



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

ALASKA COMMISSION ON AGING

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March 15, 2018

Senator David Wilson
Senate Health and Social Services Committee
Alaska State Capitol, Room 115
Juneau, AK 99801-1182

Subject: Support for CSHB 123, Disclosure of Health Care Costs and Price Information

Dear Chair Wilson:

The Alaska Commission on Aging (“the Commission”) is pleased to offer support for CSHB 123, a bill authored by Representative Spohnholz that would require health care practitioners and facilities to publicly disclose medical care price information. The Commission supports price transparency as a means to promote increased consumer awareness and greater efficiency in Alaska’s health care delivery system.

The Alaska Commission on Aging is a Governor-appointed board within the Department of Health and Social Services that is responsible for planning services for seniors, educating Alaskans about senior issues, and making recommendations directly to elected officials regarding policy and budget items that affect Alaska’s seniors.

The aging of Alaska’s population presents unique challenges for our state’s health care delivery system. Such factors include the increasing numbers of people living with chronic disease and health conditions, their need for health care services to treat those conditions, workforce shortages, and the price of health care. According to the Alaska Medicare Information Office, there were 86,130 Alaskans on Medicare in 2017 with the majority of them being age 65 and older. People who are eligible for Medicare include individuals age 65 and older who have contributed to Medicare through employment; younger people with permanent disabilities who receive Social Security Disability Income payments for at least 24 months; and persons with End Stage Renal Disease. Alaska’s population of people age 65 and older number 82,686 citizens in 2017 representing approximately 11.2% of the state’s total population (Alaska Department of Labor, January 2018). Older Alaskans are particularly vulnerable to increases in medical costs as many live on fixed incomes. From the perspective of an older person, having access to health care price information allows patients to make informed decisions regarding their health care *before* they receive services and encourages meaningful conversations with their health care providers.

The *need to improve transparency of medical health care pricing* was a priority issue identified by seniors and other public members participating in the Medicaid Redesign community forums conducted by the Commission at senior centers in 2015. These participants identified medical price disclosure as a key factor that could lead to improved quality and more affordable health care. We believe that CSHB 123 addresses this concern head-on in a manner that is compliance manageable for health care providers.

In particular, we appreciate the addition of the *Good Faith Estimate* requirement under Article 4, Sec. 18.23.400 (g)(1) in the CS (version G) that allows the patient the right to request a cost estimate from their provider for a non-emergency health care procedure, before services are provided, that includes a reasonable breakdown of the anticipated charges sent within ten business days from receiving the request. Similar to consumers shopping for a home or other major expenditure, patients having medical price information are in a better position to make cost-benefit decisions about their health care and plan their personal budgets accordingly.

The Commission agrees in concept with the proposed legislation but is concerned about an important aspect of its implementation that affects older Alaskans. Although CSHB 123 requires health care price disclosures for undiscounted health care costs, as well as payment rates for Medicaid, there is no mention of requirements for disclosing Medicare medical costs either in the annual listing of health care costs publicly posted by health care practitioners and health care facilities or in the Good Faith Estimate given to patients by their providers. Seniors, more than any other age group, are consumers of health care. The majority of them are insured by Medicare. Even in situations where a person holds dual eligibility for Medicare and Medicaid, Medicare is the primary insurer. Without having knowledge of the Medicare costs for services provided by the Good Faith Estimate, we are concerned that Medicare beneficiaries will not fully benefit from this legislation. To address this need to know, we respectfully recommend disclosing Medicare costs for health care services in the Good Faith Estimate for Medicare patients. In this way, health care cost information can be made more transparent and of benefit to patients.

The Commission supports CSHB 123 and views this legislation as a positive step forward in promoting greater consumer awareness about health care costs to improve the efficiency of Alaska's health care delivery system. We appreciate your thoughtful consideration of this legislation and our proposed recommendations.

Sincerely,



David A. Blacketer
Chair, Alaska Commission on Aging

Sincerely,



Denise Daniello
ACoA Executive Director

Cc: Senator Natasha von Imhof, Vice Chair
Senator Cathy Giessel
Senator Peter Micciche
Senator Tom Begich
Representative Ivy Spohnholz