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SB 4 Incentive Program Sectional Analysis

Section 1 – Page 1, lines 4 through line 7

Adds *Alaska Health Care Consumer's Right to Shop Act* as a new section to the uncodified law of the State of Alaska.

Section 2 - AS 21.06.110- Page 1, line 8 through Page 2, line 28

Adds healthcare insurance incentive program to the list of items to be included in the director's annual report.

- (1) - (4): Mandates reporting on insurer statuses, including financial summaries, actions on certificates, delinquency proceedings, and examinations of rating organizations.
- (5): Requires a breakdown of receipts and expenses within the Division of Insurance.
- (6): Includes director recommendations for statutory changes to insurance laws.
- (7): Reports on health insurance market trends by tracking policies sold and terminated.
- (8): Includes a percentage of health claims that meet existing statutory standards (AS 21.36.495(a) and (d)).
- (9): Details contributions and credits claimed under AS 21.96.070, a section relevant to insurer contributions to public healthcare programs.
- (10): Reports public comments and division efforts to maintain access to health insurance rate filings.
- (11): Mandates an incentive program report, covering the scope and impact of the consumer shopping incentives outlined in AS 21.96.260.
- (12): Allows for additional information the director considers pertinent.

Section 3 - AS 21.36.100- Page 2, line 29 through Page 3, line 14

Clarifies that the incentives offered under the new "Right to Shop" program, AS 21.96.220, are legally permissible and not classified as unlawful rebates under Alaska's existing insurance laws.

Section 4 - AS 21.96- Page 3, line 15 through Page 6, line 10

Adds a new section to AS 21.96 outlining the requirements for a consumer incentive program, aiming to make healthcare costs more predictable and affordable by offering monetary rewards to consumers who select cost-effective healthcare providers.

Sec. 21.96.210

A healthcare insurer shall establish an interactive online tool so that the covered person may request and obtain information about the amount paid for specific healthcare services by the insurance company to the in-network providers and be able to compare prices among network healthcare providers.

Sec. 21.96.220

- (a) The healthcare insurance company shall develop and implement an incentive program for a covered person who elects to receive a service from a provider that charges less than the average in-network price paid by the insurer for the same service.
- (b) An incentive shall be provided by an insurance carrier who offers a policy in a group or individual market to a covered person for choosing a service from a provider that charges less than the average in-network price by way of a flat rate or a percentage of cost savings unless the cost saved by the insured is less than \$200.
- (c) An incentive shall be provided by an insurance carrier who provides coverage under a group health care insurance policy offered by an employer in the amount of 33.4 percent of the costs saved by the insurer resulting from a covered person's election to receive a health care service from a provider who charges less than the median of the contracted rates recognized by the insurer for that service. The insurer shall provide the employer with at least 33.3 percent of the costs saved by the insurer resulting from the covered person's election.
- (d) A healthcare insurer must provide an incentive of at least 50 percent of the costs saved by the healthcare insurer to a covered person under a policy offered in an individual market.
- (e) An incentive provided is not a violation of AS 21.36.100, Rebates, or an administrative expense of the healthcare insurer rate.

Sec. 21.96.230

The incentive program will be included in all qualified plans in the state and will provide notice of eligibility at the time of initial enrollment or annual renewal.

Sec. 21.96.240

Before offering an incentive program, the health insurance company shall file a program description with the director to ensure compliance.

Sec. 21.96.250

If consumers save money using an out-of-network provider, their cost-sharing payments are counted as in-network.

Sec. 21.96.260

- (a) The health care insurer will provide the director with information about the incentive program annually. Information will include:
 - 1) The total number of incentive payments;
 - 2) Information on the use of the incentive program by category or service;
 - 3) The total amount of incentive payments;
 - 4) The average amount of each incentive payment for each category or service;
 - 5) The total savings achieved below the average price of health care service in each category of service; and
 - 6) The total number and percentage of covered persons participating in the incentive program.
- (b) The director shall include the information in their annual report submitted to the committee chairs in each house of the legislature with jurisdiction over labor and commerce.

Sec. 21.96.270

- (a) Defines the types of insurance policies the program applies, excluding certain "excepted benefits."
- (b) Explicitly includes dental and vision policies.
- (c) "Excepted benefits" has the meaning given in AS 21.54.160.

Sec. 21.96.300

Establishes definitions for terms in AS 21.96.210-21.96.300,

- (1) "health care insurance" has the meaning given in AS 21.12.050;
- (2) "health care insurer" has the meaning given in AS 21.54.500;
- (3) "health care provider" has the meaning given in AS 18.23.400(n);
- (4) "health care service" has the meaning given in AS 18.23.400(n);
- (5) "policy" has the meaning given in AS 21.97.900.

Section 5- AS 29.10.200, Page 6, line 11 through line 13

Adds Sec. AS 29.35.142, regulation of disclosure and reporting of health care services and price information, to the list of home rule powers under AS 29.10.200.

Section 6- AS 29.35- Page 6, line 14 through line 27

Expands on Section 5 by specifically prohibiting municipalities from passing laws regulating the disclosure or reporting of healthcare price information by providers, facilities, or insurers.

(a): Confirms that the authority to regulate healthcare price disclosures is solely the state's, barring municipalities from enacting local laws.

(b): This restriction applies to all types of municipalities, including home rule and general law municipalities, ensuring uniform application across the state.

(c): Provides definitions for “health care facility,” “health care insurer,” “health care provider,” and “health care service” as referenced in AS 18.23.400(n), and AS 21.54.500.

Section 7- Page 6, line 28 through page 7, line 7

Directs the Alaska Department of Administration to study and report on whether public employees covered by state health insurance would benefit from participating in the "Right to Shop" incentive program. Specifically, it requires an analysis of group health policies provided under AS 39.30.090 or AS 39.30.091. The Department of Administration shall complete the analysis, compile information in a report to the legislature, and submit the report to the senate secretary and chief clerk of the house before January 1, 2026.

Section 8- Uncodified law- Page 7, line 8 through line 13

Amends the codified law of the State of Alaska by adding a new section allowing the director of the division of insurance to adopt regulations necessary to implement this Act.

Section 9- Page 7, line 14

Sections 7 and 8 of this Act take place immediately.

Section 10- Page 7, line 15

Except for sec. 9 of this Act, this Act takes effect on January 1, 2026.