

Status of the Alaska Retiree Health Care Plan
Third Party Administrator Contract
as of May 7, 2009

By Sam Trivette, Dir. Medical Information Committee

The following are bullets outlining the status of the Third Party Administrator (TPA) contract to administer the Alaska Retiree Health Care Plan and related matters as of 5/7/09 as I know them. This information is the best information available to RPEA. Because RPEA has not received any documents from Retirement & Benefits or the TPA, other than those we have access to over the internet, we cannot verify the accuracy of this information. We apologize in advance if any of it turns out to be inaccurate later on.

- The Intent to Award the TPA Contract was issued by the SOA on 3/6/09.
- The Intent to Award was issued to Wells Fargo Insurance Services of Alaska [WFISA].
- There was a protest period following the issuance of the Intent to Award and two of the bidders did protest. As of this date, the best information we have is that one bidder continues to protest and has filed a lawsuit to stop the implementation of the contract.
- The State signed the \$43,902,146 three-year contract on 4/12/09 and the contract begins 7/1/09.
- The contract itself is nine pages long. It refers back to the original Request for Proposal and six amendments.
- We do not have a copy of WFISA's "Final and Best offer" of 3/5/09, so we do not know what their administrative fee is per employee under this contract.
- Unlike previous TPA Health Care Contracts, Wells Fargo is NOT a health insurance company, so it subcontracts the work required under the TPA.
- Freda Miller recently retired as Medical Benefits Manager at Retirement and Benefits and had many years of experience in the Alaska public employee health care arena. Now two current employees of R & B are splitting her job duties. One is a very long term R & B employee.
- Pat Shier is the Director of R & B and will oversee the changeover and implementation.
- Matt Larkin at WFISA will oversee the Wells Fargo end of the transition.
- Mike Wiggins, former AETNA employee who has worked with the Alaska Care program for many years, is listed as the "Implementation Coordinator". He is spending 30% of his time on the TPA contract and is working out of Washington.
- As part of the bid process, bidders were required to submit an Implementation Timeline. It shows a 90 day implementation period from the date of the initial start-up meeting.

- To the best of our knowledge, that initial meeting took place on April 22. It is unknown if the subcontractor representatives were present at those meetings, as laid out in the WFISA Timeline. It is unknown if a new Implementation Timeline was developed at that meeting or subsequent meetings that would compress the Plan down into approximately 70 days, the amount of time from 4/22/09 and 6/30/09.
- The plan also indicated that staff training would begin for Customer Service Representatives on 4/20/09. We do not know if that work began then or subsequent to that date
- This is a list of the subcontractors WFISA had in their bid. We have no information on whether WIFSA will use these firms or if that information could change.
 - Beech Street Corp. is designated to provide “network contracting and network management”. Reading the WFISA bid, it appears this company is/has been spending considerable time and effort to try to increase the number of health care providers in the “network” for retirees. I have received phone calls from health care providers saying they had received calls about joining the network suggesting they could loose business if they don’t join.
 - There are Beech Street Corp. charts included in the WFISA Bid document, but some of the pertinent headings are blacked out, making it impossible for us to determine much of what might be in their proposed “network”.
 - Magellan Behavioral Health, Inc. is designated to provide EAP Services [employee assistance program]. This presumably would also cover behavioral health services to retirees, too, but again this is not clear from the WFISA Bid.
 - Wellness Initiatives Network for Alaska, Inc. is designated to provide Health Improvement Health Education Program. Since R & B has not allowed retirees access to this program in the past, my guess it will not be available under this contract. I can not tell from my reading.
 - Vision Services Plan is designated to provide “managed vision plan administration for active employees”. No mention of retirees. I could find nothing in the Bid that spoke to vision services for retirees.
 - MedAmerica is designated to provide Long Term Care Administration services. Their State of Alaska Division of Insurance license [attached to the bid] says they are authorized to issue life and disability insurance.
 - Costco Wholesale, Inc. is designated to provide pharmacy benefit administration. I understand there may be another company involved as well, but I could not locate that in the Bid if it is included.
 - Trover Solutions, Inc., dba Healthcare Recoveries, Inc. is designated to provide “claims subrogation”

- RPEA has been asking for copies of relevant Third Party Administrator and implementation plans from Retirement and Benefits since February 2009. We have received various bits of information via e-mail but nothing comprehensive. The last piece of information from R & B was on 4/24. A few specific quotes are included here. "I'll e-mail a copy of the time-line as soon as it is made public". "Discussions to date have included a great deal of technical information about reporting structures and accounting information. We are in daily contact with Matt and subcontractors. Beech Street has notified providers by mail just this week. Costco is planning to expand the Juneau store to include a pharmacy—and you do not need to be a Costco member to use the pharmacy for the AlaskaCare plan. New ID Cards will be mailed to members late enough in June to make sure they are available, but not so too [sic] early so we can avoid confusion. Most all we are doing is intended to 'replicate or better' the existing claims processing environment due to the change date approaching." "We expect to be able to discuss all this in more detail in May. The most efficient process will likely be those meetings where other member-stakeholders are present, such as the Health Benefits Evaluation Committee [HBEC], the ASEA retiree chapter, etc."
- Failing to receive anything comprehensive from R & B, I contacted WFISA myself directly on 4/14/09. Matt Larkin expressed pleasure that I was reaching out to Wells Fargo to establish a positive relationship. He was headed down south that day, and was tied up in meetings with R & B most of the following week, so we tentatively agreed to try to meet the last week of April or the first week of May. I did contact him the following Monday morning. He returned my call the following morning and advised me that R & B wanted to be at any meeting we had. I had no problem with that. He suggested we wait another week or two until more progress was made on developing and implementing the change plan. I agreed. I have made several attempts to reach Mr. Larkin by phone since but have received no response. This morning, I requested a meeting with him, Mr. Shire and anyone else they wished on May 19.

Addendum to Status Report

May 12, 2009

On Thursday afternoon, 5/7/09, I received a phone call back from Matt Larkin in response to my morning call to him. The following is from his comments:

The transition is going well; they have a dedicated team working hard every day. They are reaching out to all providers in the Premera Network. They are reaching out to all providers in the Pharmacy network. The goal is to either make no changes unless it would provide better service. They are planning for no disruption in Service.

A firm called Envision will be partnering with Costco on the pharmacy piece. Costco will do the mail order and their local pharmacies across the country will also be part of the pharmacy network.

Beech Street will oversee the medical provider network, similar to the one in place under Premera. Beech St. has been actively trying to recruit new providers. WFISA is getting calls every day from providers about joining up. They know every provider in the Premera Network. They also know all the providers that have given service to the plan members over the years as well.

They don't foresee any problems at this point. Target dates have been set for implementation, including sending out new ID's. They are willing to have RPEA attend meetings if Retirement and Benefits will agree. WFISA is not authorized to provide copies of any transition documents.

Thursday evening, 5/7, I got an e-mail message from R & B's Pat Shier asking me to call him. I did the following day and left him a message. as his voice mail said he would be out of the office that day. He returned my call Monday. He offered me to attend their meeting with WFISA next Tuesday, 5/19, but only to "meet and greet". He didn't provide me any additional information I hadn't gotten from Matt Larkin or from the WFISA Bid. I did raise a few issues, including my reading that Wells Fargo's biggest client, State of West Virginia, doesn't provide medical insurance benefits to retirees once they reach Medicare age while Alaska does; what information will the claims folks have on that issue? And waiting until late June to issue ID cards could cause problems as many retirees do travel this time of year and may not be home to get their cards. I suggested some alternatives on mailing the cards and the wording they might use. He asked that I send them anything before it went out to our members to make sure we had the most accurate information. Told him I would pass his request on to the RPEA President. He said they would have an implementation plan ready to send to us in a few days.

I also contacted the State Procurement Officer, Staci Augustus, who has been overseeing the entire process, regarding the status of protests/appeals. She

advised me that Premera had filed a response to her protest report and filed an appeal with Commissioner of Administration on 5/7/09. Wells Fargo also responded with their comments.