

NOTES FROM THE HEALTH BENEFITS EVALUATION COMMITTEE

By Jim Lecrone

GENERAL

Agreements with the State on insurance benefits are laid out the Collective Bargaining Agreement. It details our overall agreement on health benefits, to include membership on the Health Evaluation Benefits Committee (HBEC). About this time each year the HBEC is involved in discussions that impact your health insurance benefits and costs. The HBEC recently met in December and again on March 2nd. The following is a recap of information from those meetings.

The State will cover increases in the cost of the economy/default plan for members who select that plan; it will also cover an equal amount towards each member's fees, regardless of which plan is selected. Last year the State's contribution was \$745 a month; this year's contribution is expected to be \$820 a month. The difference between the State's contribution and the cost of the more expensive Standard or Premium health plans is paid by the members selecting those options.

POSITIVE OPEN ENROLLMENT

The Annual Select Benefits Open Enrollment period is tentatively scheduled to take place from May 13th through June 10th, with informational meetings scheduled to take place in Juneau on May 23rd and 24th, Anchorage on May 25th, and Fairbanks on May 27th. As the dates draw nearer the State will be sending you information by e-mail, paycheck enclosures, and other postings. Look for a major change in enrollment this year! It is to be a "Positive Open Enrollment" and all participants will be required to "positively" enroll. Positive Open Enrollment will require documentation that has not been requested in the past. Documentation of dependant relationships such as marriage certificates, dependant birth certificates, etc., will be required of all participants.

Yes, Positive Open Enrollment will be a bit of a pain, but it may hold down some of the expenses that cause our fees to increase each year. Here's why and how: Nationwide, audits reveal that approximately 15% of claims from dependants are from persons who really aren't qualified dependants under their policies. Persons such as: significant others instead of wives; children who weren't the policy holder's children; married children who were no longer covered; over age children who hadn't been in college for years, etc. Last year, 62% of our Select Benefits claims payments were for dependants. Those payments could have totaled as much as 26 million dollars. There's no way to tell if any of these payments went to unqualified dependants because the documentation required to check doesn't exist. If 15% went out as payments for unqualified dependants we may have spent as much as four million dollars that shouldn't have been spent. If we'd have spent that much less on claims last year, this years monthly increases would have been considerably smaller. Positive Open Enrollment may be a bother, but it may well help hold down the size of next year's fee increases. That would help us all! Look for more details from the State in the near future. (Retirees will be going through the same process later this year)

PROJECTED FY06 MONTHLY FEE INCREASES

The newspapers and TV prime time are ripe with stories telling us that health care and prescription drug costs are continuing to increase with no end in sight. Alaska is no exception! The exact cost of the plans State Employees will be enrolling in from May 13th through June 10th won't be set in concrete until the Commissioner of the Department of Administration makes his final decision, but we expect the following: The cost of the Economy/Default Medical/Dental plan is expected to increase by \$75 a month, from \$745 to \$820. As required by our contract, the State will continue to cover the total cost for members that select this option. Likewise, the State will contribute \$820 to the cost of the Standard or Premium plans if selected by our members. The difference between the State's contribution and the cost of the selected option will be deducted from monthly paychecks. Depending on which of the advanced plans is selected, out of pocket costs will increase \$16 to \$24 a month more than last year's out of pocket cost. A chart reflecting anticipated monthly fees is included as a separate attachment to tie email. An interesting sidebar from one of the Select benefit claims reviews – one auditor suggested that although the data hadn't been sampled for a long enough period, it appeared next year's fees might have been as much as \$41 dollars higher if the Anchorage Preferred Provider hospital and the prescription medication co-payment changes hadn't been made last year.

AETNA AUDIT

Aetna's effectiveness undergoes periodic audits. The most recent was an audit of 120 claims randomly sampled from the month of October. Aetna performed better in this audit than in the preceding one. While the level of errors was acceptable, there continues to be room for improvement. Oversight and review will continue by Aetna, the State and the HBEC.

LASIK LASER VISION COVERAGE CONSIDERED

The HBEC discussed and considered the possibility of adding Lasik coverage to the available vision benefits packages. Unfortunately, the cost of providing that coverage would be prohibitive. During these discussions it was learned that VSP has a contract with Pacific Cataract and Laser in Anchorage to provide this surgery for a cost of \$1,400 per eye, which could be passed on to our members. It was suggested Aetna may have a similar contract. The State is looking into this and will provide more detailed information as it becomes available. In the meantime anyone contemplating such surgery may want to confirm this information with VSP, Aetna, or the provider before having the procedure performed. \$1,400 per eye is a considerable savings over what others currently charge.

SUMMARY

This information from HBEC meetings is intended to help you prepare for the upcoming enrollment period by giving you a feel for what the fees will be and what documentation might be required. Also, knowledge of the projected fees may give you additional time to consider your options.