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Member of the National League of Cities and the National Association of Counties

April 14, 2025

Thank you for the opportunity to provide testimony in relation to SB 83, Telehealth Reimbursement Rates. The Alaska Municipal League (AML) is delivering this from two perspectives, thinking both in terms of the impact on employers and their expenses, and the broader economic impacts.

We find merit in the argument that telehealth may expand access for Alaskans, especially in rural and underserved areas. If there were a way to encourage this so that more employers and insurance providers would leverage this opportunity, that would be better than mandating that all do so.

It seems that an effective incentive for insurers would be to ensure cost savings. We note that there remains a lack of data on whether telehealth results in savings or not, but the ATA Action letter includes this feature as one of its main arguments in favor of the bill, while it defers on the pay parity. For the Senate Labor and Commerce Committee, we would expect a careful analysis of how telehealth might become a main feature in lowering costs for Alaskans.

However, the requirement that telehealth providers should be paid the equivalent of in-person services removes this advantage. If there are no savings, it could seriously disadvantage telehealth providers. We won't know, without some kind of economic analysis. It's worth nothing that even the AMA issue brief calls for equitable and not equal – states should approach this issue carefully, sensitive to the supply and demand for services.

We would encourage the Committee to ask and get answers to questions like:

- How many telehealth providers are in-state vs. out of state, and does it matter?
- If out of state, what would that transfer of Alaskans' funding look like, as we improve the economic conditions of other states?
- Does this create an incentive for more providers to move out of state, where cost of living is less and they can maximize the benefit of this payment?
 - One of the letters in support mentions the lower health insurance costs in other states, with premiums more than \$1,000 a month less.
- If more providers move out of state, and supply is less in Alaska, will costs increase, compounding the incentive to provide services out of state?
- Which location is the equal payment based on? Is it a state-level average, or based on the cost experience in each community?
- If based on a community-equivalent cost, will it remain true that for those most disadvantaged, where the cost of care is likely highest, they will continue to pay more for services?

To improve access to health care, it makes sense that expanded choice would be a good thing and result in long-term health benefits. However, if we see expanded choice but don't also make it more affordable, the net benefits may be slim if any. It seems like the policy sweet spot would be both.

Now, on the employer side, where SB 83 requires all health care insurers to pay telehealth providers for comparable services at least at the same rate as an in-person service, and includes local governments, we worry that this should be an employer decision. In fact, these kinds of decisions are increasingly part of the benefits packages that help recruit and retain employees, and offer a kind of advantage in that marketplace. At the employer level, it could be the difference between offering a benefit or not, paying for the benefit or not, paying for the employee or extending benefits to family members, increasing the employee share or not. All these things make a difference, and are carefully evaluated based on the employer's budget, but also its overall benefits structure.

If there is demand that drives this legislation, we would expect employees to similarly communicate that to employers, who would then bring that up in their broker calls and during negotiations with insurers. In this way, the employee and employers have direct communication about the trade-offs involved. If forced by the State, with the argument being that increased access should result in long-term health benefit, and the employer has to reduce a benefit somewhere else in its benefits package, we worry again about the net benefit.

Ultimately, AML would hope that the outcomes for local governments would be lowered costs through innovative delivery of health care benefits, the ability to negotiate that cost and service so as not to disadvantage employees and employers, and economic benefits that accrue to Alaskans and in Alaska communities.

Thank you again for this opportunity to provide testimony.

Respectfully submitted,



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