



## MATANUSKA-SUSITNA BOROUGH

### Office of the Borough Manager

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 861-8689 • Fax (907) 861-8669

[Mike.Brown@matsugov.us](mailto:Mike.Brown@matsugov.us)

### MEMORANDUM

DATE: January 5, 2022  
TO: Mayor and Assembly  
FROM: Michael Brown, Borough Manager  
RE: Manager's Weekly Post

**Employee Health Plan Update:** The landscape of employee benefit programs in the United States continues to change due to escalating costs and changes in employment and benefits laws. For many employers, providing health benefits is an important tool in the recruitment and retention of a competitive workforce. Because health benefit costs make up a significant portion of an employer's overall benefit expense, employers must explore different ways to manage the costs associated with providing health benefits. This is increasingly important for Alaska employers.

According to a report issued by the Alaska Policy Forum in June 2020, the health care costs in Alaska associated with payments to hospitals was 50 percent higher than the national average, and health care costs for physician and clinical services was 80 percent higher (<https://alaskapolicyforum.org/2020/06/report-health-care-costs-alaska/>).

As of October 2021, the cost of the Borough's employee health insurance benefits was approximately \$12.92 per hour worked. This is more than twice the national average cost reported by the Bureau of Labor Statistics (BLS) in June 2021 for state and local government employees which was \$6.10 per hour worked (<https://www.bls.gov/news.release/pdf/ecec.pdf>).

To better manage the cost of our employee health benefits package, the Borough continually reviews health plan usage and costs, and proactively manages plan design. 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 with 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 14, 2021 the Borough's Health Care Committee met to review the 2020/2021 Plan Year information (November 1, 2020 through October 31, 2021). Total net paid claims for this period were

\$9,765,050 or \$2,240 per employee per month (PEPM). This was a 21.4% increase in total claim costs from the prior plan year (\$1,846 PEPM).

Following are highlights from our review and comparison to the same period last year:

- Medical (not including stop loss reimbursement) – 27.5% increase in gross costs. This increase in medical costs is attributed to large claims. Approximately \$7,036,948 was paid in large claims (over \$35,000) during the 2020/2021 plan year on behalf of 53 claimants. Large claim costs represent approximately 72% of total claims costs.
- Prescription Drugs – 3.1% increase in gross costs. Compared to the same period of the prior year, the number of prescription drugs purchased increased by 10.5%, however, the cost per claim decreased by 2.0%.
- Dental – 5.7% increase in gross costs. The increase in dental costs is attributed to the continued normalization of services post-COVID-19.
- Vision – 10.9% increase in gross costs. The increase in vision costs is attributed to the continued normalization of services post-COVID-19.
- Large Claims (over \$35,000) – 52.0% increase in total paid. The increase in large claims paid is attributed to the increase in the number of large claims (17 more than the prior plan year).

Though total claims costs increased substantially (21.4%), claims costs at the end of the year were only 4% above the expected liability. Additionally, large claim costs were offset by \$2,026,966 in stop loss reimbursement which was approximately \$770,000 more than the stop loss premiums paid. We anticipate continuing to have a number of large claims, however, not to the extent we experienced over this last plan year.

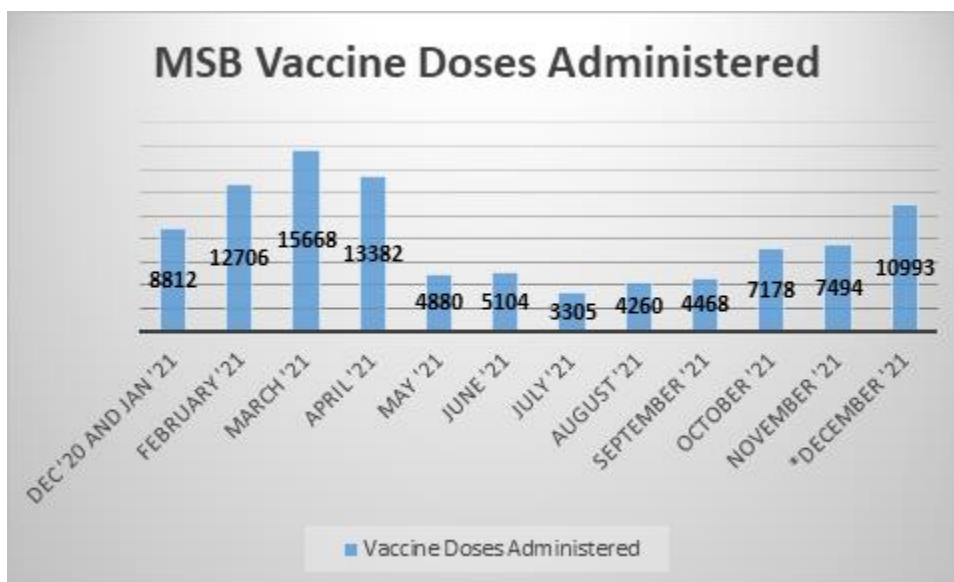
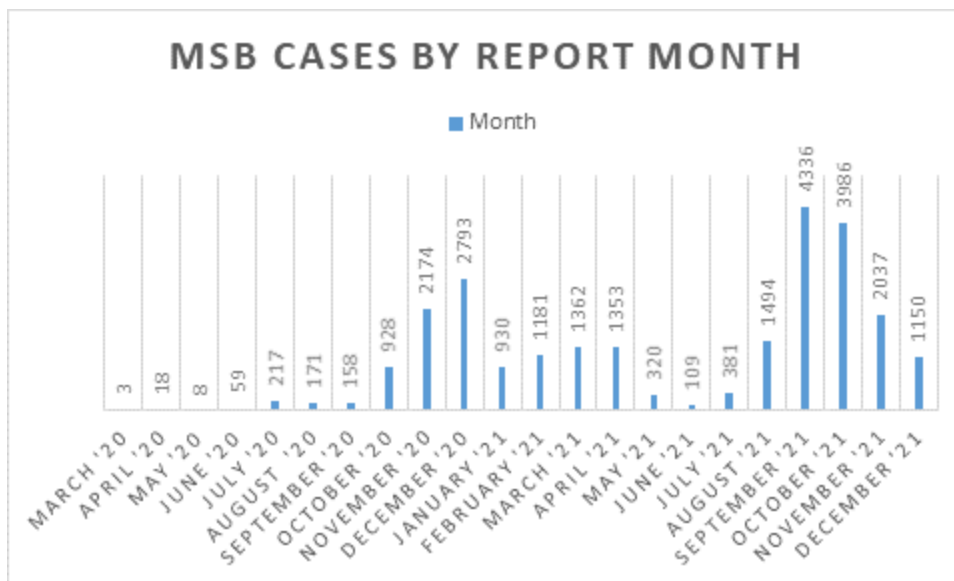
It is imperative that the Borough continue monitoring and proactively managing its employee health plan. Many of the cost containment strategies and plan design changes implemented have been instrumental in effectively managing health plan costs. For example, the utilization of the AETNA network has been strong, saving the plan \$6,841,370 (56%) during the 2020/2021 plan year. Following are additional cost strategies the Borough has put into place to help mitigate increasing health care costs:

- Renegotiated Hospital Agreements with Mat-Su Regional and Alaska Regional
- Contracted with Local Specialty Provider as In-Network Provider
- Prescription Drug Benefit Changes
- Implemented contract with Bridge Health to Offer Domestic Medical Tourism Services with Discounts on High Dollar Surgical Treatments
- Addition of Preventative Care Requirements
- Addition of Pre-authorization Requirements
- Implementation of Telemedicine Services for Primary Care and Behavioral Health Services
- Implementation of a Virtual Physical Therapy Program

If you have any questions regarding the information provided herein, please do not hesitate to contact Sonya Conant, HR Director at (907) 861-8432 for additional information.

**West Susitna Update:** The Borough is contracting for support to conduct additional stakeholder engagement for the West Susitna Access Road project, as directed by the Assembly. MSB staff and the contractor are meeting on January 6, 2022 to kick-off this project. This project will establish an online project sign-up to provide for electronic notifications for project related announcements and developments, provide an online open house for public comments through March 2022, and conduct virtual public meetings to share information with the public and seek feedback. Social media posts, postcard mailings, etc. are expected to assist in soliciting input from the community. A summary of collected information will be provided to the Assembly for consideration, likely in the April timeframe. AIDEA will continue to advance Phase 3 of the West Susitna Access Project feasibility study towards an application to the governing regulatory agency concurrently with our public engagement efforts.

**Monthly COVID-19 Update:**



## **Public Affairs Media Flyover:**

### **Fish and Wildlife**

- [Alaska fish board member resigns four months after appointment - Anchorage Daily News](#)

### **COVID-19**

- [Changes coming to Alaska's COVID-19 dashboard - KTOO](#)

### **Redistricting**

- [Fifth lawsuit against redistricting board seeks new House boundaries in Southwest Alaska](#)
- [Scheduling conference set for Alaska redistricting cases | Local News Stories | frontiersman.com](#)

### **State News**

- [Governor plans another push for large PFDs in new budget plan - Frontiersman](#)

### **Public Safety**

- [ATV's become legal on many Alaska roads but some cities are rushing to limit them- ADN](#)

### **Wind Storm**

- [Strong winds hammer Southcentral Alaska leaving thousands without power, closing Mat-Su ...](#)
- [Mat-Su Borough declares disaster after 48 hours of strong winds whip through valley - Must ...](#)
- [UPDATE: Mat-Su Borough wind advisory: Shelter in place | Local News Stories | frontiersman.com](#)
- [Wind Damage News Conference - YouTube](#)
- [Gov. Dunleavy issues disaster declaration for Interior Alaska and Mat-Su storms - KTOO](#)
- [Powerful winds cause outages and destruction in the Matanuska Valley - Yahoo News](#)
- [Thousands without power in Mat-Su as high winds sweep through Southcentral Alaska](#)
- [High winds, cold temperatures continue Monday as Mat-Su endures prolonged power and ...](#)
- [Windstorm causes power outages, destruction and chaos in the Matanuska Valley](#)
- [In pictures: Windstorm batters Palmer and Wasilla - Anchorage Daily News](#)
- [As some in wind-blasted Mat-Su finally get power, others continue to contend with bursting ...](#)
- [Wind Storm Update for January 4th, 2022 - KTNA 88.9 FM](#)
- [Windstorm leads to COVID-19 testing site closures and long waits in Anchorage](#)
- [As winds subside, Mat-Su residents take stock of devastation - Alaska Public Media](#)
- [Alaska National Guard stages second team in response to ongoing winter storms - DVIDS](#)
- [Alaska windstorm leaves thousands without power amid below freezing temperatures - ABC News](#)
- [Jan. 12 fundraiser dedicated to help those harmed by widespread winter storms -](#)
- [Alaska windstorm leaves thousands without power amid below freezing temperatures | KSRO](#)
- [Alaska windstorm leaves thousands without power amid below freezing temperatures - WCMY](#)
- [12 photos of the wreckage from Mat-Su's powerful windstorm - Alaska Public Media](#)

### **Wind Storm Press Conference**

- [Facebook \(12k views\)](#)
- [YouTube \(7k views\)](#)

### **Future Events:**

Friday, January 7, 2022 @10am, Joint Assembly/Legislative Delegation Meeting, Wasilla LIO office

Tuesday, January 11, 2022 @6pm, Assembly Special Meeting re Port MacKenzie, Chambers

Saturday, January 22, 2022 @11am, Assembly Planning Session, Menard Sports Complex, Wasilla