UA Choice Health Plan Changes for FY16

The Joint Health Care Committee (JHCC) has been studying the UA Choice plan to learn what’s working, what needs to be changed or updated, and what new programs can be added to better serve our members. In December, the committee discussed several initiatives and options and made recommendations to CHRO Erik Seastedt, which were accepted. The changes described below will be implemented July 1, 2015.

**Consumer Directed Health Plan (CDHP) deductibles** will be increasing to keep the plan qualified for the health savings account (HSA). Starting July 1, the new deductibles will be $1,300 for an individual and $2,600 for a family. The CDHP deductibles and out-of-pocket limits are indexed to inflation and the new limits are announced by the IRS in the fall for the next year. Because the UA Choice plan is a fiscal year plan, we implement any changes on the following July 1.

The out-of-pocket maximums for the CDHP will remain at the current $5,000 per person and $11,000 family (these maximums include the deductible).

The HSA contribution limits will also be increasing this year, to $3,350 for an individual and $6,650 for a family. The catch-up contribution for those 55 and older is unchanged at $1,000.

**Brand-name PPI drugs no longer covered**

JHCC has been looking closely at pharmacy plan utilization and costs. One of the persistent high cost items on the plan is a brand-name proton pump inhibitor (PPI) called Nexium. With the abundance of generic and over-the-counter PPI options available, many plans stopped covering Nexium and other brand-name options in this drug class years ago. Now that Nexium is available over-the-counter without a prescription (just like Prevacid, Prilosec and others), the decision was made to stop covering it and other brand name PPI drugs. Prescription generic drugs such as omeprazole will still be covered, but not brand-name PPI drugs. You can still claim these drugs against your flexible spending account or health savings account IF you have a prescription from your health care provider.

**Pharmacy Copays on 750 Plan and High Deductible Health Plan (HDHP)**

Generic drugs have seen steep increases in costs in recent years, but the copay on the pharmacy benefit for the 750 Plan and the HDHP has remained unchanged. To better reflect the increased cost of these drugs, the copays on these plans will be changing July 1. Brand name drug copays will also increase to reflect increased costs and to maintain the spread between generic and brand-name drugs. In addition, a new copay tier will be added for Specialty drugs, the high cost medications that treat complex, chronic and often costly conditions.

The new copay structure will be:

<table>
<thead>
<tr>
<th></th>
<th>Retail Pharmacy (30 days)</th>
<th>Mail Order (90 days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic</td>
<td>$10</td>
<td>$20</td>
</tr>
<tr>
<td>Preferred Brand</td>
<td>$30</td>
<td>$60</td>
</tr>
<tr>
<td>Non-Preferred Brand</td>
<td>$60</td>
<td>$120</td>
</tr>
<tr>
<td>Specialty</td>
<td>(not available at retail)</td>
<td>$100 for up to 30 day supply</td>
</tr>
</tbody>
</table>

Out-of-pocket maximum limits are unchanged at $1,000 per person and $1,700 family.
Preventive Medications at Zero Copay

Realizing that increased copays might lead some members to not take their maintenance medications for chronic conditions, such as high blood pressure, the JHCC recommended adding a zero copay preventive medication benefit to the plan. This helps offset the increased copays described above and is similar to the preventive medications benefit on the CDHP. The list of generic medications, called the “PV1 drug list,” covers many commonly used generic maintenance medications, and is available on Premera.com (click on Pharmacy, then Drug Search to find the link to Preventive Drug Lists).

Virtual Care Telemedicine

Premera has partnered with Teladoc, a telemedicine service, to offer members “virtual” access to health care providers who can diagnose, treat and write prescriptions for non-emergency illnesses or conditions. Virtual care doesn’t replace your primary care provider, but can provide real-time access to an in-network provider when you’re traveling, your regular doctor is unavailable, you have no in-network provider options or you have a minor illness that doesn’t need a trip to the doctor’s office.

The JHCC recommended adding a telemedicine service to our plan in 2012, and recent legislation paved the way to offer a more comprehensive service. By adopting Premera’s “Virtual Care” benefit with Teladoc, we can affordably offer this service to UA members without conducting an RFP or managing a separate contract. Look for more information on this service as we get closer to the July 1 launch.

Payment Change for Out-of-Network Providers

Currently, we pay for care provided by out-of-network providers at the 80th percentile of billed charges. Premera proposed an initiative for self-funded clients such as the university to change the methodology to pay 125% of the Medicare rate for the state of Alaska, or the state where care is provided. The JHCC studied the impact this change would have on members who utilize providers not in the Premera network. Even though some members may experience higher costs, this change can bring meaningful control to a process that is now based purely on billed charges. The cost impact on members was determined to be minimal.

Out-of-Network Dialysis Treatment

Dialysis can be an extremely costly treatment that continues for a long period of time. Currently, UA does not have any members receiving dialysis treatment but has had in the past. Members with end-stage renal disease starting on dialysis are enrolled in Medicare to begin a 30-month coordination period before Medicare becomes the primary payer. Premera will pay dialysis claims for out-of-network providers at 100% of the Medicare fee schedule, deductible and coinsurance will be waived on the 750 Plan and HDHP, and the member cannot be balance-billed meaning the provider can’t bill the member for the amounts not paid by Premera. Members on the CDHP will have a deductible and coinsurance. Members who do not enroll in Medicare can be balance billed.

While UA doesn't currently have anyone receiving dialysis treatment, this change could save members and the plan significant money if we have someone in treatment in the future.