afternoon! I am Dave Ford's assistant in Seattle. Dave would like for me to work with you on scheduling a weekly phone call with Jeanette updating her on our current issues with the State.

Can you call me at 206/442-4562 when you get this message so that we could look at Jeanette's and Dave's calendars together to select an appropriate conference call time each week.

Thanks so much.
Linda Mims

11 DW
2-28-78

Aetna said to be near acquisition

By JOSEPH B. TREASTER
The New York Times

Aetna Inc., one of the nation's largest health insurers, is negotiating to buy the health care subsidiary of New York Life Insurance Co. in a deal that would be valued at roughly \$1 billion.

An agreement to buy the unit, NYLCare Health Plans, is expected to be reached in the next few weeks, people close to the deal said Friday.

Spokesmen for Aetna and New York Life declined to comment on whether their companies were in negotiations. But people close to the deal said the talks had been under way for some time and were moving toward conclusion.

Aetna has been growing quickly through acquisitions, while focusing on health care operations and shedding other businesses. One that has been for sale is Aetna's life insurance business.

Aetna is expected to use the proceeds of the sale of the life insurance business — which analysts believe would fetch about \$1.2 billion — to buy another health insurer, an investment banker said Friday.

"A number of targets had been mentioned, including NYLCare," said the banker, who spoke on the condition of anonymity.

At one point, the banker said, Oxford Health Plans was considered a possible acquisition target for Aetna. But Oxford has suffered sharp losses in the last few months, attributed in large part to deficiencies in corporate control and its computer systems.

NYLCare provides health care coverage to about 2.5 million people — about 1.5 million of them in managed care networks — and had revenue last year of about \$3 billion. It provides coverage in every state, but is strongest in metropolitan New York, the Washington-Baltimore region and in Texas.

It has been losing money for the last two years, but could be attractive to a bigger insurer like Aetna, said Douglas Sherlock, the founder of Sherlock Co., a Philadelphia research firm, because it could significantly add to Aetna's market share in some important regions.

Analysts estimate NYLCare has 200,000 customers in New York, New Jersey and Connecticut, which would give Aetna a total of 1.1 million in the region. In Texas, NYLCare has 600,000 members, compared with 125,000 for Aetna, giving a merged company 725,000. In the Washington-Baltimore corridor, NYLCare has 400,000 customers and Aetna has about 100,000.

Greater market share, Sherlock said, gives insurers more leverage in negotiating prices with doctors and hospitals.