



Retired Public Employees of Alaska, APEA/AFT

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Retiree Health Plan Changes Proposed by DRB Equivalency analysis questions:

1. Is there an identified legitimate need to change the benefits provided?

DOA describes three goals – a) provide value to members through incorporating common benefits not currently available while b) preserving the overall benefit of the plan and c) implementing common cost saving mechanisms

2. What are the reasons for the proposed change?

DOA identifies a) modernize outdated legacy plan by amendments over next two years and b) improve the plan documentation by incorporating prior amendments into body of the plan

3. What data exists that supports the proposed change?

DOA identifies 12 areas of focus: 1) limited preventive care services; 2) lifetime limit of \$2M; 3) low cost share; 4) increasing pharmacy costs; 5) outdated pharmacy design; 6) drug safety and efficacy; 7) limited travel benefits; 8) confusion about rehab services; 9) confusion about dental implants; 10) high use of hi-tech imaging and testing; 11) dependent coverage limits; and 12) confusing plan booklet. However, little data is provided that supports these assertions.

4. Does the proposed change substantially reconfigure the mix of current benefits?

DOA doesn't discuss the extent to which the changes proposed in the areas of focus would reconfigure the mix of current benefits. However, the description of the particular 12 areas of focus provided by DOA

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shows potential enhanced benefits in only three, perhaps four, of these (#1, 2, 7 & 12) while the remaining eight or nine areas would diminish or reduce current benefits of coverage. Unfortunately, there is little information or specific data on each of these areas to allow an appropriate assessment of the degree of reconfiguration of current benefits.

5. Will the proposed change result in any unusual gaps in in the benefits or coverage currently provided?

Without more detailed data, it is difficult to determine what gaps may occur, or the extent of any gaps, under these proposed changes. Presumably, the pharmacy and drug concerns (#4, 5 & 6) would be impacted by the EGWP program DOA proposes to implement in 2019. Based on the summary information provided by DOA, without further specific data, it is unclear what impact the remaining areas will have that result in unusual gaps in current benefits or coverage.

6. Does the proposed changes involve the restriction, reduction or elimination of currently provided benefits?

Based on the summary description of each area provided by DOA, it appears clear that the majority of the changes involve a restriction or reduction of current benefits such as #3, 4, 6, 8, 9 & 10. Without greater specific benefit usage data provided by DOA, it is difficult to determine the extent of restriction or reduction of benefits under the current plan.

7. If so, how many members will be impacted by each particular change?

DOA and Aetna would have specific data gathered over the last four and one-half years to show the actual usage by members and dependents of the benefits in each of these areas and what likely impact each of these proposed changes would cause, both individually and as a group.

8. Will the proposed change predictably cause hardship to a significant number of members who cannot be specifically identified?

Since the proposed increase in the deductible and out-of-pocket maximum expenses would apply to every member or dependent who utilizes plan benefits would be impacted, it is possible there would be hardship caused by this change to a significant number of members. The increased cost of pharmacy benefits is another change where hardship to a significant number of members could occur, particularly in the proposed formulary change under EGWP with its substantially more difficult and time-consuming appeal procedures. The change to limiting hi-tech imaging and testing through in-network clinical review could predictably cause hardship to a significant number of members as well. Without additional specific data covering the number of members affected by these changes, based on actual experience, hardship to a significant number of members seems predictable but unclear.

9. Have all members affected by the proposed change been given adequate notice of the proposed change?

It appears DOA has provided general public notice of the intended change of the current retiree drug program to the EGWP but has not provided sufficient direct individual notice of the change and possible impacts to members 65 and older.

10. Have the affected members been given adequate opportunity to question or obtain additional information about the proposed change?

It is essential that DOA not only give general notice of the intended changes under this modernization plan but that it give specific opportunities to all affected members to obtain more specific information about each proposed change, what options will be available and how it could impact each of them specifically. DOA must provide adequate and appropriate opportunities for the impacted members to ask questions in public meetings and describe the hardship any changes might cause them individually. DOA must make every reasonable effort to avoid the

confusion and uncertainty that resulted from the 2014 amendments imposed without adequate notice and information to members.

11. *Have the affected members been given adequate opportunity to show the proposed change may result in substantial hardship?*

Once DOA has provided adequate notice, information and meetings with members to educate about the change, it must then provide an adequate opportunity for individual members to show these proposed changes will result in substantial hardship to them.

12. *Is any substantial hardship offset by comparable advantages?*

DOA recognizes that the disadvantages caused by changes to the plan must be offset by new advantages. Of the 12 areas of focus, three (#1, 2 and arguably 7) appear to offer new advantages. However, no specific reliable data based on actual experience has been provided by DOA to substantiate these advantages or whether they are comparable or adequate.

13. *Does the proposed change result in the diminishment or impairment of any current benefits?*

As discussed above, it appears there will be a diminishment or impairment of the current benefits and/or coverage provided under the retiree health plan but the actual experience-based data that would show whether or not that is true has not been provided yet by DOA.

14. *Has there been an adequate and timely comparative analysis performed to determine if there is equivalent value between the offsetting advantages and disadvantages under this proposed change?*

If DOA has performed a comparative analysis to determine if there is equivalent value under the proposed changes, that analysis has not been made public yet.

15. What specific solid statistical data, drawn from actual experience, has been used in this comparative analysis?

Once the analysis has been performed and made public, the data utilized and relied upon by DOA in performing the analysis should be made available to all affected members.

16. Has the comparative analysis and the data upon which it is based been made available to all affected members sufficiently before the implementation of the proposed changes to allow their response and input?

Not presently.