

State of Alaska
RETIREE HEALTH PLAN ADVISORY BOARD
Related to a Medicare Employer Group Waiver Program
for the AlaskaCare Retiree Plan

Resolution 2018-01

WHEREAS, the Retiree Health Plan Advisory Board (Board) was established by AO288 to facilitate engagement and coordination between the State of Alaska's retirement systems' members, the Alaska Retirement Management Board, and the Commissioner of Administration regarding the administration of the retiree health plan; and

WHEREAS, the retirement trust provides prescription drug coverage through the AlaskaCare defined benefit and defined contribution retirement plans to eligible retirees and dependents, including Medicare-qualifying retirees and dependents; and

WHEREAS, pharmacy claims are a large component of the overall plan spend accounting for \$231 million, or 44% of total spend in calendar year 2017; and

WHEREAS, there is currently a \$10.4 billion unfunded liability in the Public Employees' and Teachers' retirement systems; and

WHEREAS, the Employer Group Waiver Program (EGWP) is a mechanism by which the AlaskaCare retiree health trust can receive an additional \$16 million to \$23 million annually in federal subsidies over and above what is currently received through the Retiree Drug Subsidy for Medicare-qualifying retiree and dependents; and

WHEREAS, the implementation of an EGWP will also reduce the unfunded liability for the Other Post Employment Benefit liability by an estimated \$520 million to \$694 million, assisting the State in keeping its promise to current and future retirees to provide health benefits over the course of their lifetime; and

WHEREAS, the AlaskaCare retiree drug plan provides coverage of eligible prescription medications to eligible retirees and dependents, including Medicare-qualifying retirees and dependents for an \$8 brand name copay at retail, \$4 generic copay at retail and \$0 copay at mail order; and

WHEREAS, the prescription drug benefits and copayments provided to Medicare-qualifying retirees and dependents would be preserved through an enhanced EGWP; and

WHEREAS, the implementation of an enhanced EGWP has been evaluated by an independent certified Fellow of the Society of Actuaries, who found the enhanced EGWP does not change the actuarial value of the AlaskaCare defined benefit retiree health plan to the members; and

WHEREAS, the Division of Retirement and Benefits (the Division) has proposed adoption of an AlaskaCare EGWP as outlined in detail the Enhanced Employer Group Waiver Program Proposal presented to the Retiree Health Plan Advisory Board on August 29, 2018; and

WHEREAS, the Division's analysis has included: evaluation of the need and rationale for the proposed change; extensive data and statistical analysis from actual experience; evaluation of the impact of the administrative change to the current benefits; any gaps, changes, restrictions, reductions, or elimination of the current benefits; the number of members impacted by changes and the seriousness of any impacts; and

WHEREAS, the current AlaskaCare appeals process remains unchanged and members will not be required to use a federal appeals process; and

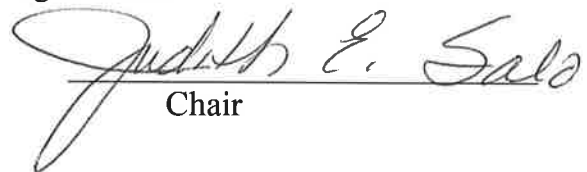
WHEREAS, the retiree health plan advisory board has been assured step therapy will not be required under the Enhanced Employer Group Waiver Program Proposal; and

WHEREAS, public comment on the proposal has been solicited, collected, and shared with members of the retiree health plan advisory board; and


WHEREAS, the retiree health plan advisory board has evaluated the public comment, and found the comments reinforce our collective commitment to providing a high value benefit to members and we aspire to a seamless transition in a manner that maintains current benefits:

NOW THEREFORE, BE IT RESOLVED THAT THE RETIREE HEALTH PLAN ADVISORY BOARD recommends the AlaskaCare retiree health plan adopt and implement an enhanced EGWP as outlined in the proposal submitted to the board on August 29, 2018, to be effective January 1, 2019.

DATED at Juneau, Alaska this 29th day of August 2018.


Chair

ATTEST:


Secretary
V. Pham