

AlaskaCare Retiree Town Hall 1: Enhanced EGWP

Event Summary

Date: Thursday, August 23, 2018 | 10:00 to 11:00 a.m.

Location: Live teleconference

Recording: <https://vekeo.com/event/alaskacare-41245/>

Attendance: An invitation was mailed to all AlaskaCare retirees, and all retirees whose phone number was on file with DRB were added to the call list. Attendees were encouraged to register in advance to ensure their phone number would be called. Over 600 attendees participated in the call.

Presenters

<i>State of Alaska, Department of Administration Staff + Contractor</i>	
Leslie Ridle	Commissioner, Alaska Department of Administration
Emily Ricci	Chief Health Policy Administrator, Division of Retirement and Benefits
Michele Michaud	Chief Health Official, Division of Retirement and Benefits
Richard Ward	Segal Consulting (contracted actuary for AlaskaCare plans)

Introduction: Proposed AlaskaCare Enhanced EGWP

Commissioner Ridle and Emily Ricci provided a brief overview of the Town Hall format, encouraged participants to submit questions on the phone during the event or via e-mail, and reminded participants that sharing personal health information or questions about individual claims cannot be addressed publicly in this forum.

Staff also announced the date of the next Town Hall: Thursday, September 20, 2018, 10:00 to 11:00 a.m. Alaska time (AKDT). Register online for this event at: www.alaskacare.gov.

Emily Ricci shared a brief overview of the Employer Group Waiver Program (EGWP), a federal subsidy program for Medicare Part D group pharmacy plans. The State is considering implementing an enhanced EGWP for Medicare eligible retirees and dependents, effective January 1, 2019. This is an administrative change to how Alaska's retiree pharmacy benefits are paid for and reimbursed by the federal government. An enhanced EGWP would include medications covered under Medicare Part D, as well as any medications currently covered under the AlaskaCare retiree health plan, to ensure that AlaskaCare retirees' pharmacy benefits remain the same.

AlaskaCare is also transitioning to a new Pharmacy Benefit Manager (PBM) on January 1, 2019: OptumRx has been selected to be the PBM for all AlaskaCare plans. OptumRx will handle all pharmacy claims beginning next year. Aetna will remain the third party administrator for medical claims. This is a separate process from the enhanced EGWP, but OptumRx would administer this plan for retirees as well as the other pharmacy plans. All AlaskaCare members will receive more information about this transition in fall 2018.

Staff also reported new information they received regarding appeals: in previous documents, there was information presented about the possibility members may need to use the federal appeals process for denied claims under Medicare Part D. Staff reviewed Center for Medicaid and Medicare Services (CMS)

regulations and worked closely with OptumRx, the new Pharmacy Benefits Manager (PBM), to research this issue and provide a definitive answer for members. While this federal appeals process would apply to an individual Medicare Part D plan, it does not apply to the proposed AlaskaCare enhanced EGWP: because the State will cover medications that are not covered by Medicare Part D, the next step in a denied claim under Medicare would be for the claim to be sent to the AlaskaCare wrap instead. The state appeals process will still be in place for denied claims for the State plan, as it is today. Therefore, the federal appeals process does not apply for the enhanced EGWP. Staff is making this correction in the materials, but wanted to share with attendees as well.

For more information about EGWP and the proposed AlaskaCare enhanced EGWP, visit the Frequently Asked Questions (FAQ) page on the AlaskaCare website:

<http://doa.alaska.gov/drb/alaskacare/retiree/faqs/egwpFaqs.html>

Summary of Questions and Answers

The following questions were answered during the call. While there was not enough time to address all of the callers' questions and the questions e-mailed in advance, the presenters answered as many as possible during the hour, and chose questions that were representative of the topics being asked most often, from a variety of participants from across Alaska and other locations in the U.S.

For more information about EGWP and the proposed AlaskaCare enhanced EGWP, visit the Frequently Asked Questions (FAQ) page on the AlaskaCare website. This page will be updated periodically to reflect the most current and accurate information, as well as addressing new questions as they arise.

<http://doa.alaska.gov/drb/alaskacare/retiree/faqs/egwpFaqs.html>

1. *I am an AlaskaCare retiree and have not signed up for Medicare Part D. Will I need to enroll myself in a Medicare Part D plan?*

No, enrolling in an individual Medicare Part D plan will not be required. The enhanced EGWP is a group Medicare Part D plan, which means enrollment will be taken care of by the plan administrator (the State of Alaska). If you are eligible for Medicare, you will be automatically enrolled in the AlaskaCare EGWP plan.

2. *How will medications be approved under Medicare Part D? If a medication is not covered, or not covered for some diagnoses, will my prescription be denied?*

The enhanced EGWP provides subsidies for prescription drugs covered under Medicare Part D, and allows the State to provide "wrap" coverage for other drugs not included in the Medicare Part D formulary. (A formulary is a list of medications that the health plan will pay for, and often includes multiple tiers of coverage depending on whether the drug is a brand name or generic).

The prescription drugs covered under the current retiree pharmacy plan and the AlaskaCare EGWP will be the same. If a drug is determined to not be covered by Medicare Part D, but is covered under the AlaskaCare wrap of additional benefits that match the current pharmacy plan, you will be able to fill your prescription as normal, and the State will simply cover the cost of the drug, rather than Medicare. By implementing an enhanced EGWP (which covers some medications that are not currently covered under Medicare Part D), the pharmacy benefits will remain the same as those in place today, including co-payments and currently-covered prescriptions.

3. For retirees with primary and secondary coverage with AlaskaCare health plans and who currently don't pay a co-pay, will prescription drug benefits continue to be fully covered?

Yes, if you are covered under two or more AlaskaCare plans and are not required to pay a co-pay today, there will be no change under the AlaskaCare EGWP.

4. Will this change to an enhanced EGWP mean more paperwork for retirees?

Enrollment in EGWP will be automatic, so there is no additional paperwork for Medicare eligible members in order to enroll.

In the beginning, members may need to get prior authorizations for certain medications. A list of those medications will be available closer to the implementation date. If you are taking a medication that requires prior authorization, you will be contacted with information on what forms you or your doctor need to complete.

Certain high-income retirees will have to pay an extra surcharge, known as IRMAA, consistent with the extra surcharge applied to Medicare Part B today. Generally, if you are an individual earning more than \$85,000 per year or a married couple who earns more than \$170,000 per year, you will be charged an extra premium for being enrolled in an AlaskaCare EGWP because it is a group Medicare Part D plan. If you are charged an IRMAA for your prescription drug coverage, you will need to notify the Division, who will cover this surcharge with a monthly reimbursement. There may be additional paperwork for members to complete associated with this.

5. Will changing to a Medicare Part D plan require members to use the federal appeals process instead of the current state appeals process?

No, members will not be required to use the federal appeals process under the enhanced EGWP. Because the State will provide coverage for prescription drugs that are not covered by Medicare Part D, a denial of a claim under the EGWP itself will be automatically transferred to the State's wrap of benefits. The state appeals process will still be in place for denied claims for the State plan, as it is today.

6. If I choose to opt out of the enhanced EGWP, what would the alternative plan look like and how does it compare with EGWP and with the current plan?

Opting out of the enhanced EGWP is an option, but highly discouraged. Members who are Medicare eligible and choose to opt out of the enhanced EGWP will still have pharmacy benefits, but will be enrolled in a different pharmacy plan, with coverage similar to the pharmacy plan for active employees. This alternative plan will result in increased out-of-pocket expenses for you or your Medicare eligible dependents. If you have opted out of the enhanced EGWP and would like to re-enroll in the future, members can prospectively re-enroll at any point by contacting the Division or OptumRx.

7. I am currently receiving prescriptions through Aetna's Pharmacy by Mail service, will the new Pharmacy Benefit Manager also provide this service, and will EGWP affect this? I also receive a high-cost specialty medication through Aetna's Specialty Pharmacy, will that change?

Aetna, with their subcontractor CVS/Caremark, is currently the Pharmacy Benefit Manager (PBM) for the AlaskaCare plans. Beginning January 1, 2019, OptumRx will become the AlaskaCare pharmacy

benefits manager for all AlaskaCare plans, including the retiree health plan. The Division and the PBM will send out a welcome kit with information including ID cards later in the year.

While most prescriptions will be automatically transferred between Aetna and OptumRx as part of the transition, some prescriptions will require prior authorizations. Typically, these medications are specialty drugs or opioids, which are controlled. The Division and OptumRx will reach out to affected members with more information about specialty drugs. OptumRx provides a similar specialty pharmacy service through BriovaRx and will be offering this to members. OptumRx will provide more information to impacted members this fall.

8. *How will my income level affect participation in the program?*

Members who are Medicare eligible can participate in the enhanced EGWP, regardless of income.

Certain high-income retirees will have to pay an extra surcharge, consistent with the extra surcharge applied to Medicare Part B today. Generally, if you are an individual earning more than \$85,000 per year or a married couple who earns more than \$170,000 per year, you will be charged an extra premium for being enrolled in an AlaskaCare EGWP because it is a group Medicare Part D plan. CMS refers to this as Income Related Monthly Adjustment Amounts (IRMAA). If you are charged an IRMAA for your prescription drug coverage, the Division will cover the full cost of the premium.

If you receive notice that you are required to pay the IRMAA premium for the enhanced EGWP, notify the Division of Retirement and Benefits as soon as possible. The Division will fund a Health Reimbursement Arrangement account that can be used to reimburse you the surcharge amount if it is deducted from your social security or pay the premium to CMS on your behalf if you do not qualify for social security. Either way, the full amount of premium will be covered by the plan.

9. *How were retirees reached out to and invited to participate in this event?*

An invitation was mailed to all AlaskaCare retirees, and all retirees whose phone number was on file with DRB were added to the call list. Attendees were encouraged to register in advance to ensure their phone number would be called. Over 600 attendees participated in the call.

The Division will continue to host regular Town Hall meetings and post instructions on the AlaskaCare website for registration and how to connect to the meeting before each event.

10. *Will the formulary for the AlaskaCare plan change? Will the costs for generic, brand name and other drugs change?*

No, the State's proposal is to use the same formulary as in the current plan, which means that the same medications will be covered for the same conditions or diagnoses. The list of medications that the health plan will pay for is called a formulary, and often includes multiple tiers of coverage depending on whether the drug is a non-preferred brand name, preferred brand name, or generic.

The AlaskaCare retiree health plan offers what is known as an open formulary: this means that the plan does not limit drugs to specific physicians, disease states, or limit the medications covered in the plan as long as they are medically necessary and meet the definition of "prescription drug." The State can choose to provide coverage for new or not previously covered medications, such as FDA-approved medications that have not been added to the formulary.

The State's open formulary is a policy in the plan to be administered by the new PBM, to ensure the same level of service as members enjoy today in the health plan.

Co-pays will also remain the same (\$4 for generic, \$8 for brand name, \$0 for mail-in pharmacy as well as \$0 co-pay for anyone with coordinated AlaskaCare plans who do not pay a co-pay today).

11. What will members need to do to enroll in EGWP? Also, please elaborate on the Health Reimbursement Arrangement account for high income retirees. What will members need to do, and when?

Members will not need to complete paperwork to enroll in EGWP, this would be done automatically as it is a group plan. Only Medicare eligible retirees would be enrolled.

For high income retirees, the Division is working to minimize impacts on members and ensure that members do not have to make additional out-of-pocket payments.

Similar to Medicare Part B, the IRMAA premium amount will be deducted directly from your Social Security check if you qualify for Social Security or will otherwise be invoiced to you directly. The Social Security Administration (SSA) will send you a letter with your IRMAA premium amount and the reason for the determination. If you disagree with the IRMAA premium amount or your income has gone down, you should contact Social Security at 1-800-772-1213 to resolve the determination.

The Social Security Administration will use your Modified Adjusted Gross Income (MAGI) to determine if the income-related monthly adjustment amount (IRMAA) applies. MAGI is the sum of:

- Adjusted Gross Income (AGI), which can be found on the last line your IRS 1040 tax form (line 37 on form 1040, line 21 on form 1040A, or line 4 on form 1040EZ), plus
- Any tax-exempt interest income (line 8b on form 1040).

To make this determination, SSA requests income information from the IRS for the tax year that is two years prior to the premium year. For example, Social Security will use your MAGI from 2017 to determine your 2019 IRMAA. IRMAA is automatically re-determined each year as long as you file an income tax return.

High income retirees will receive from Social Security annually each fall, either an *Annual Income-Related Monthly Adjustment Amount (IRMAA) Notice for Title II Beneficiaries with a Cost of Living Adjustment (COLA)* or *Annual Income-Related Monthly Adjustment Amount (IRMAA) Notice for Beneficiaries Who Directly Remit Premiums to CMS*. If you receive either of these notices that you are required to pay the IRMAA premium for the enhanced EGWP, notify the Division of Retirement and Benefits as soon as possible. The Division is prohibited from paying the surcharge directly, and must reimburse members instead.

The Division will fund a Health Reimbursement Arrangement account that can be used to reimburse you the surcharge amount if it is deducted from your social security or pay the premium to CMS on your behalf if you do not qualify for social security. Either way, the full amount of premium will be covered by the plan. The Division will request information annually about each member's IRMAA surcharge amount, and adjust the reimbursement amount accordingly.

12. I am a health care provider. I am concerned about possible future decreases or changes to Medicare at the federal level. What will happen to the AlaskaCare plan if Medicare changes, EGWP is discontinued, or other significant impacts to the current system?

The Division will be closely monitoring the program and will evaluate whether it is in Alaska's best interest to continue using this type of program. If the Division determines that it is not meeting the needs of our members or the State, the Division can disenroll in the enhanced EGWP, and revert back to the plan currently in place.

Like all Medicare programs, EGWP could change if federal laws and regulations change. Regardless of what happens in the future, Alaska has a constitutional obligation to provide pharmacy benefits. If EGWP changes, goes away, or isn't working out for Alaska, we can change the plan or get a new plan to meet our retirees' needs.

13. Is the proposed EGWP change only for pharmacy benefits, or will this affect all AlaskaCare plans including medical, dental, vision and other supplemental plans?

No, this proposed change to an enhanced EGWP only impacts pharmacy benefits for Medicare eligible retirees and dependents. The other supplemental plans will not change as a result of the EGWP proposal, and the pharmacy plan for non-Medicare eligible retirees will also remain the same. The State is changing to a new Pharmacy Benefit Manager (PBM) for all AlaskaCare prescription drug plans, including the AlaskaCare EGWP, other retiree pharmacy plans, and the active employee plan.

Regarding Medicare and AlaskaCare, Alaska law requires that for Alaska retirees and beneficiaries, Medicare become the primary coverage for major benefits once they are Medicare eligible. As a Medicare Part D plan, an EGWP is consistent with this statutory requirement.

14. I live in a rural area, and do not have easy access to my doctor. Will the pre-authorization process require us to travel to take care of the paperwork, and if so, will there be reimbursement for the travel costs?

Pre-authorizations are an administrative process and typically do not require much information from the patient. Your provider's office and the Pharmacy Benefit Manager (PBM) will take care of the required paperwork, and it is generally not necessary to see a provider to complete this process. Medicare does not allow pre-authorizations from another plan to be transferred to the EGWP. Medicare may also require pre-authorization for drugs that previously did not require pre-authorization. These pre-authorizations are not for medical necessity, but to determine which subsidies if any the prescription is eligible for under the EGWP, whether it should be covered instead under Medicare Part B, or whether it is not covered under Medicare and must be covered by the enhanced EGWP's wrap.

The State does not anticipate requiring travel of members to take care of this transition. You will receive a welcome kit with information about your pharmacy benefits in November 2018, and beginning in December 2018, you or your health care provider can begin the pre-authorization process by contacting OptumRx, who will work with you on pre-authorizations. In addition, the Division will work with OptumRx to provide targeted communications to members who are known to be taking medications that require pre-authorization.

Additionally, there will be a 90-day grace period in which members can still access a 30-day supply of a current prescription even if pre-authorization has not been completed. Filling a prescription without pre-authorization will initiate a letter to the member reminding them that pre-authorization must be taken care of, but will not result in a denial for a 30-day supply.

15. *I receive periodic treatments for cancer. Will I need to get new pre-authorization prior to receiving the next treatment?*

There will be a period of time prior to the new plan taking effect on January 1, 2019, that members and providers can address any necessary pre-authorizations. There should not be an interruption in treatments as a result of the transition. If you are concerned about your specific medications or treatments and how they may be impacted, please contact the Division to discuss your situation, and plan to contact OptumRx in November or December to ensure that the necessary paperwork is taken care of.

16. *Will pharmacies be able to deny prescriptions from Medicare Part D, similar to the issue of medical providers not accepting Medicare in Alaska?*

No, the Division and our vendors are not aware of a situation in Alaska where pharmacies will be unwilling to accept Medicare Part D. While access to providers who accept Medicare Part B is a known issue in Alaska's health care system, pharmacy benefits are separate and will be covered by the State if they are not covered by Medicare Part D.

Just like today, an AlaskaCare EGWP uses a pharmacy network, which most of Alaska's pharmacies participate in. The Division estimates that there are less than 20 individual pharmacies that do not participate in an EGWP network, and Optum RX will be working directly with these pharmacies to bring them into the network. If your preferred pharmacy declines to join this network, you will be provided information about other options.

17. *The process appears to be mostly automatic. Will members need to do anything specific, and when will we know?*

As noted in Question 4, enrollment in the enhanced EGWP will be automatic for Medicare eligible members, and will not impact those who are not eligible for Medicare. You will receive a welcome kit with information about your pharmacy benefits in November 2018. In addition, the Division will work with OptumRx to provide targeted communications to members whose prescriptions may be impacted by pre-authorization or have specialty prescriptions, and the Division will also work with high income retirees who will be subject to the IRMAA premium surcharge.

18. *We previously did not use mail order pharmacy service, we have dual coverage and the mail order program would require us to get reimbursed for this cost. Even though the cost should be \$0 for mail order, the current pharmacy manager of the other plan said that we need to pay upfront and receive reimbursement. Is it better to use the mail order service rather than local pharmacy?*

This issue will depend on the situation and policies of the other plan(s) with which AlaskaCare coordinates. If AlaskaCare is your primary plan and you use the mail order program offered through our Pharmacy Benefit Manager (Aetna currently, OptumRx as of January 1, 2019), you should receive your medication with a \$0 copay. There is nothing to coordinate with a second plan.

Generally speaking, mail order prescriptions are less costly to administer, so the Division recommends this option to all members when it is available and practical. Division staff are following up with the individual members about the issue of plan coordination resulting in reimbursement for mail-in pharmacy benefits.

19. I currently receive mail-order prescriptions with no co-pay. Will this stay the same?

Yes, pharmacy co-pays will stay the same, including \$0 co-pay for mail order prescriptions.

20. I am concerned about the amount of work to move to the new plan, and the Health Reimbursement Arrangement sounds complicated. Do you advise opting out of the EGWP in the first year, until the details are worked out?

The Division does not advise opting out of the enhanced EGWP, as the alternative plan matches the active employees' health plan, which has higher co-pays and out-of-pocket costs for members. The enhanced EGWP is designed to match the current plan. The Division is working to address all aspects of this transition, and will communicate with all impacted members to ensure you have minimal disruption when enrolled in the new plan.

The Division is also working to provide specific information about the Health Reimbursement Arrangement for high income retirees and how it will work for impacted members. The Division will be providing more information for retirees later this fall.

21. I am not eligible for Social Security or Medicare at this time. How will this affect me?

Members who are not Medicare eligible or who are living outside the U.S. will not be enrolled in EGWP, since it is a Medicare plan. These members will not be impacted. If you become eligible for Medicare in the future, you would be enrolled in the AlaskaCare EGWP at that time.

22. Currently, AlaskaCare is my secondary plan for prescription coverage, and I must seek reimbursement for co-pays for prescriptions received by mail. I learned from my insurer that because EGWP is a Medicare Part D plan, AlaskaCare coverage would become my primary pharmacy coverage. Is this accurate?

This issue will depend on the situation and policies of the other plan(s) with which AlaskaCare coordinates. The Division acknowledges that because it is a Medicare Part D plan, other plans that are the member's primary pharmacy coverage today may have a policy to revert to secondary coverage if the member has a Medicare Part D plan. Members are encouraged to speak with a representative with their other plan, primary or secondary, to learn how this may specifically impact your coverage, as well as contacting the Division.

23. For a retiree who is Medicare eligible, would their spouse (who is not Medicare eligible) also be enrolled in EGWP? For those who are not Medicare eligible, would the spouse be required to seek new pre-authorizations or prescriptions even though they are not enrolled in EGWP?

No, if the spouse or other dependent of the retiree is not Medicare eligible, they would not be enrolled in the EGWP plan and would remain on the current unsubsidized pharmacy plan. When they become eligible for Medicare in the future, they would be enrolled in the AlaskaCare EGWP at that time.

Regarding the transition to EGWP, those who are not Medicare eligible and not enrolled in the enhanced EGWP would not have to get any new prescriptions or pre-authorizations required by Medicare. However, this may still be required of members due to the separate transition to a new Pharmacy Benefit Manager. Some prescriptions do require new authorizations, but these will mostly be for controlled prescriptions such as opioids, which cannot be automatically transferred to the new administrator.

24. *In a previous meeting of the Retiree Health Plan Advisory Board, information was shared about the closed pharmacy network, and that there are 20 pharmacies in Alaska that do not participate in the network, and/or may not be in the new network. My local pharmacy also prepares compounded prescriptions, and I am concerned this will not continue.*

Just like today, an AlaskaCare EGWP uses a pharmacy network, which most of Alaska's pharmacies participate in. However, some independent pharmacies have opted out and are not part of the current network or the new network. The Division estimates that there are less than 20 individual pharmacies that do not participate in an EGWP network, and Optum RX will be working directly with these pharmacies to bring them into the network. This includes pharmacies in the communities of Bethel, Dillingham, Petersburg and Wrangell, and may also include individual pharmacies in communities that have other operating pharmacies in-network. If your preferred pharmacy declines to join this network, you will be provided information about other options.

Division staff have also been working directly with independent pharmacies to address barriers to their participation in the AlaskaCare network, as well as issues such as compounding medications.

25. *Changes to the retiree health plan require a study to determine that there is not a diminishment of benefits. How has this requirement been met, or will be met, during this process?*

The Retiree Health Plan Advisory Board (RHPAB) was created through Administrative Order No. 288 on September 29, 2017 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. The Board consists of seven members and is supported by the Department of Administration.

The Board has been working with the Division to review the proposed enhanced EGWP program as well as a suite of other proposed changes to the retiree health plan, referred to as the modernization project. These include consideration of additional benefits that members have asked for, changes to make the plan more consistent with current standards for health plans, and consider the financial implications of the changes in order to control costs. The Board has formed a modernization committee and begun a detailed review of each proposal. Staff has prepared analyses detailing the financial, actuarial, administrative, medical or clinical, and other impacts to members as well as to the State as the plan administrator, as well as the financial health of the health trust fund. These analyses, as well as all meeting materials (agendas and minutes) of the Board and committee are posted on the Retiree Health Plan Advisory Board page of the AlaskaCare website: <http://doa.alaska.gov/drb/alaskacare/retiree/advisory.html>

Check the website for information on the next RHPAB meeting, scheduled for November 28, 2018. The public is welcome to attend all Board and committee meetings, with locations in Anchorage, Juneau and via teleconference. The schedule of past and future meetings is also available online.

26. Is there a document available to the public comparing the current pharmacy plan to the proposed enhanced EGWP pharmacy plan? And currently Medicare Part D will only cover generic medications rather than brand name, if a generic is available. Will this be true under EGWP?

Documentation of the analysis conducted by staff, actuarial experts and other information gathered about this proposal is available on the RHPAB page of the AlaskaCare website:

<http://doa.alaska.gov/drb/alaskacare/retiree/advisory.html>

Staff is analyzing which medications that are covered now are not covered under Medicare Part D, but by implementing an enhanced EGWP, the State will continue to cover all medications that are covered today. This includes medications that would not be covered by Medicare Part D, or brand name medications for which Medicare would only cover the equivalent generic version.

27. I understand that the medications I have been prescribed today will be covered under the new plan. However, I am concerned that in the future, I may be diagnosed with a new condition and therefore need new medication. Would the new plan deny my claim in the future, or go against my doctor's medical recommendation for the drugs I need?

The formulary and co-pays of the pharmacy benefits will remain the same as today, so any drug that is covered under the current plan would continue to be covered. With an open formulary, the State also has the flexibility to cover new medications or those not yet included in the formulary, to give members as much access as possible to pharmaceutical options. If Medicare Part D does not cover a particular drug, it can be covered under the State's wrap. The determination of which entity will cover the cost of the drug does not need to be addressed by the member, but will be an administrative decision handled by the Pharmacy Benefit Manager, in consultation with the State's formulary and Medicare Part D.

28. My wife and adopted son are not Medicare eligible, will they be enrolled in EGWP? I am not familiar with EGWP, but have had significant issues dealing with billing, claims and paperwork with Medicare Part B, and am concerned about similar issues under EGWP.

Members (retirees or dependents) who are not Medicare eligible will not be enrolled in the enhanced EGWP, and will remain on the current pharmacy plan. Because the State will continue to provide benefits and will cover medications not covered by Medicare Part D, the Division does not anticipate significant billing or administrative issues for members in dealing with Medicare, as this will be handled by the Pharmacy Benefit Manager on behalf of the State. As noted in a previous question, the State has confirmed, for example, that members will not be required to use the federal appeals process to address a denied claim, and can continue to use the current state appeals process if a claim is denied under both Medicare Part D and the wrap of benefits.

EGWP is one method offered by the federal government to provide subsidies to the State of Alaska retiree health trusts for pharmacy benefits. The subsidies help the State to keep the health plan funding healthy without impacting most members. We already have a federal reimbursement plan in place today. It's called a Retiree Drug Subsidy program (RDS), but EGWP provides greater returns in the form of reimbursement for the costs of retirees' pharmacy benefits.

Many large employers, including many states, have moved from RDS to EGWP because of the significant cost savings and the ability to match existing benefits, rather than having to discontinue offering a plan or significantly reduce benefits for those retirees. Implementing an EGWP means that

members who are eligible for Medicare will have the same level and access to pharmacy benefits as they do now, while making more federal funds available to cover those costs. The savings helps the State fulfill its promise to provide retirement benefits to our AlaskaCare retirees.