



UNIVERSITY
of ALASKA
Many Traditions One Alaska

To: Abel Bult-Ito, Chair
Joint Health Care Committee

From: Ardith Lynch, Interim Chief Human Resources Officer

Date: May 6, 2016

Re: JHCC Motion from April 22, 2016

Thank you for your memo transmitting Motion 16.4 from the Joint Health Care Committee meeting on April 22, 2016.

Motion 16.4: The Joint Health Care Committee recommends that the University of Alaska Chief Human Resources Officer bring out of network payments for FY15-16 to 200% of Centers for Medicare and Medicaid Services (CMS).

I have considered the committee's recommendation to implement out of network payments retroactively for FY15-16 at 200% of Centers for Medicare and Medicaid Services (CMS). I have determined that the best interests of the University, its employees, or the health care plan would not be served by accepting the JHCC's recommendation.

The reasons for my determination are that the benefit to employees is outweighed by the inconvenience to both employees and affected health care providers, as well as the cost to the university and to employees' providers for handling 2000 reprocessed claims for the current fiscal year (from July 2015 to the present). If the claims were reprocessed, every health care provider who received additional reimbursement would have to review and adjust each patient's account. If the service has already been paid, the provider would have to issue a refund to either the patient's secondary insurance or the patient. If some or all of the original charges initially went to a patient's deductible, a subsequent provider may also be affected, owing a refund to Premera and having to bill the patient for that amount.

Implementation would require a mid-year contract change with Premera and reconfiguration for Premera's system, resulting in additional fees to the university, as well as coordination with BlueCard and the fee structure for claims from outside Alaska and Washington. In addition, all out-of-network claims would need to have a pay hold while the reprocessing of claims took place, a process that could easily extend into FY17.

While the increase from 125% to 200% would result in a slightly higher reimbursement for these services, it is not enough to justify the abovementioned negative impacts.

Thank you for your efforts and diligence to continue the productive work of the JHCC.