



Fred Brown Testimony  
Senate Finance Committee  
April 29, 2021  
Re: CSSB 93 (HSS)

For the record, my name is Fred Brown. I am the executive director of the Pacific Health Coalition. We are a group of 50 health benefit plans from throughout Alaska and the Pacific Northwest representing 250,000 covered lives. I am joined today by Pat Shier who is the Alaska membership representative for the coalition. Pat is a former information technology director for the state of Alaska, and also the University of Alaska Anchorage.

Two years ago Senator Wilson and others invited the authors of a book on the cost of healthcare to testify in Juneau. The name of the book was “Overcharged, Why Americans Pay Too Much For Healthcare.” One of the authors is a doctor and law professor at Georgetown University in Washington DC. The other author is a law professor at the University of Texas. Both came to Juneau to participate in a lunch and learn and to testify before several legislative committees. Some of you may remember meeting them.

The thesis of their book, as well as their Juneau presentations and testimony, was that, regardless of how you structure government programs to control healthcare costs, the more fundamental question is how do you reach and influence the minds of individual participants and their medical providers.

Our coalition saved over \$500 million last year by engaging our members who were willing to make hard and wise decisions. Some of those decisions were not politically popular.

Early on, beginning in about 2000, our members were willing to accept one Anchorage hospital contract over another, in exchange for substantial cost savings. Because of political pressures on multiple administrations, it took the State of Alaska more than 10 years, until 2017 to adopt similar contract terms.

Some of our member funds agreed to allow participants to travel out-of-state in order to ensure access to better pricing with guaranteed quality outcomes. The “Overcharged” authors specifically cited BridgeHealth as being an innovator in healthcare, with its ability to disrupt market pricing. BridgeHealth success in Alaska is creating competition and, consequently, we are seeing Alaska provider network price adjustments accordingly, despite the complaints you in the legislature may have heard about out-of-state travel.

We sympathize with your plight. Our individual trust funds have made hard decisions without having to grapple with the political pressure that you have to address when dealing with providers who have political influence.

But few of these decisions have to do with data. The state already has plenty of data to support repealing the 80th percentile rule. The state already has plenty of data to support senator Wilson's repeal of the certificate of need program. Nevertheless you all are faced with political pressures that have to be accommodated. Access to more data will not reduce this pressure. Nor, by itself, will more data bring down the cost of healthcare.

In sum, I will quote from the letter that was supplied as part of your meeting packet today, signed by all six members of the executive board of our coalition. They quote a statement from one of Colorado's all payer claim database employees, who admits that data does not necessarily bring down costs. Instead, she said, "...until patients and providers are *both* incentivized to select the lowest cost, highest quality services, providing information may not be enough to see the changes that our system needs."

Finally, I want to mention our testimony today as given with reluctance. We have participated in nearly all of the Alaska healthcare transformation program meetings; it is not our goal to criticize or discourage their effort. Nevertheless, we want to clarify any misimpressions left by previous documents submitted, or testimony presented in prior hearings.

For example, testimony was given that union trust funds will not be required to provide data to the APCD. Nevertheless, the amendments adopted at the last hearing give the state wide-latitude to promulgate regulations to enforce the APCD provisions. We would not want to see that regulatory authority abused.

Moreover, documentation submitted in the record suggests that public sector union trusts will be expected to participate. For example, the December 9, 2020, Freedman Healthcare study recommends that all public employee health plans be required to participate in reporting to the APCD.

As mentioned in our Board's letter: 1) the public is already concerned about data security; 2) there are already privately funded companies in the marketplace, which can help consumers make optimal health care choices; and, 3) no cost savings have been documented in the APDCs of other states.

The fiscal priorities facing the State of Alaska should lead us to conclude this is not the correct time to undertake another APCD experiment.

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