

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9423 HOUSE STATE AFFAIRS

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](mailto: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

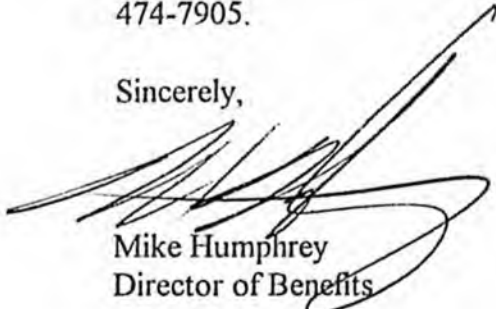
*L.A. Wilson*

*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: Veezy

~~1. AYL <sup>President</sup> (Gineau) David Ford -  
See letter in pile.~~

~~2. James, Berkowitz, Lyson, Owen, Hodgins  
checked him questions.  
Had Follow-up meeting Aid - April,  
When all problems were solved.~~

~~3. Marty Rosen, Jr. V.P. AYL Care~~

~~4. Michael Kirk Gineau  
See letter in pile.~~

~~5. Jon Tyda Green - Gineau, <sup>confidential</sup>~~

~~6. Ruth - <sup>confidential</sup> ~~Anna~~ <sup>with AYL's reports.</sup>~~

~~7. Fox - Dale McKernan  
office in NY!  
Travel w/ express~~

8. ~~Kendall - Gerald Barron -  
 4/21/77 w/ <sup>EXPRESS</sup> SERVICE~~
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, under 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 <sup>new</sup> 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 NYCAROS Postage in Anchorage.
James	265	DEU'S STORE PRESCRIPTIONS DENIAL WHAT'S UP
Ford	278	DRUG INTERACTIONS EXCUSE
JN	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	IMM 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 EBX? 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
<del>CLIFFORD BOWEN</del>		
LAWRENCE PAINE	401	LAKHNER - PUBLIC DEFENDER - SITKA ASKING 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
BARB 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 <del>DR</del> MITTEN TESTIMONY -
BEJON	645	- MAKE DIVISION BAIN UP -
ARMES	655	- RETIRED PEOPLE CONSIDERED "DIFFERENT CLASS OF PEOPLE"
ALISON ELLE	670	Dept Commissioner, Admin RESPONDING TO HODGINS QUESTION "DIFFERENT INSTRUCTIONS BETWEEN MILLARCE + AETNA"
James	689	- SAME SELF INSURED PROGRAM XCEPT <del>THE</del> 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
Janet Parker	256	Deputy Director - Files belong to MILWAUKEE -
Ethan	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 10<sup>th</sup>

DATE:

Subject of meeting:

NYC CARE

# SIGN-IN

PLEASE PRINT!

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

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 horizontal line.

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

February 24, 1998

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

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

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

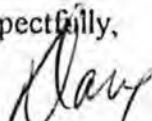
Dear Rep. James:

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,

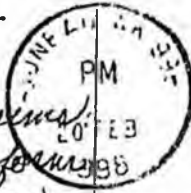
NYLCare Health Plans, Inc.

*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 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 NO 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

AMOUNT

09/12/1997

\$22.60

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

VOID

*Theresa A. Blumenthal*

AUTHORIZED SIGNATURE

⑈02247135⑈ ⑆031100017⑆ 2⑈948 214⑈

**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
<b>TOTAL BENEFIT PAID</b>											<b>\$22.60</b>

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



House of Representatives  
HOUSE STATE AFFAIRS

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

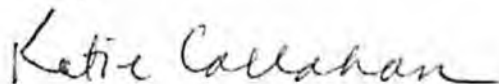
NYL Care under state guidelines does not provide coverage for follow-up care at the level Aetna did. Medicare limits services by medical necessity. For example, Medicare does not cover tests done on a cancer patient for a yearly follow-up. This includes lab studies and x-rays. In the past Aetna would 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,



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

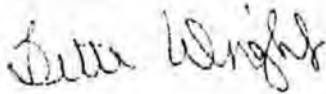
I do the billing for three mental health clinicians in Fairbanks. I am very dissatisfied with NYLCare. They make too many mistakes.

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

**P**rofessional  
**I**nfusion  
**P**harmacy, 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

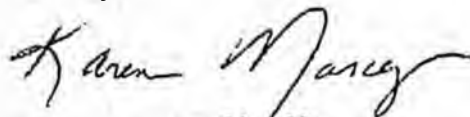
**\*What about Buy Alaska, lets keep the dollars here!**

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,



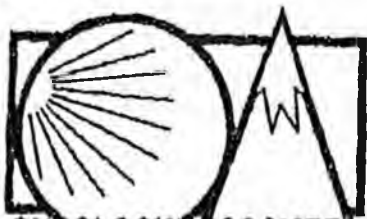
Karen Marcey, R.Ph./V.P.

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)

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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

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Reply Separator

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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.