

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

April 24, 2025

3:32 p.m.

MEMBERS PRESENT

Senator Forrest Dunbar, Chair
Senator Cathy Giessel, Vice Chair
Senator Matt Claman
Senator Löki Tobin
Senator Shelley Hughes

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 4

"An Act relating to a health care insurance policy incentive program; relating to health care services; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 45

"An Act relating to medical assistance services; relating to parity in mental health and substance use disorder coverage in the state medical assistance program; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 4

SHORT TITLE: HEALTH CARE PRICES AND INCENTIVE PROGRAMS

SPONSOR(S): SENATOR(S) HUGHES

01/22/25	(S)	PREFILE RELEASED 1/10/25
01/22/25	(S)	READ THE FIRST TIME - REFERRALS
01/22/25	(S)	L&C, HSS
03/21/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/21/25	(S)	Heard & Held
03/21/25	(S)	MINUTE(L&C)

04/02/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/02/25 (S) Heard & Held
 04/02/25 (S) MINUTE(L&C)
 04/09/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/09/25 (S) Moved CSSB 4(L&C) Out of Committee
 04/09/25 (S) MINUTE(L&C)
 04/11/25 (S) L&C RPT CS 2DP 3NR SAME TITLE
 04/11/25 (S) DP: BJORKMAN, YUNDT
 04/11/25 (S) NR: DUNBAR, MERRICK, GRAY-JACKSON
 04/24/25 (S) HSS AT 3:30 PM BUTROVICH 205

BILL: SB 45

SHORT TITLE: MEDICAID MENTAL HEALTH PARITY

SPONSOR(s): SENATOR(s) DUNBAR

01/22/25 (S) PREFILE RELEASED 1/17/25
 01/22/25 (S) READ THE FIRST TIME - REFERRALS
 01/22/25 (S) HSS, FIN
 01/28/25 (S) HSS AT 3:30 PM BUTROVICH 205
 01/28/25 (S) Heard & Held
 01/28/25 (S) MINUTE(HSS)
 04/03/25 (S) HSS AT 3:30 PM BUTROVICH 205
 04/03/25 (S) <Bill Hearing Canceled>
 04/10/25 (S) HSS AT 3:30 PM BUTROVICH 205
 04/10/25 (S) Scheduled but Not Heard
 04/24/25 (S) HSS AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

ELEILIA PRESTON, Staff
 Senator Shelley Hughes
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Offered a presentation on SB 4.

ROB GRAYBILL, Senior Vice President - Commercialization
 Zelis
 Boston, Massachusetts

POSITION STATEMENT: Testified by invitation on SB 4.

TIM FROST, Senior Fellow
 Cicero Institute
 Boise, Idaho

POSITION STATEMENT: Testified by invitation on SB 4.

LORI WING-HEIER, Director
 Division of Insurance

Department of Commerce, Community, and
Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered question on SB 4.

ARIELLE WIGGIN, Staff
Senator Forrest Dunbar
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Offered a summary of changes for SB 45,
version A to I.

ACTION NARRATIVE

[3:32:09 PM](#)

CHAIR DUNBAR called the Senate Health and Social Services Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Hughes, Claman, Giessel, Tobin, and Chair Dunbar.

SB 4-HEALTH CARE PRICES AND INCENTIVE PROGRAMS

[3:32:53 PM](#)

CHAIR DUNBAR announced the consideration of SENATE BILL NO. 4 "An Act relating to a health care insurance policy incentive program; relating to health care services; and providing for an effective date."

[3:33:30 PM](#)

SENATOR HUGHES, speaking as sponsor of SB 4, gave opening remarks about the bill. She stated that Alaska has some of the highest health care costs in the nation and the world. While SB 4 is not a complete solution, it is a measured, non-disruptive step that will help lower costs over time by applying free-market principles. She said the approach will gradually bend the cost curve downward, ease the burden on families, seniors, school districts, and other constituents, and give Alaskans better information to plan and make informed health care decisions. Ultimately, it will put more money in consumers' pockets and reduce overall system costs. She said SB 4 allows consumers to obtain price and provider information for procedures through their insurer and incentivizes them to choose lower-cost providers. If a consumer selects a provider charging less than the average price, the resulting savings are shared among the consumer, employer, and insurer, or split between the consumer and insurer for privately purchased plans. She stated that the savings can be applied to deductibles, encouraging

timely care and improving health outcomes. Other states have implemented similar models, placing downward pressure on high prices and saving millions of dollars.

[3:38:30 PM](#)

ELEILIA PRESTON, Staff, Senator Shelley Hughes, Alaska State Legislature, Juneau, Alaska, offered a presentation on SB 4. She stated that health care costs, measured by insurance premiums, have risen by 42 percent between 2019 and 2025; a significant increase in just six years.

[3:39:03 PM](#)

MS. PRESTON moved to slide 3, Three Pillars of SB 4 Right to Shop, and stated that SB 4 is built on three pillars: the right to know, the right to save and the right to pick. It empowers patients to seek high-value care, noting higher-value doesn't necessarily mean being the most expensive. It helps to lower health care costs, improve care, reduce out-of-pocket expenses, and expand access.

[3:39:24 PM](#)

MS. PRESTON moved to slide 4, Patients Should Know. She stated that health care prices vary widely for identical services. The same X-ray or surgery can cost anywhere from a few hundred to several thousand dollars depending on the facility, even when performed by the same provider. She gave an example of the cost of a brain CT scan at about \$492 at one Anchorage provider, but ranges from \$575 to \$1,250 at a regional hospital and \$1,300 to \$2,850 at the Alaska Native Medical Center, demonstrating significant and often unexplained price differences.

[3:40:56 PM](#)

MS. PRESTON moved to slide 5, How Right to Shop Works, and gave the steps to use Right to Shop:

[Original punctuation provided.]

- See your doctor
- Call or go online to locate the best options
- Choose location at the best value (in- or out-of-network)
- Receive service at location of your choice
- Be rewarded with shared savings

[3:41:50 PM](#)

MS. PRESTON moved to slide 6, Cool Tools Work for Shopping Available to All, and stated that the federal transparency and coverage rule, passed by Congress and released in October 2020, requires most group health plans and insurers in both group and individual markets to disclose price and cost-sharing information to enrollees. The rule took full effect on January 1, 2024.

[3:42:20 PM](#)

MS. PRESTON moved to slide 7, Patients Want the Right to Shop, and stated that health care is essential, yet people rarely shop for it. Transparency would empower them to choose better options:

[Original punctuation provided.]

-53 percent of voters say its difficult to determine medical costs before a visit.

-Only 12 percent think higher-cost providers always provide better care.

-77 percent of Americans want the Right to Shop for more affordable health care.

[3:43:03 PM](#)

MS. PRESTON moved to slide 8, Other States with Right to Shop, and noted that other states with different approaches and values have adopted Right to Shop and have seen success.

[3:43:50 PM](#)

SENATOR TOBIN noted that most example states have few rural communities. She asked whether the legislation would significantly impact rural populations and who would be affected by the bill.

MS. PRESTON replied that states like Virginia, Florida, and Georgia, often viewed as urban, contain many rural communities.

CHAIR TOBIN clarified that she was referring to rural and remote communities. She asked whether similar impacts have been observed in other states with remote populations.

[3:45:32 PM](#)

SENATOR HUGHES answered that Alaska may be the first state, aside from Hawaii, with highly remote communities to consider this approach. She said in many villages, routine care occurs locally, while price shopping would apply mainly to major procedures that already require travel, often out of state, where consumers may be motivated to compare options.

[3:46:27 PM](#)

CHAIR DUNBAR asked how the average procedure cost is calculated and whether it is a simple or weighted mean when there are multiple higher-priced providers and a single lower-cost outlier.

SENATOR HUGHES replied that she is not sure. She stated her belief that the calculation used in SB 4 is the median and is open to making changes as necessary.

CHAIR DUNBAR stated that there is some complexity in calculating averages with few providers and said he will direct his question to the testifiers from other states.

[3:48:34 PM](#)

SENATOR CLAMAN stated he is happy to hear from invited testimony on the matter.

[3:48:49 PM](#)

SENATOR HUGHES shared that AETNA provided a letter of concern with premise. She stated that lower cost does not lead to lower quality citing research showing no correlation. She said SB 4 is voluntary, does not force consumers to shop, allows insurers to provide quality rankings, and fairly shares savings with employers. She noted that some objections stem from misunderstandings of the bill.

[3:50:56 PM](#)

ROB GRAYBILL, Senior Vice President, Commercialization, Zelis, Boston, Massachusetts, testified by invitation on SB 4. He stated that he is relevant to today's discussion as he is the co-founder of SmartShopper. He cited proven success of right-to-shop and shared savings programs. He has had success in states such as New Hampshire, where SmartShopper saved patients and taxpayers millions of dollars. He emphasized that high care prices drive Alaska's insurance costs. He stated that SB 4 would provide accessible price information, meaningful shared savings incentives, deductible credit, and compliance with federal transparency rules. He noted SmartShopper has generated over \$130 million in savings nationwide and recommended allowing

rewards as low as \$25 to encourage participation in lower-cost procedures and preventive care.

[3:54:47 PM](#)

MR. GRAYBILL said that offering incentives for preventive services like mammograms, lab work, and screenings can reduce financial barriers and improve overall health. High-volume providers often deliver higher-quality care at lower cost, and shared savings models are proven, popular with patients, and effective at reducing financial burdens while increasing competition among efficient, high-quality providers.

[3:56:28 PM](#)

TIM FROST, Senior Fellow, Cicero Institute, Boise, Idaho, testified by invitation on SB 4. He stated that patients should be empowered to shop for care to reduce costs, but true empowerment requires accessible, usable information and meaningful incentives. SB 4 transforms price transparency from passive disclosure into an active cost-saving tool, rewarding patients for choosing medically necessary care among approved options. He said SB 4 does not encourage overuse, promotes informed decision-making, motivates providers to compete on value, and helps insurers lower claims, giving Alaskans greater control over their health care spending. He referenced SB 4, page 2, line 31, that specified "an incentive may be calculated as a percentage of the price difference, as a flat dollar amount, or by other reasonable methodology adopted by the director by regulation." SB 4 gives the department flexibility to consider service-specific benchmarks, comparable procedures, geographic or market adjustments, in-network claims data, and timing, with provisions that can be strengthened if necessary. He stated that concerns about administrative costs are overstated, as most insurers already provide price transparency tools under the No Surprises Act. SB 4 builds on this existing infrastructure, links it to consumer incentives, and leverages successful employer plans and third-party vendors. Reduced claims from lower-cost choices can generate system-wide savings that outweigh any administrative costs, even with modest adoption in Alaska.

[4:01:23 PM](#)

SENATOR GIESSEL asked if Mr. Frost was with the Think Tank of Cicero Institute.

[4:01:32 PM](#)

MR. FROST replied in the affirmative.

SENATOR GIESSEL noted that Idaho is not among the 13 states with right-to-shop laws and asked whether any of those states with right-to-shop also have certificate-of-need requirements.

[4:02:10 PM](#)

MR. FROST replied that he cannot provide a full breakdown of the 13 right-to-shop states with certificate-of-need (CON) laws however, most states have addressed CON. He said recent changes include South Carolina repealing its CON law, West Virginia considering repeal, while Minnesota, Florida, and North Carolina maintain longstanding laws. Texas has an active right-to-shop bill similar to the one under discussion.

SENATOR GIESSEL asserted that Alaska's cost of healthcare is complicated by certificate of need.

[4:03:12 PM](#)

CHAIR DUNBAR noted that the No Surprises Act went into effect in 2023. He asked Mr. Frost why Idaho hasn't participated in right-to-shop.

MR. FROST replied that Cicero is located in another state. He noted that while Idaho has begun exploring right-to-shop policies, none have passed. He highlighted similarities with Alaska, including rural access challenges, and emphasized that SB 4 is not mandatory, though it provides patients a tool to compare prices and potentially save money for themselves, families, employers, and insurers.

CHAIR DUNBAR noted surprise at Aetna's opposition, given insurers share in savings and can cover administrative costs. He asked whether, in other states, providers have opposed right-to-shop laws and, if so, what their concerns or arguments typically are.

[4:05:56 PM](#)

MR. FROST deferred the question to Mr. Graybill.

CHAIR DUNBAR asked if Mr. Graybill has any sense of resistance from the provider community in other states.

[4:06:19 PM](#)

MR. GRAYBILL replied that providers delivering high-quality, affordable care tend to support this legislation, as it brings them more patients and allows them to benefit from shared savings. In markets where this program has operated, such providers have been consistently supportive.

[4:07:28 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, Juneau, Alaska, answered question on SB 4 and introduced herself.

[4:07:39 PM](#)

SENATOR CLAMAN asked whether all in-network providers would charge the same rate for a procedure under SB 4.

[4:08:30 PM](#)

MS. WING-HEIER replied that it's unlikely all in-network providers will have the same rate. She said total costs vary depending on the facility, anesthesiologist, and other components, even if the physician's charge is the same.

[4:08:57 PM](#)

SENATOR CLAMAN asked how an in-network patient can easily and efficiently compare the total cost of a complex procedure like a colonoscopy among multiple providers, and how much time it will take both the patient and providers to obtain that information.

[4:09:38 PM](#)

MS. WING-HEIER answered that comparing in-network and out-of-network options will be a process for consumers, as they must consider differences in cost sharing, reimbursement, deductibles, and co-pays to determine the best choice for a procedure.

SENATOR CLAMAN stated that a consumer would need to compare multiple in-network providers for a colonoscopy by collecting and calculating each provider's total cost and their personal share, then use that information to decide which option offers the best value.

[4:11:25 PM](#)

MS. WING-HEIER replied in the affirmative. She said the consumer will have to make phone calls and compare numbers to decide what is best for them.

[4:11:50 PM](#)

SENATOR CLAMAN asked whether any out-of-network rates in Alaska are currently lower than in-network rates for any procedures.

[4:12:15 PM](#)

MS. WING-HEIER replied that she is not aware of any and will have to do some research.

[4:12:24 PM](#)

SENATOR HUGHES referenced SB 4, page 2, line 14-15 and said that patients do not need to verify rates themselves. The bill requires insurers to provide comprehensive price comparisons by phone and online. She said patients won't need to contact multiple providers, as insurers provide price and cost-sharing information. Consumers still need to consider their options, but the research is handled by the insurer.

[4:13:47 PM](#)

SENATOR CLAMAN said his understanding is health insurers keep in-network rates confidential. He asked if the intention of SB 4 is to make all in-network rates publicly available for all providers.

[4:14:38 PM](#)

SENATOR HUGHES replied that price transparency already exists, as required by Congress. Alaska requires hospitals to post their rates. This change may not be as major as it seems. She said the Division Director can provide more details.

[4:15:00 PM](#)

MS. WING-HEIER replied that insurance companies post what they will pay, not providers' full charges. In-network discounts apply, and providers cannot share negotiated rates to prevent collusion. Network rates may not reflect total provider charges.

[4:16:11 PM](#)

SENATOR CLAMAN said that he finds the situation confusing, noting that hospitals may post their rates, however insurers often keep in-network payments confidential. He asked whether SB 4 requires insurers to publish in-network rates, since insurers typically do not know out-of-network rates.

[4:17:02 PM](#)

MS. WING-HEIER replied that she will look into the rules on posting rates and report back to the committee.

[4:17:13 PM](#)

SENATOR HUGHES asked if invited testimony could respond to the question.

CHAIR DUNBAR repeated Senator Hughes question to Mr. Graybill.

[4:18:06 PM](#)

MR. GRAYBILL responded that federal law requires hospitals to post their charges, making that information publicly available. He said in-network cost information is generally easy for consumers to access through insurer websites or member portals, often within minutes, and includes all components of a service, such as professional, facility, and ancillary fees. These transparency tools have been available for years without causing confusion in other markets. SB 4 builds on this by incentivizing consumers to use the information and act on it through rewards.

[4:20:16 PM](#)

CHAIR DUNBAR held SB 4 in committee.

[4:20:31 PM](#)

At ease.

SB 45-MEDICAID MENTAL HEALTH PARITY

[4:24:38 PM](#)

CHAIR DUNBAR reconvened the meeting and announced the consideration of SENATE BILL NO. 45 "An Act relating to medical assistance services; relating to parity in mental health and substance use disorder coverage in the state medical assistance program; and providing for an effective date."

[4:24:57 PM](#)

CHAIR DUNBAR solicited a motion.

[4:25:01 PM](#)

SENATOR GIESSEL moved to adopt the committee substitute (CS) for SB 45, work order 34-LS0146\I, as the working document.

[4:25:12 PM](#)

CHAIR DUNBAR objected for purposes of discussion.

[4:25:21 PM](#)

ARIELLE WIGGIN, Staff, Senator Forrest Dunbar, Alaska State Legislature, Juneau, Alaska, offered a summary of changes for SB 45, version A to I.

[Original punctuation provided.]

Section 1 Page 1 Lines 5-11

Inserts a new section in uncodified law that describes the legislative intent of this bill, independent of related federal policy.

Section 2-3

Renumbers references to previous sections, otherwise unchanged from Version A

Section 4

Page 3 Line 21 changes reporting requirement from every year to every four years.

Page 3 Line 25 adds a new paragraph instructing the department create an action plan for addressing noncompliance with federal mental health parity law and new statute AS 47.07.033.

Page 3 Line 30 Instructs the department to include noncompliance complaints received in the past 12 months in a progress report submitted to the Legislature every year they do not submit a report.

Section 5-8

Previous Sections 5-7; Renumbers references to previous sections, otherwise unchanged from Version A

[4:26:33 PM](#)

SENATOR HUGHES noted that she didn't have version I in her packet.

[4:27:16 PM](#)

SENATOR GIESSEL expressed concern that the summary of changes doesn't match the new bill. She said she doesn't see how page 3, line 30, "instructs the department to include noncompliance complaints received in the past 12 months in a report."

[4:27:38 PM](#)

MS. WIGGIN stated that page 4, line 30, matches the summary of changes.

[4:27:55 PM](#)

MS. WIGGIN noted that the legal services department has been working hard on the changes. She stated that there will be more changes after the stakeholders review the updates.

[4:28:13 PM](#)

CHAIR DUNBAR stated that the Department of Health found the proposal overly burdensome and costly, so the department asked to work with the behavioral health association on a revised version. He said while advocates are not fully satisfied, the

goal is to reach a workable compromise that reduces administrative burdens on behavioral health providers.

[4:28:57 PM](#)

SENATOR HUGHES noted that the bill's intent language directs parity not only for the state Medicaid program but for all health insurance plans. She asked whether private plans and other state plans are currently providing mental health parity.

[4:29:37 PM](#)

MS. WIGGIN replied that the language is uncodified intent and does not have the force of law but states the bill's goal. She noted that Alaska is exempt from the federal Mental Health Parity Act due to its fee-for-service system. She suggested that the Department of Health respond for clarification.

[4:30:12 PM](#)

SENATOR HUGHES acknowledged the language in SB 45 is nonbinding but notes that it directs Medicaid to improve mental health parity. She asked about the current status of mental health parity in private insurance plans and whether the sponsor is aware of how those plans compare.

[4:30:48 PM](#)

MS. WIGGIN replied that their focus has been on Medicaid and that private insurance plans in the state are not required to provide mental health parity. She offered to conduct further research and provide a written response.

[4:31:38 PM](#)

CHAIR DUNBAR removed his objection. He found no further objection and CSSB 45 was adopted as the working document.

[4:32:06 PM](#)

CHAIR DUNBAR held SB 45 in committee.

[4:33:05 PM](#)

There being no further business to come before the committee, Chair Dunbar adjourned the Senate Health and Social Services Standing Committee meeting at 4:33 p.m.