ALASKA POLICY FORUM

April 18, 2022

LEGISLATIVE TESTIMONY
Senate Bill 175
Health Care Services by Telehealth

Senate Labor & Commerce
Senator Costello, Chair
Senator Revak, Vice Chair
Senator Micciche, Member
Senator Stevens, Member
Senator Gray-Jackson, Member

Chair Costello, & Members of Senate Labor & Commerce,

As members of this committee, you are considering some policy changes which will have both positive and negative ramifications on the people and government of Alaska.

Telehealth is an important part of the solution to Alaska's health care problems, but the right approach is key to achieving the desired outcomes. While many of us were promoting telehealth expansion long before COVID, the pandemic demonstrated to the general public the many benefits of this mode of care.

Telehealth is particularly suited to behavioral health provision, and the relaxation of related laws and regulations during the pandemic demonstrated the important role that telehealth can play in delivering behavioral health care. Making those suspensions permanent is good public policy that will continue to provide more access and improve patient outcomes.

Generally, one of the other benefits of telehealth is that it reduces overall health care costs. Lemonaid is a popular national telehealth company that provides telemed visits for $25, while a quick look at costs for in-person visits in Alaska are hundreds of dollars. That's solid savings for individuals who are paying out of pocket and for employers who are providing group insurance. Lemonaid also provides telehealth behavioral health services for a flat monthly fee that includes

the provider consultation and prescriptions, while Alaska providers tend to charge per visit and per prescription.

With Alaskans having to spend more on health care than any other state, it is incumbent upon you as policymakers to find ways to drive costs down. Lower costs delivered by way of less expensive telehealth services are just what Alaska needs. But cost savings for telehealth services will only be less expensive if not subject to burdensome government laws and regulations that drive costs back up. The telehealth payment parity proposal you are considering will prevent the desired cost savings by creating price floors, which are a form of price controls. And price controls drive up costs.

Mandating payment at the same rate undercuts competition, and undercutting competition in health care always hurts patients. That's why parity provisions are about the industry, not patients. As stated by the Mercatus Center at George Mason University, "Payment parity mandates . . . prevent any cost savings from being passed along to patients in the form of lower premiums, deductibles, copayments, or coinsurance."

To further complicate this, requiring payment parity has other undesirable effects. Data shows that mandating telehealth payment parity reduces patient utilization and negatively impacts access. Payment parity also leads to government spending more than needed on services that can be provided for less. There has been a recent explosion in behavioral health in telemed, so by way of Medicaid, Alaska state government will either be paying the typical lower costs of telehealth, or will be mandated to pay higher rates from our state coffers. Requiring payment parity will be putting Alaska on the hook for paying more, not just during the pandemic, but far into the future.

There are separate telehealth policy reforms that could be considered which would be more beneficial on the whole than payment parity. For example:

- Ensuring that telehealth is not classified as insurance would allow employers to provide telehealth and increase access for employees.
- Allowing telehealth to be provided across state lines without an in-state, federal or tribal referral would give patients immediate access to care when they need it and put more high-quality providers into our pool. Again, competition is what drives down costs.

Thank you for the opportunity to comment, and feel free to contact me if you'd like to talk further about this issue.

Bethany Marcum
CEO