

April 7, 2021

Senator Mia Costello
Alaska State Legislature
State Capitol Room 119
Juneau, AK 99801

RE: Senate Bill 41

Dear Senator Costello, Chair Senate Labor and Commerce Committee:

I am writing you today in connection with Senate Bill 41 regarding health care price transparency and a consumer price incentive program.

The price transparency provisions of the bill are an important part of the effort to make quality health care more accessible for Alaskans. Please be assured that we are deeply committed to that effort.

As part of that effort, we provide a wide array of member cost transparency information on our member website that allow our members to estimate how much covered services would cost. We provide an out-of-pocket range for each procedure searched as it is often difficult to predict what range of services might be provided related to the treatment or procedure. The tool allows members to compare the cost ranges across available providers in their area. It also tells the member where they are in terms of their deductible and total out-of-pocket expenses for the year.

Congress also recently passed H.R. 133, the Consolidated Appropriations Act, 2021, which requires group health plans and insurance issuers to comply with several new requirements regarding transparency including: allowing access to cost and quality data for health plan sponsors and individual consumers, consumer price tools, and funding for all payer claims data bases.

Section 114 of the Consolidated Appropriations Act requires plans/issuers to offer price comparison guidance by telephone and provide a price comparison tool on the website of the plan that allows an individual enrolled under the plan or coverage to compare the amount of cost-sharing for which the individual would be responsible. The new federal transparency requirements appear to overlap with the transparency objectives in Senate Bill 41. We recommend that time be given to implement these new federal requirements and assess if these new tools meet the needs of Alaskan consumers.

While we support Senate Bill 41's efforts at price transparency, we respectfully disagree with the "Incentive Program" provisions set forth in new Sections 21.96.210, 215, 220, 225, 230, and 235.

Alaska, like other states, faces a variety of challenges in health care: quality, better outcomes, and better access at lower cost. We are concerned that the incentive program in the bill will drive consumers to the lowest price provider, leaving aside the critical role that quality and better outcomes play in better health care and long-term health. The cost of a procedure may be lower, but we will have done nothing

Gary Strannigan
Vice President

to improve the patient's outcome; and this may lead to increases in costs stemming from additional corrective procedures. Alternatively, an insurer may reimburse a provider more due to a particular expertise in a specialty and superior outcomes experienced by the provider's patients.

We believe Alaskans are best served by strong and broad provider networks that allow plans to offer high quality access to safe quality care at negotiated rates to our members. Broader networks increase members access and allow plans to work closely with providers on quality and outcomes-based care.

On the other hand, creating financial incentives to seek the cheapest care, whether in or out-of-network undermines that goal, encouraging providers and facilities to stay out-of-network, making it much more challenging to build strong networks. Smaller networks will create higher out-of-pocket costs for any member not participating in the program.

We share your concern with Alaska's highest in the nation health care costs. We believe our transparency tools are already making a difference, and the new federal transparency requirements will further benefit Alaskan consumers.

However, we believe the incentive program will impact efforts to improve outcomes and quality and degrade the ability of health insurers to build and maintain the broadest and highest quality networks for Alaska.

Very truly yours,



Gary B. Strannigan
Vice President
Congressional/Legislative Affairs

CC: Senator Roger Holland, Vice Chair, Senate Labor and Commerce Committee
Senator Joshua Revak, Senate Labor and Commerce Committee
Senator Gary Stevens, Senate Labor and Commerce Committee
Senator Elvi Gray-Jackson, Senate Labor and Commerce Committee
Senator Shelley Hughes, Majority Leader