

Alaska State Legislature

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Senator Shelley Hughes

District M – Palmer, Butte, Lazy Mountain, Gateway, Knik-Fairview, Settlers Bay

2/12/2025

Sponsor Statement SB 5 School/University Employee Health Insurance

“An act relating to group insurance coverage and self-insurance coverage for school district employees, employees of the University of Alaska, and employees of other governmental units in the state; and providing for an effective date.”

Senate Bill 5 amends the current statute to create the opportunity for school districts, the University of Alaska, and governmental units such as cities and boroughs to optionally participate in AlaskaCare: state employee healthcare program. These entities would have the choice to opt into the pool as an entire entity, enabling Alaska’s Department of Administration to negotiate a better cost of healthcare.

[Research](#) conducted by the Institute of Social and Economic Research of the University of Alaska Anchorage suggests that Alaskans spend the most per resident, face the highest insurance premiums, and have seen overall spending grow much faster than the rest of the country. Alaskans spent more out-of-pocket dollars on health care costs than residents in any other state in 2019, according to a recent Health Affairs [study](#). In fact, in less than 25 years Alaska’s spending for health care increased more than 5 times over, growing an average 7.8% per year compared to the U.S. average of 6.0%. On average, 45% of our state educational budget funds healthcare and benefits, leaving only 54% to go towards the classroom.

Specifically, school districts across Alaska are facing increasing costs of healthcare that is impacting recruitment and retention of teachers. If passed, Senate Bill 5 could ease the financial burden of school districts and give the State of Alaska more leverage to negotiate with healthcare providers, improving services for Alaskans with the potential of saving millions of dollars that could be directed to the classroom to help improve student learning.