

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 24, 2025

3:16 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Carolyn Hall, Co-Chair
Representative Ashley Carrick
Representative Robyn Niayuq Burke
Representative Dan Saddler
Representative Julie Coulombe
Representative David Nelson

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Andrew Gray

COMMITTEE CALENDAR

PRESENTATION(S): INFORMATIONAL HEARING ON PRIVATE EQUITY IN
HEALTHCARE

- HEARD

HOUSE BILL NO. 23

"An Act relating to the definition of 'employer' for the
purposes of the State Commission for Human Rights."

- HEARD & HELD

HOUSE BILL NO. 34

"An Act establishing the Alaska Innovation Council; and relating
to financial disclosures for members of the Alaska Innovation
Council."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 23

SHORT TITLE: APPLICABILITY OF HUMAN RIGHTS COMMISSION

SPONSOR (s) : REPRESENTATIVE (s) JOSEPHSON

01/22/25 (H) PREFILE RELEASED 1/10/25
01/22/25 (H) READ THE FIRST TIME - REFERRALS
01/22/25 (H) L&C, FIN
02/19/25 (H) L&C AT 3:15 PM BARNES 124
02/19/25 (H) Heard & Held
02/19/25 (H) MINUTE (L&C)
02/24/25 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 34

SHORT TITLE: AK INNOVATION COUNCIL

SPONSOR (s) : REPRESENTATIVE (s) HOLLAND

01/22/25 (H) PREFILE RELEASED 1/10/25
01/22/25 (H) READ THE FIRST TIME - REFERRALS
01/22/25 (H) L&C, FIN
01/29/25 (H) L&C AT 3:15 PM BARNES 124
01/29/25 (H) <Bill Hearing Canceled>
02/10/25 (H) L&C AT 3:15 PM BARNES 124
02/10/25 (H) Heard & Held
02/10/25 (H) MINUTE (L&C)
02/14/25 (H) L&C AT 3:15 PM BARNES 124
02/14/25 (H) Heard & Held
02/14/25 (H) MINUTE (L&C)
02/24/25 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

STEVE COMPTON, MD, Cardiac Electrophysiologist
Alaska Heart and Vascular Institute
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Informational Hearing on Private Equity in Healthcare presentation.

MARY ANN FOLAND, MD
Orthopedic Physicians of Anchorage Primary Care
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Informational Hearing on Private Equity in Healthcare presentation.

REPRESENTATIVE ANDY JOSEPHSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, he answered questions during the hearing on HB 23.

KEN ALPER, Staff
Representative Andy Josephson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 23 on behalf of Representative Josephson, prime sponsor.

ROB CORBISIER, Executive Director
Alaska State Commission for Human Rights
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 23.

CAMERON EBERSOLD, Staff
Representative Ky Holland
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave an overview of the summary of changes from Version N to Version G of HB 34 and answered questions from committee members on behalf of Representative Holland, prime sponsor.

HANNAH LAGER, Director
Division of Administrative Services
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 34.

MEG CARLSON-COSENTINO, DO
Alaska Academy of Family Physicians
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Informational Hearing on Private Equity in Healthcare presentation.

NICHOLAS PAPACOSTAS, MD
Emergency Medicine Specialist
Alaska Chapter, American College of Emergency Physicians
JBER, Alaska

POSITION STATEMENT: Co-offered the Informational Hearing on Private Equity in Healthcare presentation.

ACTION NARRATIVE

[3:16:12 PM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 3:16 p.m. Representatives Burke, Coulombe, Carrick, Fields, Saddler, and Hall were present at the call to order. Representatives Nelson arrived as the meeting was in progress. Also present was Representative Gray.

PRESENTATION(S): Informational Hearing on Private Equity in Healthcare

[3:16:30 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be the Informational Hearing on Private Equity in Healthcare presentation.

[3:17:02 PM](#)

STEVE COMPTON, MD, Cardiac Electrophysiologist, Alaska Heart and Vascular Institute (AHVI), began the Informational Hearing on Private Equity in Healthcare presentation with an overview of his credentials. He stated that in the field of cardiology, the rate of employment has increased significantly. He shared that AHVI was approached by Bain Capital [Private Equity], a private investment company. He explained that Bain Capital [Private Equity's] success was measured by profit, not by patient quality of care, survival, outcomes, or accessible care. He explained that Bain Capital offered to buy his practice and identify ways to increase the profit margin, then selling the practice to another company. He asserted that Bain Capital was not "constrained by ethics ... or quality" and would have liked to change the "entire focus of the practice to profit."

[3:22:16 PM](#)

DR. COMPTON identified specific proposals: increasing unnecessary and inappropriate testing; pushing work to mid-level providers; and ignoring survival and quality metrics. He stated his group opted out of the proposition, commenting that he had confidence [AHVI] offers patients the "best value for their dollar and the best possible care." He provided anecdotes about unhappy colleagues whose practices were bought out by private equity firms. He shared concerns regarding the recent decision to drop the 80th percentile rule by the Division of Insurance, resulting in more practices unable to keep their doors open. He commented that it was a tenuous time for medicine in Alaska and practices may be compelled to accept private offers. He

concluded by stating his belief that [private equity] is an insidious force and a medical system driven fundamentally by profit does not have the patient's best interest in mind.

[3:26:04 PM](#)

CO-CHAIR HALL asked if Dr. Compton's experience was common.

[3:26:15 PM](#)

DR. COMPTON replied that 90 percent of the cardiology practices in the United States are owned by private equity firms or hospital chains. He noted that there is secrecy when dealing with private equity firms.

[3:27:10 PM](#)

CO-CHAIR FIELDS gave a personal anecdote about his pediatric facility selling to a private equity firm. Further, he commented that an outside investor bought the PeaceHealth Ketchikan Medical Center, leaving doctors without pay for months.

[3:27:52 PM](#)

REPRESENTATIVE SADDLER asked what makes the field of cardiology attractive for business.

[3:28:10 PM](#)

DR. COMPTON answered that the reasons are political. He provided an example to answer the question regarding echocardiograms. He explained that imaging, such as echocardiograms, generated profit. He stated that federal regulation regarding Medicare coverage for echocardiograms changed approximately 15 years ago, where the same study [echocardiogram], if performed in a hospital, was reimbursed at a rate that was six to eight times higher than if performed in a clinic. As a result, Dr. Compton stated, many echocardiograms were then performed in hospitals, and many physicians were hired by hospitals as smaller practices closed. He asserted that doctors are not businessmen or politicians. He asserted that the smaller a practice is, the more vulnerable it is to closure.

[3:30:43 PM](#)

REPRESENTATIVE SADDLER requested an explanation of the impact of the 80-percent rule.

[3:30:58 PM](#)

DR. COMPTON explained the differences between private and public insurance. He stated that, in determining the cost to the uninsured or out-of-network patient, private insurers previously utilized databases to determine prices that were "usual, customary, and reasonable." He explained that there were databases that would determine "usual, customary, and reasonable" payments for a particular service in a particular community. Further, he explained that United Healthcare bought the last few remaining databases in the 1990s and would proceed to fabricate costs without referencing the databases. He stated that these practices proved fraudulent and that United Healthcare was fined \$400 million for fraudulent practices. He stated that Alaska was facing the same issues with insurances and patients were receiving very large balance bills. As a result, Alaska devised the 80th percentile rule, which required insurance companies to pay out-of-network claims no lower than the 80th percentile of the average charges for a particular medical service in a particular region. He explained that on January 1, 2024, the [Alaska] Division of Insurance removed the 80th percentile rule. He further explained that this created two problems: patients receiving large balance bills and smaller practices shutting down, resulting in important providers leaving the state.

[3:36:10 PM](#)

DR. COMPTON explained that the [Alaska] State Medical Association (ASMA) is addressing the 80th percentile rule in two ways. He stated that a coalition of providers in Alaska is suing the [Alaska] Division of Insurance over dropping the rule "inappropriately." Further, he stated that Senator Giessel is introducing legislation to create "backstops" for out-of-network care.

[3:37:03 PM](#)

REPRESENTATIVE CARRICK offered her understanding that the removal of the 80th percentile mechanism was a statutory change and further asked whether the rule should have been done through the legislature.

[3:37:28 PM](#)

DR. COMPTON confirmed that it was a statutory change. He explained that the rule was consumer protection issued by the Murkowski Administration in 2004. He stated that the Division of Insurance dropped the 80th percentile rule, claiming that it raised the cost of healthcare in Alaska and that the No Surprises Act (NSA), a piece of federal legislation, took care of the issue of balance billing. He stated that the Division of Insurance used an inaccurate database called FAIR Health and stated that he provided data refuting their claim. Further, he explained that NSA almost exclusively applied to emergency services and further stated that the majority of care that patients seek is not because of an emergency situation. He explained that the basis of the lawsuit against the Division of Insurance was that the decision to drop the rule was based on inaccurate information. He referenced Senator Giesel's bill again, noting that it is a way that the issue is being addressed through legislation.

[3:40:14 PM](#)

The committee took an at-ease from 3:40 p.m. to 3:42 p.m.

[3:42:09 PM](#)

MARY ANN FOLAND, MD, Orthopedic Physicians of Anchorage (OPA) Primary Care, co-offered the Informational Hearing on Private Equity in Healthcare presentation. She explained that her group was bought out by a private equity firm. She said that all companies need a bottom line, but that OPA is locally dedicated to the community. She asserted that metrics for out-of-state companies are profit-driven, not quality-driven. She asserted that it is difficult to recruit doctors in Anchorage, Alaska. She gave an anecdote about a friend who moved back to Orlando, [Florida], where she found that most of the private practices had been purchased and all patients, regardless of risk status, were allotted only ten to fifteen minutes per appointment.

DR. FOLAND shared her primary concern of physicians leaving Alaska, making Alaska a healthcare desert. She offered her belief that physician-led care teams are the best when it comes to quality patient care.

[3:46:37 PM](#)

CO-CHAIR FIELDS invited questions from committee members.

[3:46:43 PM](#)

REPRESENTATIVE SADDLER requested data on the costs of hiring paraprofessionals versus physicians.

DR. FOLAND replied that she would follow up with studies from the American Medical Association (AMA) for the committee.

[3:48:21 PM](#)

The committee took a brief at-ease at 3:48 p.m.

[3:49:09 PM](#)

CO-CHAIR FIELDS stated that the committee would return to the presentation and the last invited testifiers after hearing legislation.

HB 23-APPLICABILITY OF HUMAN RIGHTS COMMISSION

[3:49:35 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 23, "An Act relating to the definition of 'employer' for the purposes of the State Commission for Human Rights."

[3:50:00 PM](#)

CO-CHAIR HALL moved to adopt the proposed committee substitute (CS) for HB 23, Version 34-LS0249\I, A. Radford, 2/21/25, as a working document.

[3:50:11 PM](#)

REPRESENTATIVE SADDLER objected.

CO-CHAIR FIELDS clarified the committee was looking at a CS for HB 23, regarding the applicability of the Alaska State Commission for Human Rights (ASCHR).

[3:50:46 PM](#)

REPRESENTATIVE ANDY JOSEPHSON, Alaska State Legislature, as prime sponsor of HB 23, stated that the proposed CS would expand HB 23. He gave a summary of changes from Version A to Version I

[included in the committee file], which read as follows [original punctuation provided]:

1. Changes the name of the State Commission for Human Rights to the Alaska State Commission for Civil Rights. (Sec. 1)
2. Adds a requirement that the governor can only remove a commissioner for cause. Cause could include incompetence, neglect, misconduct, or public or private statements that undermine the commission's work. In current law, a commissioner can be removed for any reason. (Sec. 2)
3. Changes the timing and method of the commission's annual report to the legislature. Instead of the week before convening, the report would be due on November 15. Also, the report could be delivered electronically instead of requiring paper copies. (Sec. 3)
4. Adds a defense against a discrimination claim if the employer is a religious organization and the employee is hired for a religious purpose. (Sec. 4)
5. Changes the definition of "employer" in the commission's enabling statutes to include all employers except for nonprofit social and fraternal organizations. The change broadens coverage to employees of other nonprofit employers. (Sec. 7)
6. Makes conforming changes in various statutes to reflect the commission's name change in Sec. 1. (Sec. 5, 6, 8, 9, 10, 11).

[3:52:04 PM](#)

REPRESENTATIVE CARRICK questioned the change regarding the timing and method of the commission's annual report to the legislature.

[3:52:14 PM](#)

REPRESENTATIVE JOSEPHSON deferred to staff.

[3:52:19 PM](#)

KEN ALPER, Staff, Representative Andy Josephson, Alaska State Legislature, on behalf of Representative Josephson, prime sponsor of HB 23, responded that currently there is a requirement for an annual report with 40 paper copies to be made available through the Legislative Affairs Agency (LAA) before the convening of an annual legislative session. He explained

that the proposed CS would delay the annual deadline for the report to November 15, and it would delete the requirement for physical copies. He noted that these changes were recommendations from ASCHR.

[3:53:14 PM](#)

REPRESENTATIVE JOSEPHSON, in response to a question from Representative Saddler, stated he did not have objections to making changes to the original bill. He noted that there is language in the proposed CS in Section 4 which clarifies that religious organizations would not be subject to the jurisdiction of the proposed CS for HB 23. He gave Providence Hospital as an example, explaining that although it is technically a Catholic hospital, employees are not hired to engage in religious activities. He asserted that this change was important regarding both First Amendment rights and employee rights against discrimination.

[3:55:00 PM](#)

REPRESENTATIVE COULOMBE asked whether the proposed CS would change the fiscal note.

[3:55:09 PM](#)

REPRESENTATIVE JOSEPHSON deferred to Mr. Corbisier. He suspected that with the passage of the legislation, there would be more cases for ASCHR.

[3:55:48 PM](#)

ROB CORBISIER, Executive Director, Alaska State Commission for Human Rights, answered that the proposed CS for HB 23 would still have a zero fiscal note.

CO-CHAIR FIELDS, because of subpar audio during Mr. Corbisier's response, clarified that he had said there would be a zero fiscal note and that the only reason the bill is slotted for the House Finance Standing Committee is for increased receipt authority.

[3:56:41 PM](#)

REPRESENTATIVE SADDLER asked the reason for changing the name of the commission, from Alaska State Commission on Human Rights to Alaska State Commission on Civil Rights.

REPRESENTATIVE JOSEPHSON replied that the name change was a recommendation from ASCHR. He reported that ASCHR receives calls from prisoners making human rights claims that do not fall under the jurisdiction of the commission. He offered the belief that the name change would better reflect the obligations of the commission. He admitted that he was a little hesitant because of the historic title of ASCHR but remarked that most other states call their entities "civil rights commissions."

REPRESENTATIVE SADDLER questioned the distinction between human rights and civil rights and further asked if the name change would change the applicability of ASCHR.

REPRESENTATIVE JOSEPHSON described the types of discrimination that are illegal under existing human rights laws stated that [the proposed CS for] HB 23 would not change anything except ASCHR's jurisdiction over non-profits.

[3:59:54 PM](#)

MR. CORBISIER replied that the provision of the constitution that ASCHR enforces is titled "Civil Rights" and the name change would be more accurately reflective of the agency's role. He commented that the name change would decrease the number of frivolous calls received from those wanting ASCHR to take stance on human rights violations in foreign wars or on environmental causes. He reiterated that the proposed CS for HB 23 would not change the jurisdiction of ASCHR; instead, he argued, it would be a more encompassing term.

[4:01:03 PM](#)

REPRESENTATIVE SADDLER noted that the second change adds removal for cause for the commissioner of ASCHR. He asked whether other boards have similar provisions for the removal of commissioners and what warranted the proposed change in the CS.

[4:01:27 PM](#)

REPRESENTATIVE JOSEPHSON deferred to Mr. Alper and Mr. Corbisier.

[4:01:47 PM](#)

MR. ALPER stated he does not know which agencies have removal for cause versus at the will of the governor and would follow up

with the committee. He further commented that his office would distribute a memorandum ("memo") received from Legislative Legal Services, a "quasi-judicial agency," stating that ASCHR could legally change the removal of the commissioner to "for cause" due to their regulatory role.

[4:03:03 PM](#)

MR. CORBISIER stated that he did not know which commissions had provisions for removal for cause. He explained that a prior commissioner for ASCHR essentially went missing for about a year, and at that time, there was no pathway for removal. He explained that as a result, the commissioners believed that "the governor should have an explicit, articulated tool to remove a commissioner."

MR. CORBISIER speculated that in its inception, the legislature did not consider that a commissioner might need to be removed from their position. He explained that the commission thought removal for cause would maintain the apolitical nature of ASCHR.

[4:05:59 PM](#)

REPRESENTATIVE SADDLER asked for clarification that the governor currently has the right to remove the [ASCHR] commissioner with or without cause.

[4:06:13 PM](#)

MR. CORBISIER replied that there is a statute that says if a commission does not have an explicit removal for cause, then the removal would be at will. He stated that ASCHR predates that particular statute and made the argument that ASCHR was not meant to fall under that particular statute. He referenced the court case Bradner v. Hammond and noted that ASCHR commissioners are volunteers.

[4:07:22 PM](#)

REPRESENTATIVE SADDLER maintained his objection to adopting CS, Version I, as the working draft for HB 23.

[4:08:17 PM](#)

A roll call vote was taken. Representatives Nelson, Coulombe, Burke, Carrick, Hall, and Fields voted in favor of the motion to adopt the proposed CS for HB 23, Version 34-LS0249\I, A.

Radford, 2/21/25, Version I, as a working document. Representatives Saddler voted against it. Therefore, Version I was before the House Labor and Commerce Standing Committee as a working document by a vote of 6-1.

CO-CHAIR FIELDS announced that HB 23, Version I, was held over.

CO-CHAIR FIELDS set a tentative amendment deadline for HB 23.

HB 34-AK INNOVATION COUNCIL

[4:08:53 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 34, "An Act establishing the Alaska Innovation Council; and relating to financial disclosures for members of the Alaska Innovation Council."

[4:09:13 PM](#)

CO-CHAIR HALL moved to adopt the proposed CS for HB 34, Version 34-LS0353\G, Gunther, 2/24/25, ("Version G") as a working document.

CO-CHAIR FIELDS objected for the purpose of discussion.

[4:09:44 PM](#)

CAMERON EBERSOLD, Staff, Representative Ky Holland, Alaska State Legislature, on behalf of Representative Holland, prime sponsor, explained that the changes proposed under the proposed CS to HB 34 incorporate feedback from committee members from the previous two hearings. He noted that the most substantial change is the reduction of members of the proposed Alaska Innovation Council from 19 to 15. He spoke to one other change, noting that the council shall "identify gaps in Alaska capital markets." He stated that all of the specific changes were distributed to committee members in a document, titled "House Bill 34: Alaska Innovation Council Explanation of Changes" [available in committee file].

[4:10:54 PM](#)

CO-CHAIR FIELDS invited questions from committee members.

[4:10:59 PM](#)

REPRESENTATIVE COULOMBE questioned the need for an organized labor group, citing one proposed CS change would be requiring one member of the council to have an association with an organized labor group.

[4:11:23 PM](#)

MR. EBERSOLD responded that access to skilled labor was requested by some committee members in previous hearings. He further commented that skilled labor is an important part of a growing, thriving economy.

[4:11:46 PM](#)

REPRESENTATIVE COULOMBE commented that the inclusion of an organized labor group appeared to be outside of the scope of the original presentation for HB 34. She remarked that she envisioned innovators that "need help and resources to get off the ground" and "the Small Business Development Center couldn't help because this was a step behind."

[4:12:12 PM](#)

CO-CHAIR FIELDS noted that "in some areas of economy [there is] growing dispatch through digital devices." He remarked that some labor organizations have worked with companies, Lyft for example, to make benefit packages available to independent contractors. He stated that a changing labor market would justify the need for access to benefits and training.

[4:12:46 PM](#)

REPRESENTATIVE COULOMBE offered her understanding that the purpose of the proposed council was to "get innovators going." She asked the reasoning for a one-year term of the chair of the proposed Alaska Innovation Council.

[4:13:22 PM](#)

MR. EBERSOLD responded that the term is one year but, theoretically, a chair may serve up to three consecutive terms. He stated the purpose of the proposed Alaska Innovation Council would be to create a series of recommendations. He offered his belief that the chair of the proposed council would shepherd other members as they move through recommendations.

[4:14:10 PM](#)

REPRESENTATIVE NELSON stated that he appreciated the reduction of members. He requested an updated fiscal note for the proposed CS.

MR. EBERSOLD replied that he would follow up with the updated fiscal note.

[4:14:49 PM](#)

The committee took a brief at-ease at 4:14 p.m.

[4:15:08 PM](#)

CO-CHAIR FIELDS requested an update on the status of the fiscal note for the proposed CS to HB 34.

[4:15:15 PM](#)

HANNAH LAGER, Director, Division of Administrative Services, Department of Commerce, Community & Economic Development (DCCED), responded that there is not yet an updated fiscal note, but that DCCED would prepare one upon the adoption of the proposed CS for HB 34.

REPRESENTATIVE NELSON requested a ballpark estimate. He asked for clarification that the original fiscal note was approximately \$500,000.

MS. LAGER confirmed that it was correct. She repeated that she did not have an updated fiscal note, but expected that the number would be lower, given the reduction in members under the proposed CS for HB 34.

[4:15:48 PM](#)

REPRESENTATIVE CARRICK asked for the positions that were eliminated under the proposed CS for HB 34.

[4:16:04 PM](#)

MR. EBERSOLD replied that the members removed from the proposed council were the governor or direct designee, the commissioner of the Department of Revenue or designee, the executive director of the Alaska Permanent Fund Corporation or designee, one member from the House of Representatives, and one member from the

Senate. He stated that in the original version of HB 34, the House of Representatives and the Senate each would have two members in the proposed Alaska Innovation Council.

[4:17:22 PM](#)

CO-CHAIR FIELDS withdrew his objection to the motion to adopt the proposed CS for HB 34, Version 34-LS0353/G, Gunther, 2/24/25, as a working document. There being no further objection, Version G was before the committee.

[4:17:43 PM](#)

CO-CHAIR FIELDS set an amendment deadline for HB 34, Version G.

[4:18:14 PM](#)

CO-CHAIR FIELDS announced that HB 34, Version G, was held over.

PRESENTATION(S): Informational Hearing on Private Equity in Healthcare

[4:18:18 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be a return to the Informational Hearing on Private Equity in Healthcare presentation.

[4:18:38 PM](#)

MEG CARLSON-COSENTINO, DO, Alaska Academy of Family Physicians, co-offered the Informational Hearing on Private Equity in Healthcare presentation. She stated that she would discuss data that was distributed to committee members from the National Academy of Family Physicians. She gave an overview of the purview of family medicine in Alaska. She stated that nationwide, many private practices are closing and turning into "consolidated, corporate entities." She asserted consolidation leads to higher prices for patients, higher insurance premiums, and a decrease in quality care metrics. She maintained that consolidated practices tend to increase the quantity, not the quality, of visits and additionally increase referrals to more lucrative practices. She concluded by advocating supporting independent practices, asserting that by staying open, they help drive the cost of care down for patients in Alaska.

[4:21:08 PM](#)

CO-CHAIR FIELDS invited questions from committee members.

[4:21:13 PM](#)

REPRESENTATIVE COULOMBE asked what role the state government should play in supporting independent practices.

[4:21:34 PM](#)

DR. CARLSEN-COSENTINO replied that a lot of independent practices have struggled with red tape related to pre-authorizations, even for state-based insurance like Medicaid, and need to hire more people as a result. Additionally, she advocated disincentivizing corporations.

[4:22:34 PM](#)

CO-CHAIR FIELDS requested Dr. Carlsen-Cosentino to elaborate on how private equity could maximize profit at the expense of the state.

DR. CARLSEN-COSENTINO spoke to the incentive to referral, or to order more testing, which brings in more revenue and exploits the system. She asserted that this practice is rewarded by corporate entities, which only care about profit. She stated that independent practices tend to reinvest money into their community, while corporate practices do not reinvest money into their community.

[4:24:06 PM](#)

The committee took a brief at-ease at 4:24 p.m.

[4:24:35 PM](#)

NICHOLAS PAPACOSTAS, MD, Emergency Medicine Specialist, Alaska Chapter, American College of Emergency Physicians (AK-ACEP), concluded the Informational Hearing on Private Equity in Healthcare presentation. He stated that private equity in healthcare is a new phenomenon currently experiencing an explosion in growth since 2010. He stated that private equity operates differently from other types of investment strategies, in that the intention is to acquire a business, maximize profits, and then sell the business within three to six years. He named some strategies employed to raise revenue, including staffing cuts, decreased investment in new equipment, postponed

maintenance on existing equipment, and cycling through employees at a high rate.

DR. PAPACOSTAS asserted that private equity forces are not yet as prominent in Alaska. He offered his belief that the primary guardrail against private equity forces has been favorable insurance reimbursements. He stated that struggling private practices are the most vulnerable to buyouts and that some practices feel that they have no other choice.

[4:28:58 PM](#)

CO-CHAIR FIELDS thanked the invited presenters.

[4:29:06 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [4:29] p.m.