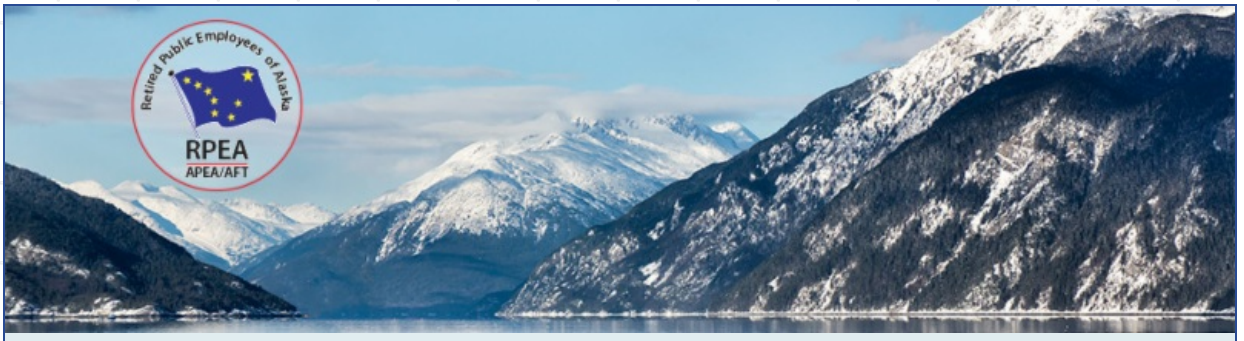

RPEA SUPPORTS THE HEALTH PLAN CHANGES RECENTLY ANNOUNCED BY DRB

The Department of Administration, Division of Retirement and Benefits (DRB), is proposing an amendment to the AlaskaCare Defined Benefit Retiree Health Plan (the Plan), effective June 1, 2022. The DRB is proposing these changes in large part because of the Settlement Agreement signed between the RPEA and the State on February 28, 2022.

The proposed DRB Plan amendments are substantially similar to proposals submitted by the RPEA during mediation; the DRB proposals result from language agreed to as a result of those negotiations. Below are RPEA's summaries and rationale for each of the proposed amendments. RPEA clearly supports DRB's adoption of these proposed amendments.

Section 1 Amended Provisions

1) Amendment to the Contact Information section to include information related to accessing Clinical Policy Bulletins

This amendment provides the website link for the current Claims Administrator's (Aetna's) Clinical Policy Bulletins (CPBs) at the front of the Plan booklet for members to access, as needed. We have often heard that retirees have had a difficult time finding/accessing the CPBs referenced in the Explanation of Benefits (EOBs) retirees receive from Aetna.

2) Amendment to Section 3.3.1 - Medical Necessity

This amendment to the Plan removes specific reference to Aetna in the definition of "medical necessity." The intent here is to exclude reference in the Plan to utilization of ***Aetna's*** proprietary Medical and Pharmacy Clinical Policy Bulletins (CPBs) when determining medical necessity for services covered under the State's medical plan.

It also amends this section of the Plan to make clear that the Plan Administrator (i.e., the Commissioner of the Department of Administration or their designee), ***not*** Aetna, is the final arbiter of what is determined/defined as medically necessary care.

However, please understand that these changes do not preclude Aetna from using its current CPBs in determining medical necessity when adjudicating claims. Further, this amendment does not change the

current appeals process when a member believes a claim has been inappropriately denied by Aetna.

In addition, the amendment references language listing the information that the *Plan Administrator* (not the Claims Administrator) shall consider when exercising their discretion in determining whether a service or supply is medically necessary, including the following: (1) information provided on the affected person's health status (presumably from their physician and/or other health care professionals); (2) reports in peer-reviewed medical literature; (3) reports and guidelines published by nationally recognized health care organizations that include supporting scientific data; (4) generally recognized professional standards of safety and effectiveness in the United States for diagnosis, care or treatment; (5) the opinion of health professionals in the generally recognized health specialty involved; and (6) any other relevant information brought to the Plan Administrator's attention.

All of the changes proposed in this Section are intended to make clear that Aetna's CPBs, while the initial determining factor, are not the sole basis for determining medical necessity. Other additional evidence, such as the information listed above that can be applied by the Plan Administrator when considering appeals, are applicable.

Bottom line: Aetna's CPBs cannot be used to override the plain language of the Plan itself.

As retiree's know, the Plan is self-insured by the State. The State/DRB regularly procures and contracts with different companies to administer the terms of the Plan and process claims under those terms (i.e., the State contracts with a third party to administer the Plan, hence the acronym TPA or "Third Party Administrator," which is often used interchangeably with "Claims Administrator"; these terms describe the same entity).

Aetna has been the TPA or Claims Administrator hired to administer medical claims for Alaska since 2014. Periodically, however, the State has put out requests for proposals (RPFs) to procure a new TPA/Claims Administrator. Should the DRB issue a new RFP for TPA services in the future, the current TPA contract could be awarded to another company, giving retirees a new Claims Administrator with which to (shall we say) "interact."

For this reason, the RPEA believes reference in the Plan to*Aetna's* proprietary CPBs as the sole determination of medically necessary care was inappropriate. Further, it was confusing. Even Aetna states on its CPB website:

While the CPBs are developed to assist in administering plan benefits, they do not constitute a description of plan benefits. *The Clinical Policy Bulletins (CPBs) express Aetna's determination of whether certain services or supplies are medically necessary, experimental and investigational, or cosmetic. Aetna has reached these conclusions based upon a review of currently available clinical information (including clinical outcome studies in the peer-reviewed published medical literature, regulatory status of the technology, evidence-based guidelines of public health and health research agencies, evidence-based guidelines and positions of leading national health professional organizations, views of physicians practicing in relevant clinical areas, and other relevant factors.*

Each benefit plan defines which services are covered, which are excluded, and which are subject to dollar caps or other limits. Members and their providers will need to consult the member's benefit plan to determine if there are any exclusions or other benefit limitations applicable to this service or supply. The conclusion that a particular service or supply is medically necessary does not constitute a representation or warranty that this service or supply is covered (i.e., will be paid for by Aetna) for a particular member. ***The member's benefit plan determines coverage.*** *Some plans exclude coverage for services or supplies that Aetna considers medically necessary.* ***If there is a discrepancy between a Clinical Policy Bulletin (CPB) and a member's plan of benefits, the benefits plan will govern.*** *(Emphasis added.)*

Health claims administrators/TPAs across the country have historically used, and will continue using, their company's proprietary (computer-driven, decision-based) clinical policy bulletins as guideposts for determining medically necessary services and supplies for the health plans which they administer. This amendment establishes that standing alone, neither Aetna's – nor any other claims administrators' CPBs – describe Plan benefits.

This amendment essentially restores the process of how medical necessity was determined before the 2014 amendments were adopted by DRB. It is the intent of this amendment to make clear that during the appeals process it is the independent Plan Administrator – using a combination of the TPA's CPBs and those additionally available Plan Administrator enumerated factors – that ultimately decides what medically necessary services and supplies include. It is not the (current) Claims Administrator based solely on its proprietary clinical policy bulletin standards.

3) Amends Section 12.14.13 - Third Level – DRB Appeal

This amendment to the Plan capitalizes letters in the word 'Plan Administrator' to conform with the new definition of that term. (See Section 2 below)

4) Amends Section 14.4 - Applicable Law and Venue

This Plan amendment acknowledges a decision rendered by Judge Aarseth in the RPEA Medical Diminishment lawsuit, that retirees are not limited to filing legal proceedings against the State concerning the Plan in only the First Judicial District; rather, retirees filing appeals may file in any judicial district in the State of Alaska.

Section 2: Definitions Section

1) This amendment provides legal definitions of the terms 'Plan Administrator', 'Aetna', and 'Claims Administrator' as they are used in the Plan and elsewhere in statutes or regulations.

We hope the above information better explains what these proposed changes to the current Plan will do and why they are before you for comment. As stated above, the RPEA Executive Board supports these proposals.

RHPAB Actions

Also, quickly, please know at the Retiree Health Plan Advisory Board (RHPAB) meeting last week (3/25/22), the RHPAB voted to create a Regulations Subcommittee and then voted to support the appointment of RPEA members to the RHPAB's existing Modernization Subcommittee and its newly created Regulations Subcommittee. As you know, the RPEA submitted six names in nomination for seats on those subcommittees. I am pleased to announce that the RHPAB selected **Mauri Long** for a seat on the Modernization Subcommittee and **Wendy Woolf** for a seat on the Regulations Subcommittee.

Thanks, as always, for your membership and support of the RPEA!!

Randall Burns
RPEA President
March 28, 2022

Thank you for your continued support of RPEA.

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Greetings, your RPEA Membership is paid through ***(no date available)***. If you need to renew your membership, **click here**. If you have recently paid your membership dues, please disregard. Thank you for being an RPEA member!