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3/18/2025

The Honorable Cathy Giessel
State Capitol Building Room 427
Juneau, AK 99801

RE: Opposition to SB 121 and SB 122 – Protecting Choice and Stability in Alaska's Health Insurance Market

Dear Senator Giessel,

I am writing as a licensed health insurance producer serving businesses across Alaska. I am deeply concerned about the negative consequences that SB 121 and SB 122 will have on our state's health insurance market. These bills do not address the real challenges facing Alaska's healthcare system and will only serve to increase costs on an ever-shrinking pool of fully insured employers and individuals.

SB 121 and SB 122 attempt to reinstate outdated policies like the 80th percentile rule, which was repealed because it artificially inflated costs rather than improving access or affordability. Since its repeal, no providers have left the Premera Blue Cross Blue Shield of Alaska's network, the largest in the state. In fact, the Premera network has remained stable, if not grown. This clearly demonstrates that the repeal did not negatively impact provider participation, despite emotional, hollow rhetoric from opponents.

Alaska's healthcare cost crisis is not caused by reimbursement policies alone. Providers are facing the same economic pressures as every other Alaskan business, high prices on goods and services, inflation, and a shortage of qualified labor. These systemic challenges require broader solutions, not a return to policies that failed in the past.

The True Impact of SB 121 and SB 122:

- **A Shrinking Pool of Impacted Members:** These bills would only affect the diminishing group of Alaskans who purchase fully insured coverage—either individually or through their employer. Today, only about 35% of Premera's employer-based insurance members would be impacted by these policies, and

even that percentage continues to decline as more employers shift to self-funded plans.

- **No Impact on Medicaid and Medicare Members:** 33% of Alaskans are covered by Medicaid, and a significant and growing number are on Medicare. This legislation would not apply to them, meaning it will do nothing to address the financial pressures outlined in the bills.
- **Unsustainable Cost Shifting:** For years, Alaska's fully insured employers and individuals have borne the brunt of cost shifting to subsidize providers. That model is no longer sustainable. Instead of forcing private insurance premiums higher, the State must explore real solutions to support providers, such as:
 - Increasing Medicaid reimbursements
 - Working with the federal government to improve Medicare reimbursement rates in Alaska

A viable provider network is critical to ensuring access to care, but artificially inflating prices does not make the system more sustainable. No other business in Alaska gets to set its own minimum price. If the State wants to ensure long-term healthcare affordability, it must pursue structural reforms rather than reviving failed policies.

As someone who works directly with Alaskan businesses and families struggling with rising healthcare costs, I urge you to oppose SB 121 and SB 122 and instead advocate for meaningful reforms that ensure broad access at reasonable and fair costs.

I would welcome the opportunity to discuss these concerns further and share real-world impacts from the people and businesses these bills will affect most.

Thank you for your time and consideration.

Sincerely,

Bradley Olson
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