



ALASKA DISTRICT COUNCIL OF LABORERS

Laborers' International Union of North America
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April 12, 2023

Joey Merrick

Business Manager
Secretary-Treasurer
District Council

Business Manager
Laborers' Local 341

House Labor & Commerce Committee
Alaska State Legislature
House.Labor.And.Commerce@akleg.gov

Subject: HB 21 Opposition and Fiscal Impact Concerns

Jacob Howdeshell

President
District Council

Business Manager
Laborers' Local 942

Dear Members of the House Labor & Commerce Committee:

The Alaska District Council of Laborers writes in opposition to HB 21 based on concerns about fiscal impacts to public employees and the State of Alaska. We believe there are two key unintended consequences that, at a minimum, require deeper analysis before making the proposed changes. First, bringing in these groups could potentially result in rising costs for the State of Alaska and current AlaskaCare participants. Second, encouraging a trend in plan-switching could destabilize longstanding health trusts that are jointly managed by representatives of labor and employers.

Jordan Adams

Vice President
District Council

Business Manager
Public Employees Local 71

The Alaska District Council of Laborers is made up of over 5,000 Alaskans working in the construction, oil and gas, service, tourism, public, and healthcare sectors. We represent around 1,600 public employees including employees at the State of Alaska, Fairbanks North Star Borough, City of Fairbanks, Bering Straits Regional Housing Authority, Anchorage School District, City of Wasilla, Haines Borough, Municipality of Anchorage, and City of Dillingham. Our members plow our highways, provide transportation to vulnerable community members, maintain our Pioneer Homes, clean our schools, and provide other public services that are imperative for the safety and prosperity of our communities.

HB 21 carries the potential for unintended financial consequences for the State of Alaska and AlaskaCare participants.

Before making this policy change, the analysis on the financial impacts to the State of Alaska and premiums for current AlaskaCare participants should be completed. Because this bill would enable many smaller employee groups to be transferred from their current plans to AlaskaCare, it would be prudent for AlaskaCare to perform a deeper analysis on the trends and financial impacts for each group to ensure long-term sustainability. To the extent that this transfer increases costs for AlaskaCare, it is unclear whether the State of Alaska or employee participants would be responsible for paying those increased costs.

Given the fiscal conservatism voiced by many legislators and the ongoing discussions regarding a sustainable fiscal plan, it seems that the fiscal note requires significant additional research and data analysis given the current uncertainties with implementation of this legislation. It is critical to gain a better understanding of the fiscal impacts before moving forward with this legislation.

Plan-switching under HB 21 risks destabilizing longstanding health trusts that provide coverage for thousands of public employees in the State of Alaska.

In addition, the current information provided does not address the potential long-term impacts that a plan-switching strategy could have on the system of health trusts that are jointly managed by labor and management trustees. These joint labor-management health trusts provide coverage for thousands of public employees working for school districts, municipalities, the university system, the State of Alaska as well as private-sector employees. A shift in the policy focus toward this type of AlaskaCare consolidation risks destabilizing the cost structure and coverage provided through these health trusts.

Thank you for considering these concerns, and we request that this bill receive a hard look particularly concerning the unintended impacts on both costs to the State of Alaska and the jointly managed health trusts.

Respectfully,

A handwritten signature in black ink that reads "A.J. Merrick II". The signature is written in a cursive, flowing style with a double underline at the end.

A.J. "Joey" Merrick II