

Brian Donohue
Aetna
151 Farmington
Ave, RE11
Hartford, CT 06156
860-273-3294

This Letter of Agreement (the "Agreement") is entered into between the State of Alaska ("Customer") and Aetna Life Insurance Company, a Connecticut corporation located at 151 Farmington Avenue, Hartford, Connecticut, its other affiliates and subsidiaries, including affiliated HMOs (collectively "Aetna") and is effective as of January 1, 2019 (Effective Date). Customer and Aetna are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Customer has established self-funded employee health benefits plans (collectively, the "Plan"), for certain eligible persons (employees, dependents, beneficiaries, retirees, or members or any term used by the Customer to designate participants in the Plan) (collectively referred to as "Plan Participants") pursuant to the Alaska Employee Health Plan and the Alaska Care Retiree Benefits Plan as described in their governing documents ("Plan Documents"); and

WHEREAS, pursuant to the Plan, Customer wishes to make available one or more products offered by Aetna ("Products"), as specified below; and

WHEREAS, Customer selected Aetna, pursuant to Request for Proposal Number 2013-0200- 1396, to administer these products, effective January 1, 2014; and

WHEREAS, the Parties may be entering into an Administrative Services Agreement ("ASA"); and

WHEREAS, the Parties have previously entered into interim letter agreements covering the initial term of their contractual relationship beginning January 1, 2014 and ending December 31, 2016, and additionally for two one year terms for the periods January 1, 2017 through December 31, 2017 and January 1, 2018 through December 31, 2018, memorializing the intent of the Parties pending completion of the ASA; and

WHEREAS, the Parties desire to enter into this Agreement for 2019 until the ASA is executed by all Parties; and

WHEREAS, Aetna has arranged to provide integrated claim administration of the Product(s) and supplemental administrative services (collectively, the "Services")

THEREFORE, in consideration of the mutual covenants and promises stated herein and other good and valuable consideration, the parties hereby enter into this Letter of Agreement, which sets forth the terms and conditions under which Aetna agrees to render the Services, and under which Customer hereby agrees to receive and compensate Aetna for such Services.

Section 1: Term of Agreement

Except as otherwise specified, this agreement will commence on January 1, 2019 and terminate on December 31, 2019.

Section 2: Indemnification

Aetna shall indemnify, hold harmless, and defend Customer from and against any claim of or liability for, any error, omission, negligence, fraud, or criminal act of Aetna under this Agreement. Aetna shall not be required to indemnify Customer for a claim of, or liability for, the independent negligence of Customer. If there is a claim of, or liability for, the joint negligent error or omission of Aetna and the independent negligence of the Customer, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Aetna" and "Customer," as used within this Section include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Customer's selection, administration, monitoring, or controlling of Aetna and in approving or accepting Aetna's work. The health care providers in Aetna's contracted network shall not be deemed "contractors" for purposes of the preceding sentence.

Customer and Aetna agree that: (i) Aetna does not render medical services or treatments to Plan Participants; (ii) neither Customer nor Aetna is responsible for the health care that is delivered by contracting health care providers; (iii) health care providers are solely responsible for the health care they deliver to Plan Participants; (iv) health care providers are not the agents or employees of Customer or Aetna; and (v) the indemnification provisions of this Section do not apply to any portion of any loss, liability, damage, expense, settlement, cost or obligation caused by the acts or omissions of health care providers with respect to Plan Participants.

Section 3: Business Associate Agreement

As part of this Agreement, Aetna has executed a Business Associate Agreement. The provisions of the Business Associate Agreement supersede any other provision of this Agreement.

Section 4: Coverages and Financial Arrangements

The following illustrates the funding arrangements by line of coverage:

Coverage	Funding Arrangement
PPO	Self-Funded
Medicare Direct Indemnity	Self-Funded
Vision	Self-Funded
Audio	Self-Funded

Section 5: Administrative Service Fees

Based on the package of services selected and enrollment awarded to Aetna, the per employee per month administrative services fees by plan for 2019 are:

Plan	Projected Enrollment	01/01/2019
PPO (Active Employees)	5,782	
Aetna Health Fund PPO with HRA (Active Employees)	106	
PPO (Pre-65 Retirees)	11,410	
Med Direct PPO (O65 with U65 Dependents)	3,901	
Medicare Direct Indemnity (Post 65 Retirees)	28,106	

Self-Funded Fees include:

- Claim Appeals Handling – Option 1 hybrid – Aetna will handle Level 1 and 2 appeals. Clinical appeals along with all documents considered in the Level 1 decision, including but not limited to, relevant clinical policy bulletin will be sent to ERO for Level 2. State of Alaska will defend appeals after Level 2. Aetna shall provide evidence supporting benefit denial decisions in the appeals process, including but not limited to testimony.
- Dedicated Aetna Concierge Team
- Toll free member services number with access to a multi-lingual language line
 - Integrated Voice Response
- Four Local Dedicated Representatives (2 Juneau, 2 Anchorage)
- Dedicated On-shore claims team
- Claims administration for Audio benefits for the AlaskaCare Employee Plan are included under the medical plan.
- Welcome Mailer
- Medicare Direct
- Medical ID Cards
- Retiree Vision-Audio ID Cards
- Online Directories – Custom DocFind site
- Single Invoice for all services and fees
- Medical and Claim reimbursements will be handled via an ACH "push" arrangement. Aetna will allow two business days for claim reimbursements and will hold voluntary seed money of \$1,616,438 to offset late charges that would be assessed as reimbursement would normally be expected within one business day of request.
- Aetna Health Information Advantage Reporting (Aetna Informatics)
 - Level B Reporting (Standard Reports with Additional Parameters)
 - Fifty ad-hoc reporting hours – Utilization Management Reporting for Medical Plan.
- Two monthly Outbound Universal Files (standard layout) to HDMS and Optum
- Utilization Management services including inpatient precertification, case management, concurrent review and discharge planning
- AlaskaCare Employee Plan Medical Management Programs
 - Aetna In Touch Care Premier
 - Member Engagement Platform
 - Aetna Maternity Management

- AlaskaCare Retiree Plan Medical Management Programs – Under 65 Retirees only
 - Flexible Medical Management
 - MedQuery (Patient Safety) program
- Intensive Case Management Program (excluding Medicare-eligible retirees)
- Behavioral Health Condition Management Program (excluding Medicare-eligible retirees)
- Institutes of Excellence (excluding Medicare-eligible retirees)
- Applied Behavioral Analysis for Employee and Under 65 Retiree plan
- Aetna Health member self-service website
- Discount Programs for members

Some specific programs/services are not included in the administrative fee and may be charged through the claim wire. Below is the list of programs the State of Alaska has included that will be charged through the claim wire, unless otherwise indicated. We have included the assumed enrollment, associated fees, billing basis and the populations for these programs/services.

Program/Service	Assumed Enrollment	Fee/ Billing Basis	Population	Product(s)
Institutes of Excellence (IOE)	49,305	[REDACTED]	Employee (Actives) Retirees (Pre and Post 65)	PPO Medicare Direct PPO & Indemnity
National Advantage™ Program (NAP) including Facility Charge Review (FCR) and Itemized Bill Review (IBR)	49,305	[REDACTED]	Employee (Actives) Retirees (Pre and Post 65)	PPO Medicare Direct PPO & Indemnity
Claims Subrogation	49,305	[REDACTED]	Employee (Actives) Retirees (Pre and Post 65)	PPO Medicare Direct Indemnity
Third-Party Claim and Coding Review	49,305	[REDACTED]	Employee (Actives) Retirees (Pre and Post 65)	PPO Medicare Direct Indemnity

[REDACTED] Aetna systems are set to withhold through claim wire 0.01% for claims. Any amounts withheld through claim wire for claims will be reflected in the State of Alaska's annual accounting package as a credit.

We reserve the right to revise the fees if:

- There is a material change in claims payment requirements or procedures, account structure, or any other change materially affecting the manner or cost of paying benefits (whether initiated by customer or by legislative or regulatory action).
- The final benefit provisions, account structure, claim payment requirements or services change from those proposed.

- Eligibility is passed to Aetna and Moda for their respective lines of coverage.

- [REDACTED]
- [REDACTED]
- [REDACTED]

Section 8: Retiree Direct Bill Services

PayFlex, an Aetna subsidiary, will be performing Retiree Direct Bill Administration for the State of Alaska. Retiree Direct Bill Administration includes the following services for the fees listed.

- Billing and Premium Collection for retiree AlaskaCare members who elect retiree coverage and their pension payment is not enough to cover their premiums.
- Billing and Premium Collection is included for the following coverages: Medical, Dental- Vision- Audio, and Long Term Care.
- Premium Remittance will be sent to the State of Alaska Monthly
- Eligibility is passed to Aetna and Moda for their respective coverages.
- Eligibility will also be shared for Long Term Care as directed by the State of Alaska.
- Fee is charged at \$4.45 PPM for each participant that is direct billed for their retiree coverage.
- [REDACTED]
- [REDACTED]
- Services include the billing and premium collection for Defined Contribution Retiree plan members.

Section 9: Flexible Spending Account Administration Services

PayFlex, an Aetna subsidiary, will be performing Flexible Spending Account Administration for the State of Alaska for healthcare accounts. Flexible Spending Account Administration includes the following services for the fees listed.

- Ongoing account recordkeeping as reported in files from State of Alaska for members who have elected participation in healthcare spending accounts.
- Claims administration for healthcare spending accounts.
- Reimbursement of claims for flexible spending account claims will be done on a weekly basis via an ACH "push" arrangement.
- [REDACTED]
- [REDACTED]
- PayFlex Performance Guarantees are outlined in Exhibit 6.

Section 10: EAP Services- AlaskaCare Employee Plan

EAP Services will be provided by Aetna for members of the AlaskaCare Employee Plan only. EAP services include the following for the fees listed.

- 8 visits per member per issue per year.
- Includes legal and financial guidance
- Includes work/life program
- 20 hours for Critical Incident Stress Debriefings (CISD)
- 20 hours for Training
- [REDACTED]

- [REDACTED]
- EAP Service Performance Guarantees are outlined in Exhibit 7.

Section 11: Vision Services

Vision Administration Services will be provided by Vision Service Plan (VSP) for the Alaska Care Employee Plan and by Aetna for the Alaska Care Retiree Plan. Specifics:

- The Employee Plan with Vision Services Plan is self-insured and has an administration fee of \$2.10 PEPM.
- Aetna will provide payment to VSP for the administrative fees and claim funding.
- Aetna will request VSP claims reimbursement from the State in the regular, claim funding requests for medical and pharmacy claims. *Account structure is separated so vision claims may be reported.*
- The Retiree Plan has a Basic Vision Plan. Aetna will charge a separate fee of \$1.00 PEPM for each retiree enrolled in the Basic Vision Plan.
- Aetna will administer retiree vision claims as outlined in the AlaskaCare Retiree Plan SPD.

Section 12: Audio Services- AlaskaCare Retiree Plan

Audio Claim Administration will be provided by Aetna for the AlaskaCare Retiree Plan. The AlaskaCare Retiree Audio Plan is self-insured and has an administration fee of \$0.60 PEPM.

Section 13: HDMS Data Warehouse Services

- State of Alaska will be paying the following fee for the data warehouse services for 2019.
 - [REDACTED]
- HDMS will provide a data warehouse (DART) available to be accessed by the State of Alaska and its designated users, and will include monthly updates, along with the inclusion of historical data to a rolling 5 years of data:
 - Aetna Medical Claims
 - Aetna Rx Claims
 - Aetna Eligibility Data
 - HealthSmart Medical Claims (history only)
 - Envision RX Claims (history only)
 - HealthSmart Eligibility Data
 - Optum Rx Claims
 - Optum Rx Eligibility Data
- Along with the warehouse (DART), HDMS will provide to the State:
 - HDMS Compass and HDMS Careshield
 - HDMS DART License
 - Help Desk Support and DART maintenance
 - Analytical and reporting support from HDMS Employer Client Services Team

Section 14: Health Reimbursement Account (HRA) Administration Services – Defined Contribution Retirees

PayFlex, an Aetna subsidiary, will be performing Health Reimbursement Account (HRA) Administration for the State of Alaska for the Defined Contribution Retiree population. Health Reimbursement Account Administration includes the following services for the fees listed.

- Ongoing account recordkeeping as reported in files from State of Alaska for Defined Contribution Retiree Plan members.
- Claims administration for health reimbursement accounts.
- Reimbursement of claims for health reimbursement claims will be done on a weekly basis via an ACH "push" arrangement.
- Aetna considers the Health Reimbursement Account administration as an expansion to the Flexible Spending Account administration. [REDACTED]
- [REDACTED]

Section 15: Health Reimbursement Account (HRA) Administration Services - Income-Related Monthly Adjustment Amount (IRMAA)

PayFlex, an Aetna subsidiary, will be performing Health Reimbursement Account (HRA) Administration for the State of Alaska for retirees enrolled in the Medicare PDP-EGWP pharmacy plan subject to a CMS premium adjustment due to their annual income. Health Reimbursement Account Administration includes the following services for the fees listed.

- Ongoing account recordkeeping as reported in files from State of Alaska for retirees identified by the state subject to the additional CMS premium requirements based upon presentation of a CMS communication received with the specific premium amounts.
- Claims administration for IRMAA health reimbursement accounts.
- Reimbursement of claims for IRMAA health reimbursement claims will be done on a weekly basis via an ACH "push" arrangement.
- [REDACTED]

Section 16: Teladoc, Inc. ("Teladoc")

A. Summary

In order to provide the State's AlaskaCare Employee Health Plan Participants with access to certain medical services without the necessity of a physical visit to the doctor, Aetna has contracted with Teladoc, a vendor that provides (a) access to physicians who are under contract with Teladoc, who provide Cross Coverage Consultations, Physician Consults, or Dermatology Physician Consults ("Provider Consults") where allowed by state regulation via telephone or web based video, and (b) support for the operation and administration of that network. The physicians are selected and engaged by Teladoc to provide patient and physician interaction, whereby the Physician diagnoses the patient's ailment, recommends therapy, and if necessary and appropriate, can write a prescription for a non-Drug Enforcement Agency controlled drug. Effective September 1, 2018, Aetna will be making the program available through Teladoc which is a subcontractor of Aetna for the purpose of forming the physician network. However, the physicians made available through the program are independent contractors and are neither agents nor employees of the State, Teladoc or Aetna. Each physician represents that the physician is licensed to practice medicine, technologically proficient, trained for the applicable service and covered by medical malpractice insurance having limits equal to or greater than the minimum required limits in the state where such physician/provider practices.

Cross Coverage Consultations or Physician Consults are covered and paid using The American Medical Association established unique procedure codes (99441, 99442, 99443& 99444) to identify eConsults.

Dermatology Physician Consults are covered and paid using The American Medical Association established unique procedure code 99214 GT, to identify eConsults.

B. Claim Submission/Payment Process

Members' Provider Consults will be covered under the terms of the State's Plan. Any required copays, deductibles or coinsurance will be applied in the same manner as they are applied for office visits. This includes plans that have health funds when the fund limit is exhausted. Members have no financial responsibility for services described in Section 17, other than Provider Consults.

C. Terms and Conditions

Aetna shall ensure Teladoc abides by the Alaska statutes and regulations applicable to providing telemedicine services in Alaska.

- As compensation for the services arranged by Aetna, the State shall pay a Transaction Fee to Aetna as shown below. The Transaction Fee is in addition to the other Service Fee obligations of the State.

Teladoc Services	Included	Transaction Fee
Cross Coverage Consultation or Physician Consults	Access to Teladoc network of physicians 24/7/365 via telephone or video.	[REDACTED]
Dermatology Physician Consults	Dermatologists available to review uploaded images and intake questionnaires, with responses within 2 business days once a consult has been requested. This offering uses 'store and forward' technology to give providers uploaded text and images and does not utilize video or phone.	[REDACTED]
<p><input type="checkbox"/> Custom Teladoc Benefit (For plan sponsors who wish to choose a <u>custom copay</u> amount for Teladoc consults OR want to <u>exclude</u> a part of their employee population OR who do <u>not</u> want claim wire billing)</p> <p><input type="checkbox"/> Split Teladoc Benefit (For plan sponsors who have multiple control numbers that want a Standard setup for one control <u>and</u> Custom setup for the other control within the same implementation}</p>		

- Teladoc Transaction Fees shall be billed to the State by Aetna and paid via transfer method as mutually agreed upon between Aetna and the State.
- Members covered by Section 16 include: AlaskaCare Employee Health Plan participants.
- Section 16 can be terminated by either party without cause by providing at least thirty (30) days advance written notice of such termination to the other party.
- Member Information Regarding Teladoc

For most products/plans, the State will inform Plan Participants of the availability of the Teladoc program. Plan Participants are required to register and complete a Medical History Disclosure (MHD) form via Teladoc's website or toll-free phone number to participate in the program.

The State hereby authorizes and consents to: (i) the use and analysis by Aetna, Teladoc and any of its subcontractors with respect to the State's eligibility and claims data containing Member demographic information, which use shall be subject to applicable law, including, without limitation, HIPAA; and (ii) the communication by Aetna, Teladoc and any of its subcontractors directly to the Members for the purpose of educating the members about the Teladoc Program.

- Definitions

Capitalized terms used in Section 16 shall have the meanings set forth in the Services Agreement, unless otherwise set forth herein.

"Cross Coverage Consultation or Physician Consults" means the services rendered by a physician through the Teladoc program consistent with The American Medical Association established unique procedure codes (99441, 99442, 99443 & 99444).

"Dermatology Physician Consults" means the services rendered by a physician through the Teladoc program The American Medical Association established unique procedure code 99214 GT, to identify eConsults.

"Per Employee Per Month (PEPM)" means cost per month for each active employee enrolled in the plan as reported by the Aetna Eligibility System for each Self Insured Plan Sponsor.

"Transaction Fee" means the amount(s) to be paid by the State to Aetna for access to Teladoc program for Cross Coverage Consultations or Physician Consults. The Transaction Fee excludes the cost of the services provided by the physician.

o **Mutual Acknowledgements**

The State and Aetna mutually agree that: (i) neither the State nor Aetna renders medical services or treatments to Plan Participants; (ii) all of the State's and Aetna's actions in providing the services are ministerial in nature; (iii) neither the State nor Aetna is responsible for the health care that is delivered by contracting health care providers; (iv) health care providers are solely responsible for the health care they deliver to Plan Participants; and (v) health care providers are not the agents or employees of the State or Aetna.

Section 17: Weight Watchers

- The Aetna team will coordinate with Weight Watchers on behalf of the State of Alaska for specific services.
- Aetna will invoice the state for the Weight Watchers services in the annual accounting package.

Section 18: Miscellaneous

Each party agrees (i) to execute and deliver such other documents and (ii) to do and perform such other acts as the other party may reasonably request, in order to carry out the intent and accomplish the objectives of this Agreement.

If any provision of this Agreement shall be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this letter of agreement shall not be in any way impaired.

This Agreement may be modified and supplemented only by written agreement of the parties.

This Agreement does not limit in any respect negotiations between the parties relative to the terms of the ASA. When executed, the ASA shall supersede this Agreement and this Agreement shall be of no further use or effect.

Section 19: Responsibilities on Termination

- (1) Upon termination of the Agreement for any reason, Aetna will continue to process runoff claims for Plan benefits that were incurred under the Plan prior to, but not processed as of, the termination date, and which are received by Aetna not more than twelve (12) months following the termination date. The Service Fee for such activity is included in the Service Fees

described in Section 5 of this Agreement. The procedures and obligations described in the Agreement, to the extent applicable, shall survive the termination of the Agreement and remain in effect with respect to such claims. Runoff claims which are disputed or appealed will be handled to their conclusion by Aetna, and the terms of the Agreement, including the Service Fees under Section 5, to the extent applicable, shall survive the expiration of the twelve (12) month period for this purpose. Claims received after the conclusion of the twelve (12) month period following termination of the Services Agreement will be returned to the Customer or, upon its direction, to a successor administrator at the Customer's expense.

- (2) Customer shall be liable for reimbursement of all Benefit Payments which have been paid by Aetna on or before the termination date or that relate to runoff claims in accordance with the preceding paragraph following the termination date. Customer will continue to fund Benefit Payments as provided under this Agreement and agrees to instruct its bank to continue to make funds available until all outstanding Benefit Payments have been funded by the Customer or until such time as mutually agreed upon by Aetna and Customer.
- (3) Upon termination of the Agreement and provided all Service Fees have been paid, Aetna will release to Customer or to a successor administrator, in Aetna's standard format, (or an alternative format mutually agreed upon by the parties, such agreement not to be unreasonably withheld) all claim data, records and files within a reasonable time period following the termination date. All reasonable costs associated with the release of data, records and files from Aetna to Customer shall be paid by Customer, subject to notification to Customer of the cost and Customer approval of the cost.
- (4) All provisions of the Agreement needed to process runoff claims shall survive termination of the Agreement.

IN WITNESS WHEREOF, AETNA has signed this Letter of Understanding to become effective January 1, 2019, except as otherwise provided, and to extend through December 31, 2019.

Signed by Aetna on December 19, 2018

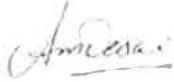


Signature

Director, Underwriting

Official Title

Signed by State of Alaska on December 27, 2018



Signature

Division Director

Official Title

cc: Joan Wilkerson
Michele Michaud
Emily Ricci
David Broome
Tiffany Rogers
Lynda Gable
Melissa Garrett
Brian Donohue
Daniel Dudley
Hali Duran