



March 27, 2017

Representative Matt Claman, Chairman
House Judiciary Committee
Alaska House of Representatives
State Capitol Building, Room 118
Juneau, Alaska 99801

Representative Claman,

During the hearing last Friday on HB123 – Disclosure of Healthcare Price Information, Representative Gabrielle LeDoux posed a series of questions to bill sponsor Rep. Ivy Spohnholz that I would appreciate the opportunity to comment on.

Regarding the information that would be made available by the bill Rep. LeDoux asked “But how do you use it, and why *would* you even use it, if you’re covered by insurance?” The basis of her question seemed to be: why would a patient care about the cost of a healthcare service or procedure if someone else was paying for it?

In response, I have two points: first, a bit of background. I live in your district, and as you can see from my signature below I am a member of the Alaska Association of Health Underwriters. Our members are technical specialists who consult with public and private employers to design employee benefits programs, including health care management. We also negotiate healthcare plans and advise clients about an evolving regulatory environment in an effort to improve workforce performance and, hopefully, provide our clients with an incentive to attract top-level talent.

I will set aside for just a moment Rep. LeDoux’s assumption that a patient with insurance wouldn’t care about the cost, to state that the employer would. Our members work with employers daily and see the struggle they face offering healthcare to their employees. They had hoped to give raises, but healthcare costs just increased. They’d like to offer training, but healthcare costs just increased. They can’t afford to advertise or market, because healthcare costs just increased. This is capital that doesn’t flow to nourish other parts of the business (or economy) because it is going to a single line item - employee health insurance.

The major driver of these increases is covered claims. As a legislator, I'm sure you're aware that over the past decade health care costs incurred by the state of Alaska have increased by about 9% per year. Current projections are for state health care spending to reach approximately \$4B by 2022, just 5 years away. The private sector is suffering the same fate.

One of the ways employers have managed the dramatic increases in the cost of providing health insurance to their employees is to ask their employees to pay higher amounts for that insurance. As a result, the insured patient is paying more for their healthcare due to plan limitations, higher deductibles before their plan benefits kick in, and higher out of pocket maximums. This is a strong trend in both the public and private sector with no signs of abating.

Why would a person who has insurance care about the cost? Because more and more people with insurance are becoming savvy healthcare consumers, both to help their employers manage costs so the employer can continue to *offer* coverage, and because for a good part of the benefit year, until the insured meets their deductible, 100% of the money is coming out of their pockets.

And to Rep. LeDoux's direct question of how and why would a patient use the information provided for in HB123 if they're covered by insurance? The "how" is that they might call a clinic and ask for the posted price for a service or procedure, be it lab work, an exam for a baby's ear ache or filling a cavity, just for a baseline. Or, they might look at the list (or take a photo with their cell phone) in their doctor's office, or maybe visit the clinic office next door to see what they charge. A group of employees might all take photos of price lists in their doctor's offices and compare in the break room, or at a company meeting.

The "why" they would use it is because healthcare costs are unsustainable, and patients are looking for ways to save money any way they can. If they can find a provider who will offer the same level of care for a lower price, that empowers them as consumers and helps them lower their healthcare costs.

I appreciate the robust discussion you allowed during the hearing on Friday. Please add my written comment to the public record. Thank you for your consideration of HB123. If you have questions about AAHU or healthcare, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Ranf", with a stylized, cursive script.

Jeff Ranf, Co-Chairman
Legislative Committee
Alaska Association of Health Underwriters

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