



April 9, 2018

Dear Senate Judiciary Committee:

RE: SUPPORT FOR HB 123 - DISCLOSURE OF HEALTH CARE COSTS

The Greater Fairbanks Chamber of Commerce and its Cost of Health Care Insurance Committee is dedicated to understanding and advocating for policy changes like the support for HB 123: Disclosure of Health Care Costs. This legislation allows the state to collect health care related price information, requires health care providers to publish a list of their procedures and costs, and makes the information available in a public database. To provide cost information to consumers will arm them with the information they need to make cost effective health care decisions and encourage competition that would reduce the cost of health care in Alaska.

Support for HB 123 is based on three considerations: market transparency, information availability, and appropriate role of government.

Market Transparency – A predetermined price and the communication of that price is essential for a functional market. Part of the reason that Alaska's health care market is so dysfunctional is that prices for medical goods and services are often not communicated prior to treatment. Therefore there is no agreement or understanding of price, leaving consumers in the dark and unable to make informed decisions.

There are challenges to developing a transparent market. There are differentiations in price structures and services offered by different providers and facilities which make true comparisons difficult. In some cases consumers may even opt for higher priced services, believing they are higher quality. However, when consumers have the information they need to make informed market decisions they will seek the highest quality at the lowest price, which ultimately establishes a more competitive market and lower prices for health services.

Information Availability - HB 123 is reasonable and limited in scope, which requires medical providers to publish procedures and prices for the top 25 most common procedures they perform, and for medical facilities to publish procedures and prices for the top 50 most common procedures they perform.

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Role of Government - The health care market is distorted and the legislature must act to help balance the market. Ideally, consumers would have the information they need to compare procedures and prices to make informed decisions, and providers and facilities would be accustomed to provide the cost information needed for a transparent and functional market. However, this health care related cost information remains elusive to the public, which reinforces a vicious cycle of purchasing services and procedures without a quality or cost reference point. We are hard-pressed to name any product or service for which we would procure without before knowing the quality or cost of such a good or service.

The Greater Fairbanks Chamber of Commerce represents over 700 business members throughout Interior Alaska. We work to advocate for the best business environment, promote economic strength and growth for Interior Alaska, and to develop the resources and networks enterprising people use to share knowledge.

Sincerely,

A handwritten signature in blue ink that reads "Marisa Sharrah".

Marisa Sharrah
President & CEO
Greater Fairbanks Chamber of Commerce

A handwritten signature in blue ink that reads "Tiffany Van Horn".

Tiffany Van Horn
Board Chair
Greater Fairbanks Chamber of Commerce