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April 22, 2025

The Honorable Forrest Dunbar
Chair, Senate Health and Social Services
Alaska State Legislature
State Capitol Room 205
Juneau, AK 99801

Re: Senate Bill 4-Health Care Prices and Incentive Programs

Dear Senator Dunbar:

Thank you for the opportunity to comment on Senate Bill 4 regarding health care prices and incentive programs—known as the Right to Shop. We have concerns that the bill will detrimentally impact Alaskans by prioritizing cost of care over quality and safety.

CVS Health serves millions of people through our local presence, digital channels, and our nearly 300,000 dedicated colleagues – including more than 40,000 physicians, pharmacists, nurses, and nurse practitioners. Our unique health care model gives us an unparalleled perspective on how systems can be better designed to help consumers navigate the health care system – and their personal health care – by improving access, lowering costs, and being a trusted partner for every meaningful moment of health. We utilize that experience in our Aetna insurance products that cover thousands of Alaskans, and it is with that background and experience that we provide the following feedback to Senate Bill 4.

Our primary concerns about the proposed legislation arise in Section 3.

Section 21.96.210 "Access to payment information" requires carriers to create interactive price comparison mechanism for members. This is a feature of Aetna's health insurance plans that already exists. Aetna already provides its members with robust transparency tools, allowing them easy access to estimates of the cost of their care, factoring in co-insurance, co-payments, out-of-pockets costs, and out-of-network costs. While this tool allows members to estimate the cost of their services, it is important to remember we do not have contracts with out-of-network providers, so estimates are based on the coverage of the members' out-of-network benefits.

Section 21.96.220 proposes a new incentive program often known as the "Right to Shop." SB 4 creates a mandatory version, which we believe will not work in Alaska. The premise of a "Right to Shop" bill is that consumers be given an incentive to find health care at a below average cost and then receive a cash (or similar) incentive to use that service.

The "Right to Shop" programs undermine the basic insurance model and do not consider that insurance is a highly regulated industry. Health care rates are not purely

about cost. Quality of care and outcomes are equally important, and effectively dismissed if cost is the only variable. Additionally, this type of incentive program does not address minimum loss ratio laws and rebates (MLR), federal health savings accounts and rebates that are not allowed in some models, potential tax burdens to members who receive cash payouts, rate filings, etc.

The current insurance model creates strong provider networks that offer safe, quality care at a negotiated bulk purchase price and passes that value onto the employer providing insurance to their employees. However, "Right to Shop" programs often undermine that goal, encouraging providers and facilities to stay out of network, making it much more challenging to build robust networks. A health insurer may reimburse more to a particular provider because of their specialty and proven outcomes. For example, if a parent is looking for a pediatric behavioral health specialist to help their child with an eating disorder, should the parent be burdened by shopping around for a cheaper provider or use the in-network provider that already has proven quality and safe outcomes? We want to ensure that members are not forced to shop for a cheaper provider or facility while trying to prepare for major life events such as heart surgery, cancer treatment or any other serious medical condition.

Implementing an incentive program creates a costly administrative burden on carriers to develop software and provide cash payments to members; our current systems are not designed to track this type of information. These programs often fail to remember that the premiums paid for insurance coverage are often paid for by the employer – yet the cash benefit goes back to the employee and not the employer who is paying for the insurance. Consequently, most of these theoretical savings go back to the consumer, while the cost of premiums would not be materially lowered in the future.

If the legislature adopts such a program, it may want to consider offering a pilot program first or make the program permissible rather than mandatory. In the case of a pilot program, there would be a cost to the State in setting up the regulations or oversight of a new program, but it could be done on a smaller scale to evaluate true value.

Aetna is committed to keeping Alaskan patient priorities at the core. We consistently work to increase the number of quality providers in our network, across the state and across all specialties, to ensure Alaskans have access to the care they need at an affordable price. As written, this legislation could potentially incentivize members to sacrifice quality and safety for theoretical savings only. We respectfully ask for your consideration of these concerns and would welcome the opportunity to work with the sponsor on our suggested amendment ideas.

Sincerely,

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