



Retired Public Employees of Alaska, APEA/AFT

8005 Schoon Street, Anchorage, Alaska 99518
PO Box 110650, Anchorage, Alaska 99511-0650
Phone: (907) 274-1703
Email: manager@rpea-ak.org
Web site: rpea-ak.org

February 3, 2023

Betsy Wood
Acting Chief Health Administrator
Division of Retirement and Benefits
P. O. Box 110203
Juneau, AK 99811-0203

Judy Salo, Chair
Retiree Health Plan Advisory Board
P. O. Box 110203
Juneau, AK 99811-0203

Dear Ms. Wood and Ms. Salo:

We are writing concerning a real crisis in the provision of medical care for those over age 65, and specifically on behalf of public retirees over 65 [i.e., those public retirees covered under the State of Alaska's Division of Retirement and Benefits' (DRB's) health plans, which includes persons retired from State, municipal, school district, judicial, and legislative employment].

As you know, under most circumstances, the AlaskaCare Retiree Health Plan administered by the DRB requires public retirees over the age of 65 to make Medicare their primary medical insurer. [See AS 39.35.535(b) and AS 39.35.880(e).] If a retiree over the age of 65 does not see a Medicare provider, AlaskaCare does not pay as secondary. If a public employee retires *before* the age of 65, the State's AlaskaCare Health Plan is their primary insurer but, at age 65, that retiree's AlaskaCare health coverage becomes secondary to Medicare.

At the same time, AS 39.35.535(b) and AS 39.35.880(e) also provide that "coverage for persons 65 years of age or older is "the same as that available for persons under 65 years of age." Recent circumstances restricting access to Medicare primary care have now resulted in a situation where health care coverage for public retirees over age 65 is clearly not the same as that available for those under 65.

You may have seen the recent ADN article about the closure of the Alaska Regional Senior Clinic. <https://www.adn.com/alaska-news/anchorage/2023/01/23/senior-clinic-at-alaska-regional-to-close-in-february-leaving-vulnerable-patients-with-limited-options-for-care/>

This closure was as callous to seniors as it could possibly be.

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This closure reinforces the fact that there is woefully insufficient primary care access for Medicare seniors in Anchorage (and other areas in and outside Alaska). For over age 65 public retirees, unfortunately and ironically, the requirement that they see Medicare providers in order to exercise their medical benefits often results in the elimination of coverage that was fully available to them before they turned 65. We do not believe this comports with AS 39.35.535(b) or AS 39.35.880(e).

The Retired Public Employees of Alaska (RPEA) has recently received various complaints from multiple RPEA members, some of which are summarized below:

- 1) The Alaska Regional clinic closure has been “devastating.” Re-establishing care with the only two remaining senior clinics in Anchorage has resulted in an average four-month wait for an appointment.
- 2) Outside of Anchorage it has been reported that even though seniors may be able to find a primary care doctor, that doctor will only see them for the annual Medicare wellness visit; otherwise, they are directed to an associated urgent care clinic to wait in line for all other medical care needs.
- 3) Retirees have complained of being “fired” by their long-term primary care doctors as soon as Medicare becomes their primary insurance, despite having been told their provider would maintain them as patients after they turn 65.

We believe the difficulty in obtaining access to primary care for those over 65 is due to the low rates of Medicare reimbursement. This has been historically noted: *See “How Hard Is It for Alaska’s Medicare Patients to Find Family Doctors?” by Rosylind Frazier and Mark Foster, UA Research Summary No. 14 • March 2009, Institute of Social and Economic Research • University of Alaska Anchorage:*

https://iseralaska.org/static/legacy_publication_links/researchsumm/UA_RS14.pdf

The situation for Medicare patients has not improved in Alaska since the 2009 UA study was authored, and finding primary care physicians continues to be hard – if not impossible – for all Alaskan seniors. Unlike some seniors, however, whose only insurance may be Medicare, public retirees are beneficiaries of the Alaska Public Employee Retirement System, and as such are guaranteed the same medical coverage before and after age 65.

Prior to age 65, the Alaska’s Retiree Health Plan reimburses all providers at the “recognized charge,” defined under the retiree AlaskaCare Health Plan as the “negotiated charge contained in an agreement the claims administrator has with the provider either directly or through a third party, or what a covered provider bills or submits for that service or supply, or the 90th percentile of the prevailing charge rate for the geographic area where the service is furnished as determined by Aetna in accordance with Aetna reimbursement policies.” [See Health Plan Section 3.1.4.] Plan members can reduce their out-of-pocket costs by selecting from a network of providers in all areas.

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Once a public retiree turns 65 and is Medicare eligible, if they are not residing in a location where their primary care provider will continue to treat them as a patient and/or if they are residing in a community where there are very few – if any – primary care providers who will accept Medicare patients, public retirees are denied reasonable access not only to necessary primary care, but to other care, since Medicare often requires a referral from a primary physician in order to access specialty care providers (assuming the specialty care provider will accept the referral).

If, as far back as 1975, the intent of the DRB was to view the language of AS 39.35.535(b) and AS 39.35.880(e) as providing a means to a cost-saving mechanism by which the State could leverage Medicare funding to provide savings to its Health Care Trust, we also believe that there was a clear assumption that the over age 65 retirees with Medicare as their primary payor would have reasonable access to the same level of care as the under age 65 public retirees. That assumption clearly has not panned out and is now often leaving public retirees over age 65 without access to health care short of an emergency room.

The RPEA certainly appreciates the fiduciary efforts of the DRB to find cost-savings in the face of increasing health care costs. The recent EGWP prescription medication plan put in place by the DRB is a good example of a successful mechanism to protect the Health Trust through federal cost-shifting. The EGWP generally works well because it did not limit access to care and did not force public retirees over age 65 to change the medications they receive or the process of securing them. The success of the EGWP program contrasts with the grossly disparate impact of the current retiree Health Plan requirement that transfers all public retirees to Medicare at age 65, leading to a clear inability of public retirees to access equitable health care.

At this point in time, and contrary to its statutory requirement, it is the RPEA's belief that the State's requirement of relying on Medicare as the primary coverage for public retirees over the age of 65 no longer provides retirees with health coverage that is the same as that available to public retirees under age 65.

We are requesting that the Retiree Health Plan Advisory Board and the Division of Retirement and Benefits consider, at the earliest possible time, a review of the Health Plan with a specific focus on the language in AS 39.35.535 and AS 39.35.880, to ascertain whether over age 65 retirees are receiving the guarantee provided for by these laws: the same coverage under the Health Plan for both over and under age 65 public retirees. If, as we suspect, the answer to that question is no, please know that we are most anxious to work with the RHPAB and the DRB to find solutions to the present very harmful disparity.

Sincerely yours,



Randall Burns
President

Retired Public Employees of Alaska