



MATANUSKA-SUSITNA BOROUGH


Office of the Borough Manager

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MEMORANDUM

DATE: December 16, 2020
TO: Mayor and Assembly
FROM: Michael Brown, Borough Manager 
RE: Manager's Weekly Post

Possible Impacts of Recent NPFMC Actions Regarding Closing Commercial Fishing in the Federal EEZ of Cook Inlet:

Recently, the North Pacific Fisheries Management Council (NPFMC) took final action on the Cook Inlet Salmon FMP for federal waters in the Exclusive Economic Zone (EEZ). There were four alternatives they considered regarding salmon management for that area that lies three or more miles offshore. Ultimately they chose alternative four which shuts down commercial fishing within the Cook Inlet EEZ. If upheld, the impacts of this decision on the Mat-Su depends ultimately how the state of Alaska chooses to manage the salmon fishery in the state waters of Cook Inlet. If there are no major changes to state fisheries management in Cook Inlet it is likely that the NPFMC decision will result in more salmon returning to their natal waters, without the unpredictable impacts commercial fishing has had mid-inlet on the complex, mixed stock fishery found there. Conversely, if the state alters and liberalizes its state management to, for example, open commercial fishing in area 2 of Cook Inlet, this could serve to curtail any possible bump in fish returns possible under the NPFMC action. In short, how the state manages the commercial fishery in Cook Inlet becomes even more critical for future salmon returns to the Mat-Su.

Attached is a copy of the December 2020 Action Memo, C2 Cook Inlet Salmon Final Action, summarizing the NPFMC proposals.

For more information see: ADN article: <https://www.adn.com/business-economy/2020/12/07/fisheries-council-shuts-down-commercial-salmon-fishing-in-cook-inlet-federal-waters/>
Craig Medred article: <https://craigmedred.news/2020/12/08/big-losers/>

Employee Health Plan Update:

Employee health benefit costs make up a significant portion of an employer's overall benefit expense. Given this, reviewing health plan usage and costs, engaging and educating employees, and managing plan design is essential.

The Borough is self-insured which provides for more flexibility in plan design and benefits. As a self-insured plan, instead of paying an insurance company to pay medical, dental and vision claims, we pay the claims ourselves, using a third-party administrator (TPA). The TPA processes and pays the claims on our behalf, in accordance the Borough's health plan, and provides data regarding usage and cost. The Borough reviews the health plan cost and usage quarterly and strives to balance the needs of the workforce while managing costs.

On December 8, 2020 the Borough's Health Care Committee met to review information from the 2019/2020 Plan Year (November 1, 2019 through October 31, 2020). Total net paid claims for the 2019/2020 plan year was \$ 7,821,787 or \$1,846 per employee per month (PEPM). Though we experienced a 2.1% increase in total claims cost, our paid claims were approximately 11% less than the projected/expected claims (\$2,075 PEPM). Following are highlights from our review and comparison to the 2018/2019 plan year:

- Medical (not including stop loss reimbursement) – 13.4% increase in gross costs
- Prescription Drugs – 4.5% increase in gross costs
 - Utilization of “generic” prescription drugs increased 2.2% over the prior plan year. It is estimated that every 1% increase in generic drug usage results in a 1% decrease in prescription drug costs.
- Dental – 12.1% decrease in gross costs. The decrease in dental costs is attributed to COVID-19.
- Vision – 23.9% decrease in gross costs. The decrease in vision costs is attributed to COVID-19.
- Large Claims (over \$30,000) – 28.8% increase in total paid, which drove the increase in gross medical costs.

Many of the cost containment strategies and plan design changes implemented have been instrumental in effectively managing the Borough's health plan costs. In addition to the cost containment strategies outlined in the attached Status Report, the Borough has recently implemented a few plan changes, and is considering others that will help to mitigate increasing health care costs.

If you have any questions regarding the information provided herein, or in the attached Status Report dated December 8, 2020, please do not hesitate to contact Sonya Conant, HR Director at (907) 861-8432 for additional information.

Spruce Bark Beetle Initiatives:

Background: The culmination of the last five-year spruce bark beetle infestation has affected roughly 1.1 million cumulative acres of mixed spruce and birch forests in the Matanuska-Susitna Borough, Anchorage, and the Kenai. The quarter inch long beetle attacks white spruce, Lutz spruce, Sitka spruce, and occasionally black spruce. The beetle have effectively wiped out a majority of their food source and their activity is declining.

The bark beetle outbreak has affected over 113,000 acres of widespread standing dead white spruce throughout the Matanuska-Susitna Borough. The true extent of damage in the Matanuska-Susitna Borough is as yet unknown. Mixed with black spruce, this presents a lethal potential for wildfire. Stands of trees are on both public and private lands, stretching across the borough. As the borough's population continues to increase, new home construction is encroaching into forest areas impacted by the spruce bark beetle.

The rapidly growing wildland-urban interface in the Borough is where residential development is next to undeveloped forestland. Wildfire risk has increased in recent years due to increased human activities and spruce bark beetle infestation.

The two current initiatives, the adoption of the Land Management FireWise Policy, and creation of a Seasonal Saw Crew, are to focus on the wildland-urban interface on the undeveloped Borough-owned land. The initiatives are supported by the Borough Community Wildfire Protection Plan (2008).

FireWise Policy adoption: FireWise is a program developed to reduce wildfire damages to infrastructure such as schools and homes. Focusing on residential development, it recommends nonflammable roofing with the selective removal of flammable plants and objects from within 100 feet of the home. The Borough Land Management FireWise Policy will ensure Borough residents have permission to FireWise their property across borough property boundaries and will make it clear the Borough supports the efforts of the Emergency Services Departments structural protection work they have done in advance of fire threats.

At the same time, the Land Management Division has seen an increase in the instances where recent beetle-kill spruce are positioned near private assets and posit that many more hazards trees exist throughout the Borough. The strategy to address the beetle-kill spruce is to open pathways for private property owners to address their individual concerns. The FireWise policy will allow private property owners to take down those hazard trees on vacant borough land that threaten the safety of their private property. A similar FireWise policy was adopted in the Kenai Peninsula Borough after the Swan Lake Fire. Kenai Borough staff, after implementing this policy for over a year, have reported tremendous success and no negative effects of the policy. An online map is being developed to assist private property owners in determining if borough land neighboring their property is eligible vacant land where the FireWise policy applies. The FireWise policy along with the online map are intended to streamline private property owners ability to protect their homes from the threat of future wildfires and reduce the public safety hazard of the beetle-kill spruce.

Saw Crew: Creation of a seasonal saw crew is being evaluated to capitalize on the availability of professional wildland firefighters during the off-season (winter), and potentially, Department of Corrections' crews. The Saw Crew would target the wildland-urban interface and work on reducing the fuel load on Borough-owned forestland as well as felling hazard trees near parking lots, trails, and residential property.

Cost estimates and local tree service quotes for treating hazard trees and beetle-kill spruce on borough-owned land indicate a seasonal crew is a cost effective option for reducing the threat of wildfire on neighboring private property and the public safety risk of falling beetle-kill spruce.

Before a borough seasonal borough saw crew is put into place, staff is evaluating another option that has the potential to be even more cost effective. That is the use of Department of Correction (DOC) inmates for this type of work. Staff is currently looking into this option and will report back to Assembly on the results of our discussion with DOC.

Both the FireWise Policy and the Saw Crew will produce wood suitable for firewood. The Land Management Division will offer this firewood at no cost to the public. It is anticipated that neighboring property owners will avail themselves of the nearby free source of firewood, benefiting their personal heating needs and removing the fuel from the forest.

Public Affairs Media Flyover:

The media is primarily focused on COVID-19 related stories right now, but there are a couple links to articles worth noting related to Fisheries and the State Budget.

Fisheries took the stage once again with a major vote by the North Pacific Fisheries Management Council on December 7, which has major implications to the Mat-Su.

<https://www.adn.com/business-economy/2020/12/07/fisheries-council-shuts-down-commercial-salmon-fishing-in-cook-inlet-federal-waters/>

<https://craigmedred.news/2020/12/08/big-losers/>

<https://www.peninsulaclarion.com/news/fishery-council-closes-federal-waters-in-cook-inlet-to-commercial-salmon-fishing/>

The Governor's budget was revealed last week. Here's a link to the Governor's Press Release:

<https://gov.alaska.gov/newsroom/2020/12/11/a-path-forward-governor-dunleavy-introduces-budget-to-stabilize-alaskas-economy/>

Live video: <https://www.facebook.com/watch/live/?v=450654152598618&ref=search>

Longtime observer of the oil industry, Tim Bradner provided a neutral overview in the Frontiersman on challenges the State Legislature is facing on the budget.

https://www.frontiersman.com/news/more-details-on-the-state-budget/article_993cae04-3cb2-11eb-9355-9752591c4680.html

ATTACHMENTS



C2 Cook Inlet Salmon Final Action

December 2020

Action Memo

Council Staff: Jim Armstrong
Presenter: Doug Duncan
Action Required:

1. Review the Public Review Draft of the EA/RIR.
2. Recommend a preferred alternative, as appropriate.

BACKGROUND

The Council intends to take final action on the Cook Inlet Salmon issue at this meeting by adopting a preferred alternative for federal management of commercial salmon fishing in EEZ waters of Cook Inlet. The Public Review Draft of the EA/RIR prepared for this action is posted to the agenda and describes and analyzes the impacts of the four management approaches under consideration by the Council. Currently, the portion of the Cook Inlet EEZ where commercial salmon fishing occurs is excluded from the Fishery Management Plan for the Salmon Fisheries in the EEZ off Alaska (FMP). This exclusion from the FMP defers management of salmon fishing in the Cook Inlet EEZ to the State of Alaska. A Ninth Circuit Court ruling held that the Council must amend the FMP to include the Cook Inlet EEZ, in accordance with the MSA and all other applicable Federal law. The Council's action on this agenda item will only be applicable to commercial salmon fisheries in the Cook Inlet EEZ.

The Council conducted its initial review of the EA/RIR at its October 2020 meeting, at which time three alternatives were under consideration. At that review, and under the advice of its SSC, the Council approved release of the analysis for public review, with the existing purpose and need statement, instructing staff to accommodate SSC recommendations, as applicable. The Council also clarified that the option to apply the FMP's general West Area prohibition on commercial salmon fishing in the EEZ to the Cook Inlet EEZ should be reflected as a distinct alternative for consideration. A closure of the Cook Inlet EEZ to commercial salmon fishing was contemplated under Alternative 3 in the analysis, whereby closure would occur based on stock status or when information needed for management is absent. By adding Alternative 4, however, the Council clarified that it could also recommend an extended closure as a policy preference.

Subsequent to the October 2020 Council meeting, the Alaska Board of Fisheries and Council's Joint Protocol Committee met by web conference on November 5, 2020 to review and discuss potential impacts and management changes associated with this action. A presentation to the Committee was given by Doug Duncan (NMFS AKRO) and a summary of that meeting is provided under the Executive Director's Report in the agenda for this meeting. No action was taken by the Committee, however, some BOF members may choose to provide their own comments to the Council.

The Cook Inlet salmon action was initiated in 2017 in response to a Ninth Circuit Court finding that the Salmon FMP was out of compliance with the Magnuson-Stevens Act (MSA) by excluding areas that

overlap with federal waters. The Court ruling was brought about by litigation from the United Cook Inlet Drift Association (UCIDA) and Cook Inlet Fishermen's Fund (CIFF) which challenged the exclusion of the Cook Inlet EEZ from the FMP. Considerable time was dedicated to the identification of viable management measures through the Cook Inlet Salmon Committee, which was created to include stakeholders, including plaintiffs, in the development of an FMP amendment. Additionally, the Council directed and reviewed multiple iterations of the analysis during this period. In December 2019, UCIDA/CIFF appealed to federal court to expedite completion of an amended FMP. In January 2020, the Court established a deadline of Dec 31, 2020 for final Council action, but gave no instruction on the content of the amendment. The Council was provided with the Committee's recommendations at its June 2020 meeting, however, many of the Committee's recommendations were predicated on expanding the scope of the federal FMP into State jurisdictional waters and decision making, which is untenable under the MSA.

ALTERNATIVES

The Council is considering the following range of alternatives. In October 2020, the Council modified Alternatives 2 and 3 to clarify their specific applicability to the commercial fishery in the EEZ, and added Alternative 4 to include the Cook Inlet EEZ in the FMP's West Area.

Alternative 1: No Action. No amendment to the Salmon FMP. This alternative would maintain the existing management regime, which excludes the Cook Inlet EEZ and the commercial salmon fishery within it from Federal management under the FMP. Alternative 1 is not a viable alternative given the Ninth Circuit decision, however, NEPA requires that Federal agencies analyze a no action alternative.

Alternative 2: Federal management of the commercial fishery in the EEZ with specific management measures delegated to the State. Amend the Salmon FMP to include the Cook Inlet EEZ in the FMP's fishery management unit in the West Area and establish a Federal management regime for the commercial salmon fishery that delegates specific management measures to the State of Alaska, to use existing State salmon management infrastructure, in compliance with the MSA and Ninth Circuit ruling. Alternative 2 would identify the management measures that would be managed by the Council and NMFS, the management measures that would be delegated to the State to manage with Federal oversight, and the process for delegation and oversight of management.

Alternative 3: Federal management of the commercial fishery in the EEZ. Amend the Salmon FMP to include the Cook Inlet EEZ in the FMP's fishery management unit in the West Area and apply Federal management to the commercial salmon fishery that occurs in the EEZ.

Alternative 4: Federal management of the commercial fishery in the EEZ with the EEZ closed to commercial fishing. Amend the Salmon FMP to include the Cook Inlet EEZ in the FMP's fishery management unit in the West Area and apply Federal management by applying the existing West Area prohibition on commercial salmon fishing in the EEZ to the Cook Inlet EEZ.

Each Alternative contains elements that address:

- management policy and objectives,
- conservation and management measures,
- status determination criteria,
- annual catch limits and accountability measures,
- methods to report bycatch and measures to minimize bycatch and the mortality of unavoidable bycatch,
- a process to annually determine the status of the stocks and provide stock assessment and fishery evaluation information, and

- the process for Federal oversight and review of State management measures applicable to the commercial salmon fishery in the Cook Inlet EEZ and implemented under the authority delegated to the State by the FMP.
- monitoring, recordkeeping, and reporting requirements.



MATANUSKA-SUSITNA BOROUGH

Matanuska-Susitna Borough

Status Report

December 8, 2020



Medical/Rx, Dental & Vision Utilization

Overview

November 1, 2019 Plan Year

Paid claims for the 2019/20 plan year are shown on page 2 and 3.

For plan year-to-date, the Borough's net paid claims were approximately \$7,821,787 in net paid claims, or \$1,846 per covered employee per month (PEPM). This was a 2.1% increase in total claim costs from the full prior plan year (\$1,808 PEPM).

On a per covered employee basis (page 3), gross medical claims (without accounting for stoploss reimbursements) increased 13.4% compared to the same period last year. Total prescription claims increased by 4.5%, dental decreased 12.1% and vision claims decreased 23.9%. The average of number of covered employees increased by 6.8%.

Approximately \$4,630,658 was been paid in large claims (over \$30,000) on behalf of 36 claimants, during the 2019/20 plan year. This was an decrease of 6 claimants from the same time period in the 2018/19 plan year and a 28.8% increase in the total paid. For the 2019-20 plan year, total stoploss reimbursements were \$1,315,194 compared to paid premium of \$902,108, resulting in a 145.8% paid/loss ratio.

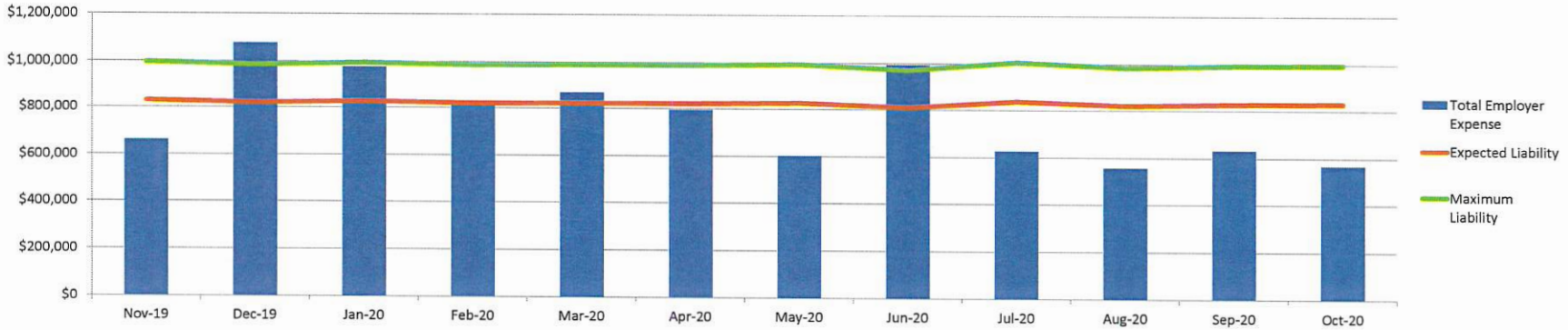
Compared to the same period of the prior year, the number of prescription drugs purchased increased 2.7%. The plan cost per claim increased by 8.7%.



Medical/Rx, Dental & Vision Utilization

EBMS/EBMS Re - Total Cost

November 1, 2019 Plan Year



	Employees	Administration	Stop Loss Premium	Total Fixed Costs	Expected Claims	Net Paid Claims	Expected Liability	Total Employer Expense	Gain/(Loss) to Expected Liability	Position to Expected Liability
	(1)	(2)	(3)	(4) = 2+3	(5)	(6)	(7) = 4+5	(8) = 4+6	(9) = 7-8	(10) = 8/7
Nov-19	350	\$16,605	\$76,908	\$93,513	\$736,156	\$568,754	\$829,670	\$662,267	\$167,402	79.8%
Dec-19	351	16,274	74,703	90,977	729,713	984,272	820,690	1,075,250	(254,559)	131.0%
Jan-20	352	16,643	75,430	92,073	735,552	887,198	827,625	979,271	(151,646)	118.3%
Feb-20	350	16,432	74,776	91,208	729,682	738,218	820,889	829,426	(8,537)	101.0%
Mar-20	353	16,428	74,877	91,305	731,329	776,979	822,634	868,285	(45,651)	105.5%
Apr-20	352	15,828	74,950	90,778	732,260	704,438	823,038	795,216	27,822	96.6%
May-20	352	18,083	75,270	93,353	734,134	510,170	827,486	603,523	223,964	72.9%
Jun-20	347	16,749	73,554	90,303	719,550	904,870	809,854	995,174	(185,320)	122.9%
Jul-20	358	17,220	76,272	93,492	743,717	534,576	837,209	628,068	209,141	75.0%
Aug-20	352	16,917	74,630	91,547	728,942	466,308	820,489	557,855	262,634	68.0%
Sep-20	358	17,034	75,312	92,346	735,529	542,171	827,875	634,517	193,358	76.6%
Oct-20	363	17,360	75,426	92,786	736,893	476,403	829,678	569,189	260,490	68.6%
ISL Reimbursement \$175,000						(1,315,192)		(1,315,192)	1,315,192	
Rx Rebates						(272,571)		(272,571)	272,571	
ASL Reimbursement 125%						0		0	0	
Total	4,238	\$201,573	\$902,108	\$1,103,681	\$8,793,457	\$7,821,787	\$9,897,138	\$8,925,468	\$971,670	90.2%
PEPM	353	\$48	\$213	\$260	\$2,075	\$1,846	\$2,335	\$2,106	\$229	90.2%

Notes:

1. Administration costs included UR/CM fees, VSP administration, Aetna PPO, BridgeHealth (fee and case rate) and Pacific Health Coalition access fees.



Medical/Rx, Dental & Vision Utilization

By Benefit

November 1, 2019 Plan Year

	Medical/Rx						Dental			Vision			
	Maximum Claims	Expected Claims	Medical Claims	Rx Claims ¹	Indi. Reimb.	Net Paid Claims	Position to Expected	Budgeted Claims	Dental Claims	Position to Budget	Budgeted Claims	Vision Claims	Position to Budget
	(1)	(2)	(3)	(4)	(5)	(6) = 3+4+5	(7) = 6/2	(8)	(9)	(10) = 9/8	(11)	(12)	(13) = 12/11
Nov-19	\$840,620	\$672,496	\$461,560	\$61,163	\$0	\$522,723	77.7%	\$54,860	\$37,693	68.7%	\$8,801	\$8,338	94.7%
Dec-19	832,735	666,188	840,875	77,549	0	918,424	137.9%	54,699	58,984	107.8%	8,826	6,864	77.8%
Jan-20	840,804	672,643	724,240	103,241	0	827,481	123.0%	54,058	49,893	92.3%	8,851	9,824	111.0%
Feb-20	833,529	666,823	585,862	97,394	(13,677)	669,579	100.4%	54,058	58,651	108.5%	8,801	9,988	113.5%
Mar-20	834,691	667,753	594,727	116,817	(4,122)	707,422	105.9%	54,699	61,836	113.0%	8,876	7,721	87.0%
Apr-20	835,486	668,389	571,047	128,340	(11,328)	688,059	102.9%	55,020	14,845	27.0%	8,851	1,534	17.3%
May-20	839,031	671,225	772,951	84,635	(374,171)	483,415	72.0%	54,058	22,415	41.5%	8,851	4,340	49.0%
Jun-20	819,957	655,965	893,861	97,529	(156,249)	835,141	127.3%	54,860	62,916	114.7%	8,725	6,813	78.1%
Jul-20	850,221	680,176	527,103	97,972	(140,344)	484,731	71.3%	54,539	43,186	79.2%	9,002	6,659	74.0%
Aug-20	831,940	665,552	448,926	88,847	(119,444)	418,329	62.9%	54,539	41,694	76.4%	8,851	6,285	71.0%
Sep-20	839,584	671,667	498,658	91,262	(103,993)	485,927	72.3%	54,860	51,624	94.1%	9,002	4,620	51.3%
Oct-20	840,931	672,745	736,071	81,575	(391,864)	425,782	63.3%	55,020	44,840	81.5%	9,128	5,781	63.3%
ASL Reimbursement 125%						0							
Total	\$10,039,528	\$8,031,622	\$7,655,881	\$1,126,325	(\$1,315,192)	\$7,467,014	93.0%	\$655,270	\$548,577	83.7%	\$106,564	\$78,767	73.9%
PEPM	\$2,369	\$1,895	\$1,806	\$266	(\$310)	\$1,762	93.0%	\$160	\$134	83.7%	\$25	\$19	73.9%

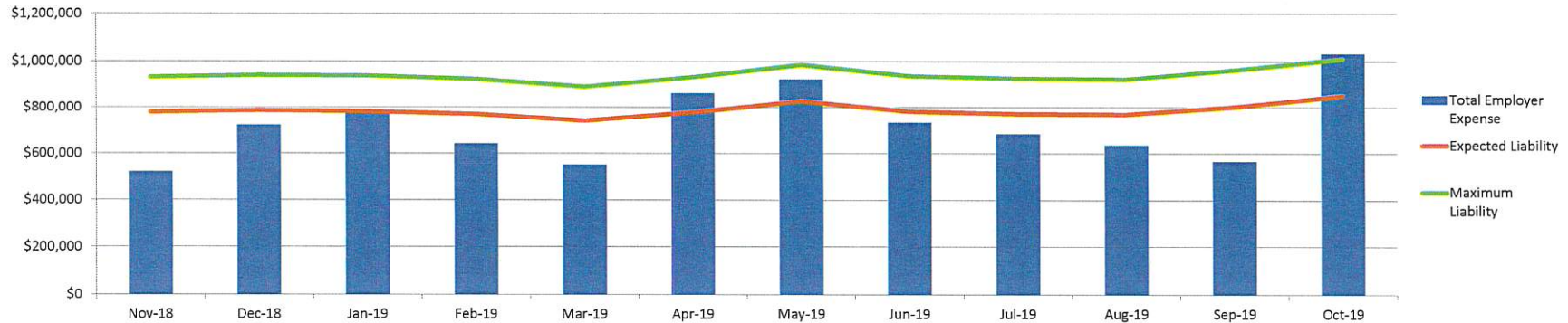
1. Includes Rx claims that were paid by EBMS.

2. Dental PEPM based on dental enrollment.



Medical/Rx, Dental & Vision Utilization

EBMS/EBMS Re - Total Cost
November 1, 2018 Plan Year



	Employees	Administration	Stop Loss Premium	Total Fixed Costs	Expected Claims	Net Paid Claims	Expected Liability	Total Employer Expense	Gain/(Loss) to Expected Liability	Position to Expected Liability
	(1)	(2)	(3)	(4) = 2+3	(5)	(6)	(7) = 4+5	(8) = 4+6	(9) = 7-8	(10) = 8/7
Nov-18	321	\$35,680	\$79,998	\$115,678	\$665,687	\$407,584	\$781,365	\$523,262	\$258,103	67.0%
Dec-18	324	35,136	81,076	116,212	672,661	606,831	788,873	723,043	65,830	91.7%
Jan-19	330	21,431	82,072	103,503	680,558	676,664	784,061	780,168	3,894	99.5%
Feb-19	326	14,929	81,463	96,392	675,027	545,653	771,420	642,045	129,375	83.2%
Mar-19	315	14,571	78,258	92,829	650,201	459,836	743,030	552,665	190,365	74.4%
Apr-19	321	26,100	81,076	107,176	672,665	754,577	779,840	861,753	(81,913)	110.5%
May-19	337	51,403	83,674	135,077	693,518	788,928	828,595	924,005	(95,410)	111.5%
Jun-19	331	23,516	81,685	105,201	678,816	628,586	784,017	733,787	50,230	93.6%
Jul-19	336	15,287	81,410	96,697	676,850	588,773	773,547	685,470	88,078	88.6%
Aug-19	336	15,314	81,084	96,398	674,529	538,430	770,927	634,828	136,099	82.3%
Sep-19	345	15,630	84,725	100,355	703,497	467,452	803,852	567,807	236,045	70.6%
Oct-19	348	56,998	85,223	142,221	708,307	888,588	850,528	1,030,809	(180,281)	121.2%
ISL Reimbursement \$150,000						(673,211)		(673,211)	673,211	
Rx Rebates						(174,946)		(174,946)	174,946	
ASL Reimbursement 125%						0		0	0	
Total	3,970	\$325,996	\$981,744	\$1,307,740	\$8,152,316	\$7,176,954	\$9,460,056	\$8,484,694	\$975,362	89.7%
PEPM	331	\$82	\$247	\$329	\$2,053	\$1,808	\$2,383	\$2,137	\$246	89.7%

Notes:

1. Administration costs included UR/CM fees, VSP administration, Aetna PPO, BridgeHealth (fee and case rate) and Pacific Health Coalition access fees.



Medical/Rx, Dental & Vision Utilization

By Benefit

November 1, 2018 Plan Year

	Medical/Rx							Dental			Vision		
	Maximum Claims	Expected Claims	Medical Claims	Rx Claims ¹	Indi. Reimb.	Net Paid Claims	Position to Expected	Budgeted Claims	Dental Claims	Position to Budget	Budgeted Claims	Vision Claims	Position to Budget
	(1)	(2)	(3)	(4)	(5)	(6) = 3+4+5	(7) = 6/2	(8)	(9)	(10) = 9/8	(11)	(12)	(13) = 12/11
Nov-18	\$760,387	\$608,310	\$275,082	\$88,488	\$0	\$363,570	59.8%	\$49,686	\$38,317	77.1%	\$7,690	\$5,697	74.1%
Dec-18	768,232	614,586	443,681	92,561	0	536,242	87.3%	50,313	62,370	124.0%	7,762	8,219	105.9%
Jan-19	777,727	622,182	543,795	71,915	0	615,710	99.0%	50,470	47,370	93.9%	7,906	13,584	171.8%
Feb-19	771,913	617,530	430,369	75,383	(12,169)	493,583	79.9%	49,686	44,171	88.9%	7,810	7,899	101.1%
Mar-19	741,601	593,281	337,151	63,768	0	400,919	67.6%	49,373	49,523	100.3%	7,547	9,394	124.5%
Apr-19	768,130	614,504	614,628	87,146	(18,186)	683,588	111.2%	50,470	62,303	123.4%	7,690	8,686	112.9%
May-19	792,934	634,347	702,806	82,914	(54,532)	731,188	115.3%	51,097	51,481	100.8%	8,074	6,259	77.5%
Jun-19	774,148	619,318	572,774	88,464	(100,737)	560,501	90.5%	51,567	58,678	113.8%	7,930	9,407	118.6%
Jul-19	771,737	617,390	686,243	102,955	(262,616)	526,582	85.3%	51,411	54,645	106.3%	8,050	7,546	93.7%
Aug-19	768,640	614,912	500,260	74,484	(88,297)	486,447	79.1%	51,567	44,876	87.0%	8,050	7,107	88.3%
Sep-19	803,013	642,410	379,938	78,911	(39,996)	418,853	65.2%	52,821	41,824	79.2%	8,265	6,775	82.0%
Oct-19	807,761	646,208	835,281	102,476	(96,677)	841,080	130.2%	53,762	41,163	76.6%	8,337	6,345	76.1%
ASL Reimbursement 125%						0							
Total	\$9,306,223	\$7,444,978	\$6,322,008	\$1,009,464	(\$673,211)	\$6,658,262	89.4%	\$612,225	\$596,721	97.5%	\$95,113	\$96,918	101.9%
PEPM	\$2,344	\$1,875	\$1,592	\$254	(\$170)	\$1,677	89.4%	\$157	\$153	97.5%	\$24	\$24	101.9%

1. Included Rx claims that were paid by EBMS.

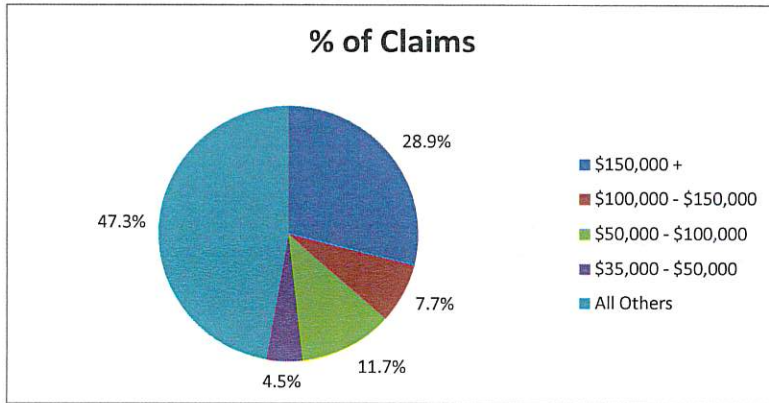


Large Claims Overview

Claim Group	2015-2016			2016-2017			2017-2018			2018-2019			2019-20		
	# of Claims	Total \$ Amount	% of Claims	# of Claims	Total \$ Amount	% of Claims	# of Claims	Total \$ Amount	% of Claims	# of Claims	Total \$ Amount	% of Claims	# of Claims	Total \$ Amount	% of Claims
\$150,000 +	2	\$725,039	25.1%	4	\$894,764	29.7%	8	\$1,491,934	42.4%	6	\$1,573,211	43.8%	7	\$2,537,675	54.8%
\$100,000 - \$150,000	2	239,241	8.3%	2	277,612	9.2%	3	425,628	12.1%	3	377,715	10.5%	5	673,222	14.5%
\$50,000 - \$100,000	18	1,179,003	40.8%	15	1,020,505	33.9%	14	1,003,982	28.5%	15	954,082	26.5%	14	1,026,368	22.2%
\$30,000 - \$50,000	21	746,046	25.8%	23	819,635	27.2%	16	600,107	17.0%	18	688,927	19.2%	10	393,394	8.5%
Total Large Claim Spend	43	\$2,889,329	100.0%	44	\$3,012,516	100.0%	41	\$3,521,651	100.0%	42	\$3,593,935	100.0%	36	\$4,630,658	100.0%

The 2019-20 plan year based on data through October 2020.

November 2019 - October 2020 Paid Claims > \$35,000



Claim Group	# of Claims	Total \$ Amount	% of Claims
\$150,000 +	7	\$2,537,675	28.9%
\$100,000 - \$150,000	5	673,222	7.7%
\$50,000 - \$100,000	14	1,026,368	11.7%
\$35,000 - \$50,000	10	393,394	4.5%
All Others		4,151,549	47.3%
Total		\$8,782,206	100.0%

Total Claims over \$50k	Number of Claims	% of Claims
\$4,237,264	26	48.2%

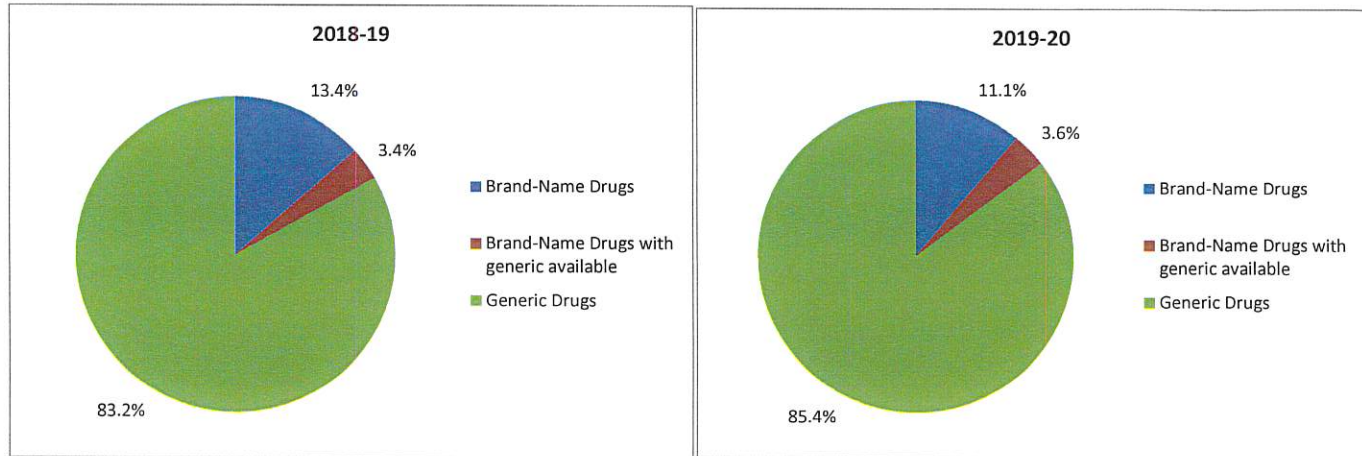
Total Claims over \$30k	Number of Claims	% of Claims
\$4,630,658	36	52.7%



Brand vs. Generic

NationalRx/Caremark

November 1, 2019 Plan Year



	2018-2019 Plan Year				2019-2020 Plan Year			
	# Rx	Plan Paid	Patient Paid	Price	# Rx	Plan Paid	Patient Paid	Price
Brand-Name Drugs	994	\$815,517	\$69,373	\$884,477	841	\$918,348	\$67,963	\$985,803
Brand-Name Drugs with generic available	250	10,037	8,122	18,185	272	20,189	8,964	29,152
Generic Drugs	525	4,397	464	4,861	585	6,824	731	7,555
Generic Drugs (brand available)	5,636	179,079	17,717	196,796	5,908	180,791	17,956	198,747
Total Brand	1,244	\$825,554	\$77,495	\$902,662	1,113	\$938,537	\$76,927	\$1,014,955
Total Generic	6,161	183,476	18,181	201,656	6,493	187,614	18,687	206,302
Total	7,405	\$1,009,029	\$95,676	\$1,104,318	7,606	\$1,126,151	\$95,614	\$1,221,257
Average Brand		\$664	\$62	\$726		\$843	\$69	\$912
Average Generic		\$30	\$3	\$33		\$29	\$3	\$32

Rx Comparison

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Claims Processed	5,705	6,706	6,939	7,405	7,606
Amount Paid	\$793,589	\$602,904	\$723,844	\$1,009,029	\$1,126,151
Cost per Claim	\$139	\$90	\$104	\$136	\$148
Cost/EE/Mo.	\$214	\$163	\$191	\$254	\$266



PPO Provider Savings

Historical Overview

	BeechStreet Savings			
	Provider Charges	Charges Less Discount	PPO Savings	% of Savings
11/2014 - 10/2015	\$1,024,524	\$853,872	\$170,652	16.7%
11/2015 - 10/2016	1,276,893	1,045,048	231,845	18.2%
11/2016 - 10/2017	1,937,094	1,545,389	391,705	20.2%
11/2017 - 10/2018	125,834	97,614	28,220	22.4%
11/2018 - 10/2019	138,585	122,554	16,031	11.6%
11/2019 - 10/2020	53,007	42,035	10,972	20.7%

	PHCS (Private Health Care Systems) Savings			
	Provider Charges	Charges Less Discount	PPO Savings	% of Savings
11/2014 - 10/2015	\$1,858	\$1,137	\$721	38.8%
11/2015 - 10/2016	40,256	37,978	2,278	5.7%
11/2016 - 10/2017	251,135	176,174	74,961	29.8%
11/2017 - 10/2018	63,923	49,384	14,539	22.7%
11/2018 - 10/2019	14,274	11,923	2,351	16.5%
11/2019 - 10/2020	0	0	0	0.0%

	Aetna Savings			
	Provider Charges	Charges Less Discount	PPO Savings	% of Savings
11/2017 - 10/2018	\$3,119,687	\$1,967,634	\$1,152,053	36.9%
11/2018 - 10/2019	5,743,514	3,259,939	2,483,576	43.2%
11/2019 - 10/2020	7,788,852	3,989,866	3,798,986	48.8%

	All Others - EBMS, Global Excel, Misc.			
	Provider Charges	Charges Less Discount	PPO Savings	% of Savings
11/2017 - 10/2018	\$625,347	\$442,302	\$183,045	29.3%
11/2018 - 10/2019	766,010	351,701	414,309	54.1%
11/2019 - 10/2020	937,145	675,226	261,918	27.9%



PPO Savings

Historical Overview

	Mat Su Medical Center			
	Hospital Charges	Charges Less Discount	PPO Savings	% of Savings
11/2014 - 10/2015	\$1,627,330	\$976,447	\$650,883	40.0%
11/2015 - 10/2016	1,594,195	956,518	637,677	40.0%
11/2016 - 10/2017	2,239,452	1,092,255	905,523	40.4%
11/2017 - 10/2018	3,204,473	1,922,684	1,281,789	40.0%
11/2018 - 10/2019	2,147,136	1,059,624	858,854	40.0%
11/2019 - 10/2020	2,667,605	1,378,227	1,067,023	40.0%

	Alaska Regional Hospital			
	Hospital Charges	Charges Less Discount	PPO Savings	PPO Savings
01/2015 - 12/2015	\$315,866	\$65,672	\$250,194	79.2%
01/2016 - 12/2016	422,637	127,255	295,382	69.9%
01/2017 - 12/2017	624,878	292,372	332,506	53.2%
01/2018 - 12/2018	332,677	126,732	205,945	61.9%
01/2019 - 12/2019	269,930	73,314	196,616	72.8%
1/2020 - 09/2020	14,951	4,462	10,489	70.2%

	Bridge Health		
	Completed Surgeries	Program Cost*	Net Savings
09/2017 - 10/2018	4	\$79,314	\$104,524
11/2018 - 10/2019	10	225,379	243,444
11/2019 - 10/2020	5	97,213	98,141

*Cost does not include the \$1.50 PEPM fee to BridgeHealth and HCCMCA



Other Program Savings

Historical Overview

	WellVia Telemedicine		
	Visits	Program Cost*	Net Savings
03/20 - 10/20	18	\$6,017	\$3,354

*Cost is \$1.90 PEPM + \$35 /visit



Medical/Rx, Dental & Vision Utilization

Cost Containment Strategies

Effective 1/1/2011:

- Renegotiated Mat-Su Regional Hospital Agreement

Effective 8/1/2011:

- Alaska Regional Hospital PPO Change
- Added Beech Street network

Effective 7/1/2012:

- Medical Changes:
 - Services for Physical Therapy and Chiropractic Therapy combined limited to 25 visits per patient per calendar year
 - Massage Therapy excluded
- Dental Changes:
 - Participants must obtain preventive care services before the dental coinsurance is increased to a higher percentage

Effective 11/1/2013:

- Changed Pharmacy Benefit Manager from EBMS Rx to CVS Caremark through Coalition (Health Care Cost Management Corporation of Alaska) contract

Effective 1/1/2015:

- Medical Changes:
 - Outpatient advanced imaging services (such as MRI, CT or PET scans) require pre-notification and authorization
 - Added PHCS network for broader in-network claims reimbursements

Effective 7/1/2015:

- Prescription Drug Benefit Changes:
 - Prior authorization required for compound medications with a retail price of \$500 or more and limited to one fill per 25 days
 - Specialty medications limited to a 30-day supply per fill
 - Diabetic supplies covered by the Plan

Effective 8/1/2015:

- Preventive vaccines available at participating retail pharmacies at \$0 copay



Medical/Rx, Dental & Vision Utilization

Cost Containment Strategies

Effective 9/1/2015:

- Prior authorization required for specialty medications

Effective 1/1/2016:

- The Plan implemented a step therapy program for certain types of specialty medications

Effective 7/1/2016:

- The Plan implemented DAW1 and DAW2 penalties for participants who buy brand medications when generics are available

Effective 1/1/2017:

- Prescription Drug Benefit Changes:
 - Prescription copays changed to:
 - ◇ Generic: 10% coinsurance, \$75 max copay per script
 - ◇ Formulary Brand: 20% coinsurance, \$150 max copay per script
 - ◇ Non-Formulary Brand: 30% coinsurance, \$300 max copay per script
 - ◇ 15% coinsurance, \$150 max copay per script
- Vision Plan Changes:
 - Vision benefits provided through VSP

Effective 7/1/2017:

- Contracted with Surgery Center of Anchorage and New Frontier Anesthesia as in-network providers

Effective 9/1/2017:

- Implemented contract with BridgeHealth which offers domestic medical tourism services with discounts on high dollar surgical treatments

Effective 11/1/2017:

- Use Aetna PPO network instead of BeechStreet/Multiplan/PHCS network through EBMS

Effective 3/1/2019:

- Medical Changes:
 - Massage Therapy added as a medical benefit to be paid at 80% up to 25 visit per calendar year
 - Out-of-network air ambulance claims will be limited to 250% of Medicare reimbursement for transportation provided



Medical/Rx, Dental & Vision Utilization

Cost Containment Strategies

Effective 10/1/2019:

- Prescription Drug Benefit Changes:
 - Prior authorization for compound medications limited to one fill per 25 days for medications with a retail price of \$300 or more, previously \$500 or more.
 - Plan will be using Caremark's Advance Control Formulary.
 - Plan added Cost Effectiveness Plan Design program which only applies to new medications on market or new indications for existing medications.

Effective 3/2020:

- Contract with WellVia for telemedicine; copay waived temporarily due to COVID-19
- Temporary changes due to COVID-19
 - Cover COVID-19 testing and associated charges with no deductible and coinsurance
 - Waive member cost share for inpatient treatment for COVID-19 at PPO facilities
 - Include Providence Hospital as a PPO facility in Anchorage

