



Senator Hollis French

Sponsor Statement

SB 70 – Alaska Health Benefit Exchange

Competition improves quality, lowers cost and gives consumers a meaningful choice. The Alaska Health Benefit Exchange will make private health insurance companies more responsive to health care consumers in Alaska.

Buying health insurance can be difficult and complicated. This legislation helps consumers identify and enroll in a health insurance policy that will serve them well, regardless of what their future holds.

The Exchange will promote competition among plans by providing information to consumers on a leveled playing field. Today, individuals shopping for airline tickets can log onto the internet and in minutes view competing itineraries, sorted by route, schedule, carrier and price. In this same way, the web based portal created by this bill will allow health insurance consumers to compare carriers, cost-sharing, benefit design, and premium costs of different plans, all in a manner of minutes.

The legislation helps make health coverage affordable for Alaskans. The exchange will determine eligibility for health insurance tax credits, cost-sharing assistance, and medical assistance programs like Medicaid. Through the Small Business Health Options Program (SHOP), the exchange will connect small businesses with tax incentives and an insurance pooling mechanism, which can stabilize premiums and make coverage more affordable. Finally, the exchange establishes the mechanism to exempt people from the requirement to have health coverage, if affordable insurance products aren't available.

An exchange can open the door to innovative ways that keep health care costs down. For years, the idea of buying and selling health insurance across state lines has been cited as a competitive response to small insurance pools. This legislation will ask the Exchange board to consider interstate compacts, and if one makes sense for Alaskans, legislation can be proposed to make it happen.

Forty-nine other states are working towards the establishment of an exchange, and while other elements of health reform are controversial, the exchange idea is championed by Governors of both parties - even by those who are suing the federal government to stop reform.

“State exchanges are good from a conservative standpoint because they involve consumer choice and markets,” said former US Senate Majority Leader Bill Frist, a Tennessee Republican, in an Associated Press article (1/22/11). “Each state can develop the exchange that best meets the needs of their people.”

Finally, this legislation is Alaska’s chance to create a health insurance exchange on our own terms. By 2014, the state is required to have a consumer-centered exchange that makes buying health insurance easier for individuals and small businesses. If we don’t act now, the federal government will create and impose an exchange on us.

Please join me in supporting an Alaskan-based solution which puts Alaskans first.