

# Modernization Overview

- The legacy retiree health plan is for defined benefit beneficiaries and does not include members receiving health benefits under the PERS Tier IV or TRS Tier III Defined Contribution Retirement (DCR) medical plan.
- Because of its age, the plan design lacks some key benefit provisions now common in most health plans. It also lacks common cost control mechanisms. The DRB, in conjunction with the RHPAB and the ARM Board, will explore areas of potential change within the confines of “no diminishment” of benefits.
- The goal of the modernization project is to provide value to the member through incorporating common benefits not currently available while preserving the overall benefit of the plan and implementing standard cost saving mechanisms.
- In addition, DRB took steps to improve the plan booklet, incorporating prior amendments and clarifications into the body of the plan rather than leaving them at the beginning of the booklet, requiring members to reconcile the changes themselves and creating confusion. This would make it easier for members to understand and provide more transparent and specific direction as to how AlaskaCare claims should be adjudicated. The new booklet will be released this month.

## Summary

The process that the RHPAB has chosen regarding Modernization is to do a "deep dive" into each of the areas raised over the years. As part of that process, the committee will evaluate the actuarial impact, financial impact, impact to members, and impact to the DRB workload. After this thorough analysis and review by the full Board, we will attempt to put together a package of revenue neutral changes.

So far, the committee has explored the ideas of: improving preventative coverage, enhancing travel benefits, and increasing or removing the lifetime maximum. We have requested and received extensive information on these three areas. The Modernization Committee work will continue to explore other changes in the coming months. As this process continues we will welcome and provide opportunity for member input.