

SENATE FINANCE COMMITTEE
March 5, 2025
9:01 a.m.

9:01:00 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Mike Cronk
Senator James Kaufman
Senator Jesse Kiehl
Senator Kelly Merrick

MEMBERS ABSENT

Senator Donny Olson, Co-Chair

ALSO PRESENT

Jeremy Woodrow, Executive Director, Alaska Seafood Marketing Institute; Ted Helvoight, President, Evergreen Economics; Senator Cathy Giessel.

SUMMARY

PRESENTATION: ALASKA SEAFOOD MARKETING INSTITUTE

PRESENTATION: DEPARTMENT OF HEALTH; FY 25 - FY45 MEDICAID ENROLLMENT AND SPENDING IN ALASKA REPORT (MESA)

^PRESENTATION: ALASKA SEAFOOD MARKETING INSTITUTE

9:02:04 AM

JEREMY WOODROW, EXECUTIVE DIRECTOR, ALASKA SEAFOOD MARKETING INSTITUTE, (ASMI) discussed the presentation, "Alaska Seafood Marketing Institute" (copy on file). He highlighted slide 3, "Alaska Seafood Marketing Institute":

As Alaska's official seafood marketing arm, ASMI is established under AS 16.51 to maximize the economic value of the Alaska seafood resource by:

- Building and protecting the Alaska Seafood brand
- Developing and creating markets for Alaska seafood products
- Working directly with the seafood industry to maximize efforts

ASMI is directed by a Governor-appointed Board of Directors: Five Processors, Two Commercial Harvesters; and Nine board-appointed Species and Operational Advisory Committees.

Mr. Woodrow addressed slide 4, "ASMI Programs":

International Marketing
Domestic Marketing
Seafood Technical
Communications
Global Food Aid

Mr. Woodrow discussed slide 5, "ASMI Budget":

FY2025 Budget*

- **Seafood Marketing Assessment**
- \$16,386.1 (0.5 percent of ex-vessel value)
- **Federal Funds**
- \$13,036.4
- Market Access Program (MAP)
- Regional Agricultural Promotion Program (RAPP)
- Saltonstall-Kennedy Grant (SK)
- Cochran Fellowship
- Emerging Markets Program (EMP)
- Quality Samples Program (QSP)
- **\$0.0 UGF**

Total FY2025: \$29,422.5

FY2025 Spend Plan: \$23,352.5

FY2026 Budget Request*

- **Seafood Marketing Assessment**
- \$13,533.0 (0.5 percent of ex-vessel value)
- **Federal Funds**
- \$13,023.5
- Market Access Program (MAP)
- Regional Agricultural Promotion Program (RAPP)
- Saltonstall-Kennedy Grant (SK)

- Cochran Fellowship
 - Emerging Markets Program (EMP)
 - Quality Samples Program (QSP)
 - **\$10,000.0 UGF** (supplemental, FY2025-FY2027)
- FY2026 spend plan set by ASMI Board in May**

Mr. Woodrow pointed to slide 6, "ASMI Budget Breakdown." The slide offered a bar graph of the ASMI FY2025 Spend Plan broken down into state and federal funds in the following categories: Food Aid, Technical, Executive/Prof Services, Communications and PR, Domestic, International SDPR and Fed. Numbers are in thousands.

[9:07:08 AM](#)

Mr. Woodrow addressed slide 7, "ASMI Spend Plan and Revenue." He stated that FY25-FY30 were projected funds and that the \$10 million request would be spent over FY25, FY26, and FY27. He said that there was a dramatic drop in statutory designated program receipts in FY24, FY25, and FY26, due to a drop in exvessel prices. He relayed that the requested \$10 million would allow for ASMI to continue its aggressive marketing program. He noted the teal line, which reflected and increase in spending in response to various marketplace variables.

Mr. Woodrow displayed slide 8, "ASMI Revenue History." He noted that in 2011 through 2016, ASMI had received a large amount of UGF, which was reduced in 2017 and eliminated in 2019. He said that funding had become volatile, and a consistent marketing plan had been maintained to address the different marketing concerns.

Mr. Woodrow discussed slide 9, "Alaska Seafood Industry Situational Overview":

- Excess Inventories of key species harvested in Alaska and other countries in 2022 and 2023
- Decreasing Consumer Demand: inflation spending
- Russian War in Ukraine: historic low prices
- Unfair Trade Policies: both export/import
- Increased Costs:
- Capital - cost to carry inventory
- Labor - inflation - operational costs
- Global Shipping - International and Lower-48
- Sustainability, social responsibility, environmental compliance, insurance, and storage

The cost to execute Alaska's fisheries is not price competitive with global competition.

Mr. Woodrow addressed slide 10, "FREEDOM FISH":

- Federal Executive Order 14068: Bans Russian Seafood from U.S.
- In 2022, 70,000 metric tons of Russian seafood valued at \$452 million entered U.S. market
- Opportunity for all Alaska seafood species
- Near-term focus: Pink and Chum Salmon, Sablefish, Pollock/Surimi, Flatfish
- Norway, Chile, Iceland, and farmed whitefish also taking advantage of ban

Mr. Woodrow looked at slide 11, "Budget Request and Three-Year Goals":

Capitalize on the Russian import ban and increase U.S. domestic market share of Alaska seafood
Gain more than 50 percent of the sales left behind from the Russia seafood ban.
Increase Alaska Seafood brand recognition of key species by 10 percent
Promote wild Alaska seafood with an emphasis on Alaska sockeye, pink, and keta salmon, as well as sablefish, pollock, and surimi.
Differentiate Alaska Responsible Fisheries Management (RFM) in the U.S. domestic market as the preferred origin-based certification program
Counter the MSC ecolabel that continues to certify Russian seafood in the global marketplace.

[9:14:40 AM](#)

Mr. Woodrow pointed to slide 12, "FY 2025 Supplemental: \$10 Million."

[9:15:05 AM](#)

Co-Chair Stedman recalled that during the budget cycle a year ago there had been an opportunity to spend \$10 million to market aggressively to supplant Russian product with Alaskan product. It was vetoed by the administration. He spoke to the current \$10 million request over the next three years. He stressed that by the time the budget was

signed FY25 would be halfway over. He wondered why the funding had not been set to begin in FY26.

[9:16:58 AM](#)

Mr. Woodrow replied with details from slide 7. He said that if the budget passed soon and quickly, ASMI could use the funds as early as June.

[9:18:20 AM](#)

Co-Chair Stedman thought that a supplemental budget increase for FY25 was unlikely. He hoped the Operating Budget would be signed quickly and funding for FY26 would be available to ASMI in time to save marketing the industry. He thought that the timeframes in the slide should be adjusted to FY26 and FY 27, which he believed would benefit the industry and protect against financial insolvency.

[9:20:29 AM](#)

Co-Chair Hoffman agreed.

[9:20:34 AM](#)

Senator Kaufman remarked that relationship with Russia was changing rapidly. He wondered about marketing "Freedom Fish" and whether that tact was wise in a changing world.

[9:21:40 AM](#)

Mr. Woodrow addressed slide 13:

"Pricing is the highest motivating factor in purchasing Frozen Fish, with 'Wild Caught' and 'Freshness' on-pack also being important."

-Circana

Mr. Woodrow looked at slide 14, "The Power of Alaska Seafood."

Mr. Woodrow discussed slide 15, "Public Relations and Earned Media."

Mr. Woodrow pointed to slide 16, "Omnichannel Promotions."

Mr. Woodrow addressed slide 17, "US Retail Return on Investment":

- Over 13,500,000 impressions with over 24,000 clicks
 - The click-through-rate (CTR) was 0.18 percent (with an average CTR of 0.14 percent)
 - 83.21 percent OSB rate (Orders Sent to Basket)
 - Publix alone saw a 7.2 percent sales lift throughout the campaign
- Chicory digital campaign to drive sales for Alaska sockeye at Kroger, Sam's Club, and Publix:
\$2.4 million in total sales
- 18 million impressions
 - 23.6 percent redemption rate -8x higher than benchmark
 - 50 percent follow-on purchaser
 - 26 percent follow-on of new purchasers and 2.65 average follow-on units purchased per trip -the number of average units purchased per shopping trip after the campaign ended
- Ibotta U.S. digital coupon offering \$1 off any brand of frozen or canned Alaska seafood:
9,000 units daily!

[9:27:49 AM](#)

Mr. Woodrow looked at slide 18, "Sushi at Retail":

- Alaska Cruise Giveaway with FujiSan Sushi
- Over 60,000 entries in only 30 days!
- Amplifies Alaska Seafood's reach into sushi
- Available at 500 Sam's Club locations; FujiSan partnered with independent Sam's Club influencers, collectively reaching over 100,000 viewers

Mr. Woodrow looked at slide 19, "Building Lasting Promotions."

[9:30:36 AM](#)

Mr. Woodrow discussed slide 20, "U.S. Foodservice Return on Investment":

- Window clings, drive-thru signage, POS screens, radio and a silent video loop running constantly in-store
- Website and Taco John's app deployments

- 1.5 million reach from media coverage
 - ASMI investment: \$15,000
- Taco John's Partnership
50,000 lbs Lent 2024
- For every \$1 ASMI invests in promotions, the distributor sells over \$616 of Alaska Seafood
 - ASMI FY2024 distributor promos sold over 11.7 million pounds totaling \$120,159,000 in sales
- Distributor Promotions Deliver Significant ROI
\$120M in FY2024!

[9:31:41 AM](#)

Co-Chair Stedman queried any marketing opportunities with the cruise industry. He wondered why people onboard cruise ships were eating farmed fish.

[9:31:55 AM](#)

Mr. Woodrow replied that it came down to price point. The cruise industry wanted to buy fish at prices lower than businesses were willing to entertain. He said some cruise ships had higher end restaurants onboard that served Alaska seafood. He added that representatives from the seafood industry would employ Cruise Ship Ambassadors who offered presentations on the ships and directed people to where they can purchase Alaska Seafood.

[9:33:11 AM](#)

Mr. Woodrow looked at slide 21, "International Marketing Program":

ASMI collaborates with the seafood industry to establish new markets and enhance opportunities for Alaska's diverse seafood portfolio across 53 countries.

About 65-70 percent by value of Alaska seafood production exported annually to 100 countries.

China/South Korea largest trading partners primarily for transshipping and reprocessing.

Japan/Europe largest direct foreign markets.

75 percent of pollock, keta salmon, and flatfish species exported.

U.S. has largest market share with more than 30 percent by value.

Mr. Woodrow pointed to slide 22, "Alaska Seafood Export Value by Region."

[9:36:46 AM](#)

Senator Kiehl asked where the fish were ultimately consumed.

[9:37:03 AM](#)

Mr. Woodrow replied that Alaska's largest consumer markets were Europe and Japan, with growing markets in Southeast Asia and South America.

[9:37:41 AM](#)

Mr. Woodrow discussed slide 23, "Southeast Asia Market Development":

- ASMI SE Asia program started May 2019 (Thailand, Vietnam, Indonesia, Singapore, Malaysia, and the Philippines)
- Trade shows, trade missions, chef collaborations, retail partnerships, influencers, etc.
- Alaska seafood exports in 2018: \$97.3 million
- Alaska seafood exports in 2022: \$139.6 million
- Program expenses: \$1.5 million
- Growth of flatfish exports: \$0.5 million (2018) to \$11 million (2022)
- Consistent growth in premium species like sockeye

[9:39:11 AM](#)

Mr. Woodrow looked at slide 24, "International Trade and Tariffs":

Alaska Seafood products compete with countless products and numerous countries in every single market.

U.S. seafood products generally face higher tariff rates than seafood from competing seafood producing countries.

Alaska Seafood is often collateral damage in trade negotiations.

While Russian seafood is banned from the U.S., it is not restricted elsewhere.

[9:42:18 AM](#)

Mr. Woodrow discussed slide 25:

Capitalize on the Russian import ban and grow U.S. domestic sales of Alaska seafood by over 50 percent
Increase Alaska Seafood brand recognition of key species by 10 percent
Differentiate Alaska Responsible Fisheries Management (RFM) in the U.S. domestic market

[9:42:47 AM](#)

Co-Chair Hoffman asked how Alaska compared to the rest of the work on marketing spending.

Mr. Woodrow shared that Alaska's biggest competitor was the Norwegian Seafood Council, which had a budget of approximately \$55 million, spending \$5 million in The United States. He added that Canada had a budget equal or larger than Alaska's.

[9:44:00 AM](#)

Senator Cronk doubted that he had one constituent that would want a single dollar used to advertise pollock. He thought that the Trawling Industry could pay for their own marketing.

[9:44:50 AM](#)

Mr. Woodrow thanked the committee.

^PRESENTATION: DEPARTMENT OF HEALTH; FY 25 - FY45 MEDICAID ENROLLMENT AND SPENDING IN ALASKA REPORT (MESA)

[9:45:38 AM](#)

TED HELVOIGHT, PRESIDENT, EVERGREEN ECONOMICS, discussed the presentation, "MESA FY2025 - FY2045, Long-Term Forecast of Medicaid Enrollment and Spending in Alaska" (copy on file).

[9:46:15 AM](#)

Mr. Helvoight looked at slide 2, "Long-Term Medicaid Forecast ('MESA')":

- Requested by the Alaska Legislature in 2005
- First forecast completed in 2006
- 20-year projection updated annually
- Assumes current Medicaid structure remains in place
- Provides a baseline for analysis of proposed initiatives
- Provides insights into trends in AK population, Medicaid enrollment, utilization, reimbursement rates, and spending

[9:47:25 AM](#)

Mr. Helvoight discussed slide 3, "Medicaid Enrollment and Spending in Alaska":

- ① Bending the Medicaid cost curve
- ② Recent trends and events
- ③ FY2025-FY2045 projection
- ④ Chronic conditions and Medicaid

Mr. Helvoight pointed to slide 4, "Bending the Medicaid Cost Curve":

- Cost containment efforts have worked.
- Spending has been much lower than was projected in 2006.
- However, growth in spending has ticked up over the past few years.

Mr. Helvoight displayed slide 5, "Many More Alaskans Receiving Medicaid Services":

- Recipient counts closely tracked the 2006 projection until Medicaid expansion in FY2016.
- After rising sharply in FY2021 and FY2022, recipient counts were flat in FY2023 and dropped in FY2024.

[9:49:54 AM](#)

Mr. Helvoight looked at slide 6, "Spending Per Recipient Is No Longer Growing Slowly":

- For nearly 20 years, cost containment initiatives by DOH succeeded in suppressing growth in spending.

- However, inflationary pressures on providers has led to relatively substantial increases in reimbursement rates since FY2022.

[9:51:14 AM](#)

Mr. Helvoight addressed slide 8, "Medicaid Enrollment and Recipients Before and After COVID":

- Enrollment grew rapidly during COVID-19 pandemic, increasing by 40,000 between March 2020 and April 2023.
- Enrollment declined by 18,000 between April 2023 and December 2024.
- Recipient counts vary considerably month-to-month but have averaged about 120,000 per month over past three years.

[9:53:18 AM](#)

Mr. Helvoight pointed to slide 9, "Medicaid Spending Has Not Dropped":

Total spending on Medicaid claims varies month-to-month but continues to grow.

Mr. Helvoight looked at slide 10, "GF Spending Has Also Continued to Grow":

General Fund spending on Medicaid claims varies month-to-month but continues to grow.

Mr. Helvoight displayed slide 11, "Recipients Per Month Remains Flat":

Medicaid unwinding has not impacted the number of recipients with paid claims each month.

[9:55:21 AM](#)

Mr. Helvoight highlighted slide 12, "Spending Per Recipient Has Grown Rapidly":

Between December 2022 and December 2024, average spending per recipient increased by 18 percent, which equates to 8.7 percent per year.

[9:56:00 AM](#)

Mr. Helvoight pointed to slide 13, "Medicaid Spending, Enrollment, and Recipients":

- Enrollment growth primarily due to expansion and continuous enrollment.
- Enrollment and recipient counts have diverged.
- FFP has covered most of the increased spending through FY2024.

Mr. Helvoight shared that in FY2012 the number of enrollees and the number of recipients in the program were lower and closer together. He said that as time had progressed the separation between those utilizing services and those enrolled only had increased. He shared that in FY2024, less than 7 out of 10 Medicaid enrollees used services. He speculated that during the continuous enrollment period there were many people who did not know they were on Medicaid. He stressed that there were many people on Medicaid who were not using the services. He stated that the blue bars represented state spending, the grey represented federal spending. He noted that, proportionately, the federal government had spent much more on the program than had the state. He said that Medicaid expansion had been beneficial to the state.

[9:59:10 AM](#)

Co-Chair Hoffman asked about the federal spending to Medicaid under the current administration at the national level.

[9:59:17 AM](#)

Mr. Helvoight replied that the greatest risk for Alaska was what would happen to the federal match for the expansion population.

[10:01:06 AM](#)

Senator Kiehl asked about the possibility that people were unaware they were enrolled in Medicare. He wondered whether those folks were not receiving primary or preventative care or paying for more expansive care.

[10:01:44 AM](#)

Mr. Helvoight replied that he did not know.

[10:02:57 AM](#)

Mr. Helvoight addressed slide 14, "Comparison to Other States":

- We compared growth in Medicaid spending in Alaska to spending growth in six comparison states.
- Each state experienced growth in Medicaid spending between FY2016 and FY2023, but only Alaska experienced a decrease in General Fund spending.
- Alaska (along with Montana, North Dakota, and Wyoming) also experienced a decrease in average spending per enrollee between FY2016 and FY2023.

[10:05:16 AM](#)

Mr. Helvoight highlighted slide 15, "Comparison to Private Insurance in Alaska":

- Enrollment in private insurance has been flat.
- Cost per enrollee has risen faster for private insurance.

[10:07:39 AM](#)

Mr. Helvoight pointed to slide 17, "Alaska's Population Is Aging and Shrinking":

- Expected to decline slightly over next 20 years
- Driven by a drop in the number of children
- Slight growth in the adult 20-64 population
- Modest growth in the senior population
- Trends impact more than just Medicaid

[10:09:11 AM](#)

Mr. Helvoight addressed slide 18, "Medicaid Reimbursement Rates and Medical Price Inflation":

- Before FY2021, medical price inflation in Alaska outpaced Medicaid reimbursement rates by about 3.6 percentage points per year.

- From FY2021 through FY2023, Medicaid reimbursement rates grew faster than medical price inflation.
- Between FY2017 and FY2024, Medicaid reimbursement rates increased by 27 percent and medical price inflation increased by 44 percent.

[10:11:32 AM](#)

Mr. Helvoight looked at slide 19, "Faster Forecasted Growth in Spending":

- Last year's forecast was for average annual growth of 4.4 percent.
- Unwinding has had little impact on Medicaid spending.
- Increasing Medicaid reimbursement rates are likely "permanent".
- Continued shift toward IHS FFP rate.

[10:13:00 AM](#)

Mr. Helvoight pointed to slide 20, "Growth in Reimbursement Rates Will Drive Spending Growth":

Growth in recipients, utilization, and intensity of Medicaid services will have relatively modest impacts on spending growth.

Mr. Helvoight discussed slide 21, "Impact of Allowing Reimbursement Rates to Grow at Same Rate as Medical Price Inflation":

Allowing Medicaid reimbursement rates to grow at the same rate as medical price inflation would add nearly \$800 million to Medicaid by FY2045.

[10:15:43 AM](#)

Mr. Helvoight highlighted slide 23, "Medicaid Spending Is Driven by A Relatively Small Proportion of Recipients":

- The 1 percent of recipients with highest costs account for 22 percent of Medicaid spending.
- The 10 percent of recipients with highest costs account for 67 percent of Medicaid spending.
- The 50 percent of recipients with lowest costs account for only 4 percent of Medicaid spending

[10:17:56 AM](#)

Mr. Helvoight looked at slide 24, "Chronic Conditions and Age, FY2024":

- Analyzed FY2024 claims data to identify recipients diagnosed with any of 64 different chronic conditions.
- Defined a recipient as having a specific chronic condition if he or she received two diagnoses for the condition during FY2024.
- The number of recipients diagnosed with one or more chronic conditions has remained stable since FY2019.

[10:19:30 AM](#)

Mr. Helvoight pointed to slide 25, "Chronic Conditions Drive Medicaid Spending":

Utilization and spending on Medicaid services is directly related to the number of chronic condition diagnoses an individual receives.

[10:20:47 AM](#)

Mr. Helvoight looked at slide 26, "High-Cost Recipients and Chronic Conditions":

The 10 percent of Medicaid recipients with highest costs are much more likely to have one or more diagnosed chronic conditions.

[10:22:01 AM](#)

Mr. Helvoight addressed slide 27, "Chronic Conditions Drive Growth in Medicaid Spending":

Today, 81 percent of Medicaid spending is on services for recipients diagnosed with one or more chronic conditions.

This will increase to 84 percent by FY2045.

Mr. Helvoight highlighted slide 29, "Medical Price Inflation vs. Medicaid Reimbursement Rates":

- Medical care component of the Consumer Price Index (MCPI) includes only those parts of healthcare goods, services, and health insurance premiums paid for by consumers "out of pocket."
- Medicaid Reimbursement Rates are the amounts paid to providers by the Medicaid program for covered medical and related services based on fee schedules, which are reviewed annually, biennially, or triennially, and are periodically updated based on these reviews.

[10:23:18 AM](#)

Senator Kaufman wondered about fraud and whether the numbers had been audited to find fraud.

[10:23:55 AM](#)

Mr. Helvoight replied in the affirmative and stated that his assumption was that all the numbers were legitimate. He said that there was a group that investigated fraud and waste on a continual basis.

[10:24:31 AM](#)

Senator Kaufman thought that it would be interesting to know the reality within the numbers. He asked whether there were any macro trends that were at risk of driving up costs.

Mr. Helvoight thought that the number of individuals with a diagnosed behavior health or substance abuse condition had increased, which he believed could contribute to increased costs. He said that those clients were more likely to use the emergency room and use inpatient hospital services.

[10:26:57 AM](#)

Senator Kaufman asked whether there had been any changes on the supply side that the committee should be aware of.

[10:27:00 AM](#)

Mr. Helvoight replied that he did not have enough information to respond.

Co-Chair Hoffman discussed the following day's agenda.

#

ADJOURNMENT
10:28:01 AM

The meeting was adjourned at 10:28 a.m.