



Below is a letter Freda Miller wrote for the **Fairbanks Daily News-Miner Community Perspective**. Even though it was written more than a year ago, the history included in it is still relevant. Freda gave permission to run it here, and will be doing a follow up in one of our later newsletters. The Newsminer also said it was ok to reprint.

Time for state to retake control of AlaskaCare

By Freda Miller - Feb 15, 2015

FAIRBANKS — If you've ever been to the doctor, dentist, or any other health provider, who was covered by your health insurance and you are a state employee or retiree covered by the state's AlaskaCare health plan, you need to keep reading. On Dec. 31, 2013, the health plan you have always known was changed in ways you could never imagine. And not in a good way.

The AlaskaCare Health Plans are self-funded plans that were authorized in 1997, and governed by the state according to the authorization under AS 39.30.090 for some of its employees and the majority of its 90,000 retirees and dependents. Before 1997, that health insurance was purchased as a "fully insured" product from Aetna. Aetna told the state what was covered under their product, how it was covered and what could be done about it if a claim was not covered.

Aetna took on the financial risk of all health claims paid, using its own dollars, for a premium amount collected every month from covered employees and retirees. Since Aetna held all the risk, it seems fair that they also said what the premiums cost. Aetna either lost money or gained money each year based on the accuracy of their claim payout and premium income forecasts. Aetna was the plan fiduciary.

A plan fiduciary has discretionary authority or control with respect to management of the plan or the disposition of plan assets, and also has discretionary authority or responsibility for the administration of the plan.

Changing to a self-funded type of coverage in 1997 meant the state became the plan fiduciary, accepting the financial risk of paying health claims and deciding how much to charge for premiums. The state then had to determine what was covered, how it was covered, when it was covered, and when it would not be covered. So they

wrote a coverage booklet. And they set up procedures and policies to provide a way for appeals to be filed and grievances to be aired. That seemed to work fairly well until Jan. 1, 2014. That's when the Department of Administration decided it was going to hand over all claim authority to Aetna (and MODA for dental) for what was covered, how it was covered, when it was covered, and when it would not be covered.

Oh, and the state also decided it was OK for Aetna to handle all appeals and grievances. What happened to the fiduciary responsibility of the state in all this? I'm not sure. But it is a valid question.

Before AlaskaCare was created as the state's self-funded health insurance plan in 1997, Aetna and the products they sold were governed by Alaska Statute Title 21 for commercial insurance. Those statutes protected the interests of the covered employees and retirees from a commercial coverage taking advantage of them. Aetna had to follow those laws to the letter, including the managed care concepts of providing health insurance found in AS 21.07.250 (8-11)'s definitions. All of the provisions of Title 21, Chapter 7 had to be followed for any managed care plan to operate in Alaska. Any entity providing health insurance (in a fully funded plan) in Alaska must also abide by the laws in 3 AAC 26.110 related to prompt, fair and equitable settlement of health claims.

But hold the phone. AlaskaCare is not governed by those laws.

Since they became self-funded in 1997, they are governed by AS 39.30.090 (and other statutes) as well as the Employment Retirement Income Security Act (ERISA). The Division of Insurance has no jurisdiction over AlaskaCare, and covered employees and retirees can't go to the Division of Insurance to cry "Foul!" They can no longer go to the Division of Retirement and Benefits with a grievance because the Department of Administration has allowed Aetna and MODA Dental to make these decisions and handle all appeals. So Aetna is operating its own managed-care-type participating provider organization (PPO) plan, calling it AlaskaCare, without having to follow the laws related to managed care in Alaska or having to

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HEALTH FAIRS

Out of State - Please contact your local government office for low income (retirees generally included) health fairs/shot screenings. Also, your local senior center should have a list available for anything offered.

In Alaska:

From their website: AlaskaCare members have an opportunity to receive a variety of blood tests free of charge at the AlaskaCare Health Fairs. These events are open to all AlaskaCare Health Plan members and dependents who are 18 and older. Available services include health education, blood pressure screenings, and measurements for height, weight, waist circumference, and BMI.

Flu shots will be offered in Fairbanks, Ketchikan, and Juneau. Flu shots will NOT be available at the Nov. 7–8 Anchorage Health Fairs—but there are FREE drive through Flu Shot Clinics available in Sept. and Oct. at the Alaska Regional Hospital.

In an effort to optimize your health fair experience and reduce the length of the line for Registration and Labs, the state will be making a couple of changes this year.

They would like all members to pre-register for the labs for the specific day and location they will be attending. Registration is not limited, but your pre-registering will help streamline the process for your convenience—options are detailed online. Online registration is available until 5 p.m. on the Tuesday prior to the event. Other methods of registration will remain available up to the day prior.

Here is the webpage for AlaskaCare Health Fair, but they still have up the 2015 schedule: [http://
doa.alaska.gov/dr/b/alaskaCare/headlines/healthFairs.html](http://doa.alaska.gov/dr/b/alaskaCare/headlines/healthFairs.html)

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accept any financial responsibility for the payment of those claims.

In conclusion, we see that as of 1/1/2014, the state has given covered employees & retirees a health plan that is no longer “administrated” by the Department of Administration (the Commissioner is the plan’s fiduciary by Alaska state law), but is a hybrid plan that is neither a commercial product nor a self-funded with fiduciary responsibility plan. Where does this leave the covered employees & retirees? Unfortunately, without any representation from the state, whose job is to “act in good faith with regard to the interests of another” as the fiduciary.

If you are a covered employee or retiree of AlaskaCare, write your state representatives and senators and tell them the state of Alaska Department of Administration needs to continue to do its fiduciary job and not allow an entity that has no financial stake in your health funds to manage your health or your health plan. You have been given a health plan as of Jan. 1, 2014, that is not what you agreed to and not what you should accept.

Freda Miller operates HealthCare Considerations, LLC and served as Benefits Manager for AlaskaCare health plans from 2004-2009. She lives in Juneau.

PROGRESSIVE LENSES

Earlier this year, the state decided that even though progressive lenses have been covered for years, they would no longer do so, and back in April told Aetna to stop covering it. It turns out that there is no mention of progressive lenses in the 2003 Plan book, either to cover it or not. So rather than writing a “Clarification of Benefits”, or an amendment to include it, they decided to stop coverage.

Not long after January 1, 2014 when Aetna took over, many things happened, but here’s two in particular: 1) compound medication stopped being covered, and 2) a new draft book was proposed. Due to the outcry over both of these, the state brought back coverage of the compound medication, and tabled the draft book.

Now is the time to have another outcry over the progressive lenses. Right now, the process is to go through the two levels of Aetna appeals & denials, then go to the Office of Administrative Hearings. You can show a precedent having been set as coverage has been given for years, and hope for the best.

Contact the Governor’s office, the LT Governor’s office, the Office of the Department of Administration’s Commissioner, Deputy Commissioner, and the Retirement & Benefits office. If enough people will stand up and say, “NO”, then who knows? Maybe progressive lenses will be covered again.

If anyone saved their EOB’s from HealthSmart, or before, or if you can get a copy of it from either HealthSmart or your provider, that shows progressive lenses being covered, please let us hear from you.

WEP/GPO - HR 711 - AFSCME's letter July 2016 on HR 711. The letter was sent to Honorable Kevin Brady Chair, & Honorable Sandy Levin Ranking Member, of Ways & Means Committee, US House of Representatives.

Dear Chairman Brady and Ranking Member Levin:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I write regarding the Committee mark-up of Equal Treatment of Public Servants Act of 2015 (H.R. 711). AFSCME continues to urge Congress to repeal both the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). Full repeal will address the harmful and serious inequities of GPO and WEP for current and future public worker retirees.

We do recognize that the bill, which focuses on WEP only and does not establish full repeal, is intended to: 1) partially remedy the injury from WEP to current retirees, and 2) reduce the wrong caused by the current arbitrary WEP formula for retirees who would be subject to WEP in the future. We support the Chairman's goal to redress the existing WEP cuts, but H.R. 711 raises serious concerns.

The Social Security Administration's (SSA) actuary estimates the Chairman's mark will result in a net decrease in SS benefits for newly eligible beneficiaries of \$7.4 billion over nine years. We are concerned that more information is needed to understand more fully how this major policy change will impact the treatment of state and local government employees, particularly those with non-covered earnings. We are not aware of any examination of the types of earnings and pension-receipt patterns that will lead to higher or lower benefits under the new formula. Moreover, the changes made by the bill occur without sufficient transition time for workers to plan their retirement under these new rules. While we thank the Chairman for his efforts to address the long standing problems presented by the WEP law, we still have concerns with the current bill and urge additional changes be made.

Enforcement of WEP against Current Retirees

The Chairman's mark does eliminate the original provision in H.R. 711 directing SSA to conduct an all-encompassing enforcement of the WEP on some 6 million beneficiaries based on SSA data of wage earnings. This improves the bill but does not remove the potential problems created from such enforcement actions based only on earnings data. We are concerned that even if the bill is silent on enforcement, SSA may still conduct far-reaching & potentially punitive enforcement actions of the type the Chairman decided to drop from the bill. At a minimum Congress should put up reasonable policy guardrails to protect retirees, many who may be extremely elderly & frail.

Specifically, we urge the Committee to add legislative language to ensure that any future WEP enforcement efforts on retirees whose benefits are not now subject to WEP must be based upon clear and indisputable evidence of over-payments & willful intention to mislead SSA. Congress must not allow SSA to place an onerous burden of proof on a retiree with regard to establishing whether that retiree receives a pension based on non-covered earnings.

Concerns with New Formula

H.R. 711 replaces the current WEP formula with a new formula for all beneficiaries. That would include consideration of covered earnings and total earnings when calculating Social Security benefits. We do appreciate that the Chairman intends the formula in H.R. 711 to be more precise, equitable and transparent than the current WEP formula. In addition, it would theoretically allow SSA to provide more-accurate statements projecting a public employee's Social Security benefits. These are good policy objectives. We are deeply concerned, however, that there is no beneficiary impact analysis that can show Congress and the public who will benefit and who will suffer from the changes as they are applied. The only measure we have of the impact of the formula is from the SSA actuary, which estimates it will hit newly eligible beneficiaries with a net cut of \$7.4 billion in benefits over nine years. This formula change could create unintended inequities and create new harm.

The current WEP has several key exemptions. WEP does not impact beneficiaries who do not receive pensions based on their non-covered earnings. WEP can never reduce Social Security benefits by more than one-half the amount of the beneficiary's pension. This limit on WEP helps protect individuals who receive relatively low pension amounts. Further, WEP does not apply to people who have 30 or more years of substantial covered earnings, and it is gradually reduced for workers who have 21 to 29 years of substantial covered earnings. H.R. 711 abandons all of these fundamental WEP exceptions and adjustments.

We are particularly concerned about the impact of this legislation on workers with non-covered earnings who

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have not vested in a pension. For example, workers who move every few years because they are following a spouse with a military career or for other reasons are likely not to have vested in a non-covered public pension, even though they will have significant non-covered earnings. Roughly, a third of all state and local government plans require employees to have completed between 6 and 10 years of service to vest. For these workers, who would not be subject to WEP under current law, the H.R. 711 formula will likely mean a new, significant cut in their Social Security benefits.

No Transition Period or Gradual Adjustment for Those Nearing Retirement

The formula under the Chairman's mark becomes effective for individuals who turn age 62 on or after the new effective date. Consequently, H.R. 711 changes the rules with very little warning. In March, SSA testified that this new formula is a significant policy change. SSA told the Committee, "it is critical to allow sufficient lead-time so that affected individuals can incorporate the change in their financial planning and decision-making. We believe that an effective date of 2027 allows enough time for individuals to adjust their retirement plans."

There is precedent for Congress to make changes in Social Security policy slowly over time and with sufficient notice. In 1983, many of the major changes to Social Security law made by Congress were gradually phased in over many years. With H.R. 711, workers who have been planning for the WEP for years will have little more than 12 months to prepare for unavoidable cuts to their Social Security benefits. Due to the complexities of this law and the far-reaching implication, we believe workers should have sufficient notice and a transition period for those close to retirement.

Conclusion

We continue to believe that both the WEP and GPO are flawed policies and deserve to be entirely repealed. We urge members to support full repeal of WEP and GPO. We also support amendments to make needed changes to H.R. 711, including those by Rep. Pascrell to give a transition period for workers with regard to the 30-year exemption, and the amendment by Rep. Danny K. Davis to prevent the expansion of the new WEP reduction formula to those who are exempt under current law because they do not receive a pension from non-covered employment.

Sincerely, Scott Frey, Director of Federal Government Affairs
cc: Members of the Ways and Means Committee

TRAVEL - There has been some confusion over the travel benefit. Here is a link for healthcare booklets & clarifications: <http://doa.alaska.gov/drb/alaskacare/retiree/publications/booklets.html>. For the Defined Benefits Booklet of 2003, Travel begins on page 42: <http://doa.alaska.gov/drb/pdf/ghlb/retiree/RetireeInsuranceBooklet2003with2016amendment.pdf>

Basically:

Travel in emergency situations requiring immediate hospital care does not need preauthorization.

Travel does not apply to audio, dental, or vision (if you have that plan).

Travel for treatment not available locally is covered. Diagnostic procedures, or follow up visits are not covered.

There are limits on how many visits for certain conditions are available for coverage.

If you need transportation for non emergency which can't be treated locally, pre authorization is required. If there isn't time for pre authorization forms, or haven't received written pre authorization back yet, you must call the claims administrator before travel.

Travel for cheaper surgery elsewhere may be covered if the actual cost of surgery, hospital room & board, and travel costs are less expensive than the recognized charge for the same expenses at the nearest location. For instance, if you live in Fairbanks, and it would cost \$10,000 for your surgery, the recognized charge is \$8,000, and if you traveled to Seattle for the exact same procedure, and the airfare round trip was about \$650 on Alaska Air, ground transportation about \$100 to & from airport, and surgery there was \$6,000, that would mean a trip to Seattle for the surgery instead of Fairbanks could be covered. CONTINUED ON PAGE 5

BBB PRESS RELEASE - FOR IMMEDIATE RELEASE - From Michelle Tabler, Alaska Regional Manager: 907-644-5208 | michelle.tabler@thebbb.org

Grandparent Scam

An imposter scheme, better known as the “grandparent scam,” resurfaces in Alaska on a regular basis. It’s been around for years and has claimed a multitude of victims nationwide. One couple in Alaska, this year, lost more than \$70,000 on this scam.

The frantic phone call often comes late at night or early in the morning when an elderly person may not be as cognizant. The scammer poses as the victim’s grandchild (or other family relative such as a niece or nephew) and often they know the grandchild’s name although in some instances, the victim may inadvertently say the name.

The grandchild claims to be traveling, often in Mexico or Canada, and is in some sort of trouble - they’ve been in a car accident, they’re in a hospital, or they’ve been arrested and in jail. They need money right away, but plead with the grandparent not to call their parents. An accomplice then comes on the phone, pretending to be from the jail, the hospital, or even from the American Embassy and gives instructions on wiring the money.

Tips to avoid this scam:

Of course, the best tip I can offer is to hang up the phone! These scammers are good and they will keep an elderly person on the phone, often with enough real information that the senior may think the call is genuine. It’s best to just hang up and not even get into a conversation with anyone who calls unsolicited.

Never divulge any personal information during an unsolicited phone call, especially the family member’s name. If you feel the need to stay on the phone call, ask the caller a personal question that the purported ‘grandchild’ would know the answer to. Never give bank account or credit card numbers over the phone.

Never wire money or fill a pre-paid debit card, including iTunes or Amazon gift cards. These methods are the same as sending cash – once sent, the money is gone and nearly impossible to recover.

It’s important to stay calm and not act out of a sense of urgency – which is what the scammer wants. Family members should be called to verify locations of grandchildren.

Scammers often obtain personal information on social media sites and use this for identity theft and scams. It’s wise to regularly update your privacy settings on social media and be mindful of the information you are sharing.

Please share this information with any seniors in your life. It’s important to keep the lines of communication open and to help prevent these scammers from claiming more victims.

MODA information

Even though the Plan went from unlimited cleanings to a general limit of two, with four approved for certain conditions, if you reach your \$2,000 of covered expenses for the benefit year, any typical dental work after that will not be covered, including cleanings, even if you haven’t had any cleanings, or only one.

TRAVEL CONTINUED FROM PAGE 4

Second surgical opinions may be covered if you require one that can’t be obtained in your area. You will need preauthorization.

Companions are generally not covered, especially when flying, unless your health requires a nurse with you.

As far as amounts go: The Travel section doesn’t directly reference the per diem quote. You will want to reference the “Medical Benefit Schedule”, “Travel Limitations” in the front of the booklet under the amends. Aetna has clarified these limitations with the State which is represented in the Travel FAQ. As found in the section in the 2003 Plan Book, these per diems limit only expenses for fares, mileage, food, and lodging for the most direct route incurred while enroute to the destination. \$31.00 is reimbursed for food and gas for a day trip, and if there is a need for overnight stay, \$80.00 is reimbursable for lodging, food and gas are reimbursed to the receipted amount.

For transplants: \$50 per person per night, \$100 night maximum, and \$31 per night for companion. And travel coverage limit is \$10,000 per transplant occurrence.

If you do not get preauthorization when needed, no benefits will be paid.

Therapeutic travel treatment is limited to one visit and one follow up per benefit year.

Travel is limited to one visit per benefit year for: prenatal/postnatal maternity care, maternity delivery, presurgical or postsurgical, surgical procedure.

For more information, see your plan booklet, contact Retirement & Benefits in Juneau, or call us.

Aetna appeals – **WHEN** you appeal, Aetna’s Level 2 isn’t the final appeal. There is a Level 3 with the Office of Administrative Hearings.

Dental appeals information: <http://doa.alaska.gov/drб/pdf/forms/ben074b.pdf>

Medical appeals information: <http://doa.alaska.gov/drб/pdf/forms/ben074a.pdf>

Aetna complaint and appeal form: <http://doa.alaska.gov/drб/pdf/ghlb/akcare/aetna/complaintAndAppeal.pdf>

MODA appeal form: <http://doa.alaska.gov/drб/pdf/ghlb/akcare/moda/ModaAppealForm.pdf>

State contacts for EVERYONE:

Department of Administration Commissioner: sheldon.fisher@alaska.gov

DOA Deputy Commissioner: john.boucher@alaska.gov

R&B Chief Health Offcl: michele.michaud@alaska.gov

Department of Administration – 907-465-2200

R&B – 800-821-2251

If you don’t know your legislator, 1-800-478-4648.

For the Governor, www.Alaska.gov, click on governor’s button, then contact button for sending email, or call 907-465-3500. Lt Governor’s # is 907-465-3520.

Because we have members in many states, here is where to look up who represents you in congress (you’ll be entering either your address or state): <https://www.govtrack.us/congress/members>

Brothers & Sisters - Feel free to pass this along to other retirees who aren’t members, maybe they’ll join & want their own. More members make more impact because less than half of retirees belong to the top three retiree groups combined. We are all in this together, and the strength of members pulling together for each other can accomplish more than fighting alone.

For more information on any Advantage Club program, see www.afscme.org or call 1-202-429-1000.

Currently there is a Union Plus contest for monthly prizes. Contact the Advantage Club for more information at 1-800-588-0374.

All of the Advantage programs with the exception of two (Paycheck Direct and the Public Safety Protection Program) are administered by Union Plus.

We do not sell or rent your information. One way to track who is selling/renting/giving your mailing address is to put some extra information in your name and/or address that doesn’t conflict with the post office. For instance, if you live at a house, put a letter or number on your address like an apartment. Or use a nickname. Make sure each company has different information to tell which one is doing it.

We have several members who have winter & summer addresses. Liz has a couple on file. If you’d prefer to receive snail mail at the appropriate address during the appropriate season, let Liz know as she is starting a new file just for that. Please include which months you leave/arrive.

How many retirees are either raising grandkids or a major caretaker of grandkids? Do you feel that you have enough resources (time, money, information, network of others in similar situation) for providing the level of care you really want?

Reverse Mortgage information, or any other article from a previous newsletter, available upon request.

If you, or any retiree you know of, have been impacted by a natural disaster, please let us know.

AARC52 (Alaska AFSCME Retiree Chapter 52), 2601 Denali St, Anchorage, AK 99503-2738. (907) 277-5232, fax (907) 277-5206. Inside AK 1-800-478-2732, Outside AK 1-800-496-2235. retchapter@afscmelocal52.org, Web page: <http://www.afscmelocal52.org/index.php/union-leadership/chapters/aarc52-retiree-chapter>, AFSCME general website: www.afscme.org/union/retirees, Facebook: Aarc Local 52, please “like” us. Membership in AFSCME includes membership in Alliance for Retired Americans. <http://retiredamericans.org/>. Even though ASEA’s office is open 8-5, except state holidays, PLEASE CALL FIRST before coming in. We have missed some people because we are flexible part time, usually here around lunch. AFSCME - American Federation of State, County, Municipal Employees.