

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 2, 2025

1:31 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Kelly Merrick, Vice Chair
Senator Elvi Gray-Jackson
Senator Forrest Dunbar
Senator Robert Yundt

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 132

"An Act relating to insurance; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 133

"An Act relating to prior authorization requests for medical care covered by a health care insurer; relating to a prior authorization application programming interface; relating to step therapy; and providing for an effective date."

- MOVED CSSB 133 (L&C) OUT OF COMMITTEE

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

PREVIOUS COMMITTEE ACTION

BILL: SB 132

SHORT TITLE: OMNIBUS INSURANCE BILL

SPONSOR(S): LABOR & COMMERCE

03/14/25 (S) READ THE FIRST TIME - REFERRALS
03/14/25 (S) L&C, FIN
03/19/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/19/25 (S) Heard & Held
03/19/25 (S) MINUTE(L&C)
03/26/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/26/25 (S) Heard & Held
03/26/25 (S) MINUTE(L&C)
04/02/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 133

SHORT TITLE: INSURANCE; PRIOR AUTHORIZATIONS

SPONSOR(s): LABOR & COMMERCE

03/17/25 (S) READ THE FIRST TIME - REFERRALS
03/17/25 (S) L&C, FIN
03/19/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/19/25 (S) Heard & Held
03/19/25 (S) MINUTE(L&C)
03/26/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/26/25 (S) Heard & Held
03/26/25 (S) MINUTE(L&C)
04/02/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 4

SHORT TITLE: HEALTH CARE PRICES AND INCENTIVE PROGRAMS

SPONSOR(s): HUGHES

01/10/25 (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)

WITNESS REGISTER

KONRAD JACKSON, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a brief recap of SB 132.

LORI WING-HEIER, Director
Division of Insurance
Anchorage, Alaska

POSITION STATEMENT: Answered questions relating to SB 132.

KONRAD JACKSON, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a brief recap of SB 133.

KONRAD JACKSON, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Offered an explanation of Amendment 1 to SB 133.

SENATOR SHELLEY HUGHES, District M
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 28.

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

POSITION STATEMENT: Provided the sectional analysis for SB 4.

JOSH ARCHAMBAULT, Senior Fellow
Cicero Action
Austin, Texas

POSITION STATEMENT: Testified by invitation on SB 4.

LORI WING-HEIER, Director
Division of Insurance
Anchorage, Alaska

POSITION STATEMENT: Answered questions relating to SB 4.

ACTION NARRATIVE

[1:31:52 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Merrick, Gray-Jackson, Dunbar, Yundt and Chair Bjorkman.

SB 132-OMNIBUS INSURANCE BILL

[1:32:50 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 132 "An Act relating to insurance; and providing for an effective date."

[1:33:29 PM](#)

KONRAD JACKSON, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, presented a brief recap of SB 132 and stated that this legislation is the omnibus insurance bill that updates Title 21: Insurance Statutes. SB 132 makes technical changes to align with revisions to the insurance industry terminology, adopt National Association of Insurance Commissioners (NAIC) model laws, and refresh references to federal statutes.

[1:35:16 PM](#)

CHAIR BJORKMAN asked how the proposed Owner Controlled Insurance Program (OCIP) changes would benefit the market, specifically in lowering limits, and what the current capacity and needed adjustments to ensure multi-dwelling projects can obtain insurance.

[1:36:09 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Anchorage, Alaska, answered questions relating to SB 132 and replied that Owner-Controlled and Contractor-Controlled Insurance Programs (OCIPs/CCIPs) are similar, with the difference being who purchases the insurance. She said these programs cover all insurance on large projects, providing workers' compensation and liability insurance for the project site during construction. She said benefits include avoiding subrogation disputes and reducing markups in contractor bids. Examples include the Trans-Alaska Pipeline System (TAPS) and airport projects. She said in the current hard insurance market, some sponsors propose allowing OCIPs/CCIPs for multi-residential projects with a \$5 million threshold. The division sees some merit but argues \$5 million is too low. At the \$5 million threshold, projects may not qualify as "major construction," and shifting payroll and revenue into the large projects there won't be much available premium for insurers, leaving little incentive to cover smaller contractors. She said she was concerned that a \$5 million limit may distort the market, though a higher threshold might be reasonable.

[1:38:59 PM](#)

SENATOR YUNDT asked if the \$5 million is the value of the project or the amount in payroll.

[1:39:08 PM](#)

MS. WING-HEIER replied that \$5 million is the value of the project, which is a multi-residential 5 unit project.

SENATOR YUNDT replied that is a small number.

MS. WING-HEIER expressed her agreement.

[1:40:10 PM](#)

CHAIR BJORKMAN [resumed public testimony from March 26, 2025]; finding none, he closed public testimony on SB 132.

[1:40:31 PM](#)

CHAIR BJORKMAN held SB 132 in committee.

[1:40:39 PM](#)

At ease.

SB 133-INSURANCE; PRIOR AUTHORIZATIONS

[1:42:51 PM](#)

CHAIR BJORKMAN reconvened the meeting announced the consideration of SENATE BILL NO. 133 "An Act relating to prior authorization requests for medical care covered by a health care insurer; relating to a prior authorization application programming interface; relating to step therapy; and providing for an effective date."

[1:43:28 PM](#)

KONRAD JACKSON, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, presented a brief recap of SB 133 and stated that this bill addresses the prior authorization process for medical care covered by insurers. Developed collaboratively by providers, regulators, and insurers, SB 133 sets clear timelines, communication requirements, and promotes electronic submissions via insurer portals. He said SB 133 also authorizes the Division of Insurance director to oversee compliance and enforcement.

[1:44:48 PM](#)

CHAIR BJORKMAN opened public testimony on SB 133; finding none, he closed public testimony.

[1:45:31 PM](#)

CHAIR BJORKMAN solicited a motion.

[1:45:33 PM](#)

SENATOR MERRICK moved to adopt Amendment 1, work order 34-LS0470\N.

34-LS0470\N.1
Wallace
3/26/25

A M E N D M E N T 1

OFFERED IN THE SENATE

BY SENATOR BJORKMAN

TO: SB 133

Page 4, lines 11 - 13:
Delete all material.

Page 9, lines 24 - 26:
Delete "or a requirement that a covered person or health care provider notify a health care insurer before receiving or providing medical care"

[1:45:37 PM](#)

CHAIR BJORKMAN objected for purposes of discussion.

[1:45:47 PM](#)

KONRAD JACKSON, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, offered an explanation of Amendment 1 to SB 133 and stated that the amendment makes two corrections to the bill:

-Section AS 21.07.110 (page 4, lines 11-13): Deletes language to clarify insurer website transparency requirements. Insurers must post only current prior authorization procedures with effective dates, not outdated ones.

-Page 9, lines 24-26: Revises the definition of prior authorization to fix a drafting error and align with the definition agreed upon by stakeholders.

[1:47:26 PM](#)

CHAIR BJORKMAN removed his objection.

[1:47:31 PM](#)

CHAIR BJORKMAN found no further objection and Amendment 1 was adopted.

[1:47:49 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[1:47:52 PM](#)

SENATOR MERRICK moved to report SB 133, work order 34-LS0470\N. as amended, from committee with individual recommendations and attached fiscal note(s).

[1:48:07 PM](#)

CHAIR BJORKMAN found no objection and CSSB 133(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[1:48:22 PM](#)

At ease.

SB 4-HEALTH CARE PRICES AND INCENTIVE PROGRAMS

[1:54:53 PM](#)

CHAIR BJORKMAN reconvened the meeting and 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."

[1:55:36 PM](#)

SENATOR SHELLEY HUGHES, District M, Alaska State Legislature, Juneau, Alaska, sponsor of SB 28 said the bill creates incentives for Alaskans to shop for health care using a price comparison tool. She said when patients choose providers charging less than the average price, the savings are shared between the patient, employer, and insurer. With Alaska's high health care costs impacting school districts, state budgets, and families, SB 4 aims to free up dollars and help households reduce expenses, especially important amid inflation and declining PFDs.

[1:57:14 PM](#)

ELEILIA PRESTON, Staff, Senator Shelley Hughes, Alaska State Legislature, Juneau, Alaska, provided the sectional analysis for SB 4:

[Original punctuation provided.]

SB 4 Incentive Program Sectional Analysis

Section 1 - Page 1, lines 4 through line 7

Adds Alaska Health Care Consumer's Right to Shop Act as a new section to the uncodified law of the State of Alaska.

[1:57:31 PM](#)

MS. PRESTON continued with the section analysis:

Section 2 - AS 21.06.110- Page 1, line 8 through Page 2, line 28

Adds healthcare insurance incentive program to the list of items to be included in the director's annual report.

(1) - (4): Mandates reporting on insurer statuses, including financial summaries, actions on certificates, delinquency proceedings, and examinations of rating organizations.

(5): Requires a breakdown of receipts and expenses within the Division of Insurance.

(6): Includes director recommendations for statutory changes to insurance laws.

(7): Reports on health insurance market trends by tracking policies sold and terminated.

(8): Includes a percentage of health claims that meet existing statutory standards (AS 21.36.495(a) and (d)).

(9): Details contributions and credits claimed under AS 21.96.070, a section relevant to insurer contributions to public healthcare programs.

(10): Reports public comments and division efforts to maintain access to health insurance rate filings. (11): Mandates an incentive program report, covering the scope and impact of the consumer shopping incentives outlined in AS 21.96.260.

(12): Allows for additional information the director considers pertinent.

Section 3 - AS 21.36.100- Page 2, line 29 through Page 3, line 14

Clarifies that the incentives offered under the new "Right to Shop" program, AS 21.96.220, are legally permissible and not classified as unlawful rebates under Alaska's existing insurance laws.

[1:59:07 PM](#)

MS. PRESTON continued with the section analysis:

Section 4 - AS 21.96- Page 3, line 15 through Page 6, line 10 Adds a new section to AS 21.96 outlining the requirements for a consumer incentive program, aiming to make healthcare costs more predictable and affordable by offering monetary rewards to consumers who select cost-effective healthcare providers.

Sec. 21.96.210 A healthcare insurer shall establish an interactive online tool so that the covered person may request and obtain information about the amount paid for specific healthcare services by the insurance company to the in-network providers and be able to compare prices among network healthcare providers.

Sec. 21.96.220

(a) The healthcare insurance company shall develop and implement an incentive program for a covered person who elects to receive a service from a provider that charges less than the average in-network price paid by the insurer for the same service.

(b) An incentive shall be provided by an insurance carrier who offers a policy in a group or individual market to a covered person for choosing a service from a provider that charges less than the average in-network price by way of a flat rate or a percentage of cost savings unless the cost saved by the insured is less than \$200.

(c) An incentive shall be provided by an insurance carrier who provides coverage under a group health care insurance policy offered by an employer in the amount of 33.4 percent of the costs saved by the insurer resulting from a covered person's election to receive a health care service from a provider who charges less than the median of the contracted rates recognized by the insurer for that service. The insurer shall provide the employer with at least 33.3 percent of the costs saved by the insurer resulting from the covered person's election.

(d) A healthcare insurer must provide an incentive of at least 50 percent of the costs saved by the healthcare insurer to a covered person under a policy offered in an individual market.

(e) An incentive provided is not a violation of AS 21.36.100, Rebates, or an administrative expense of the healthcare insurer rate.

[2:01:25 PM](#)

MS. PRESTON continued with the section analysis:

Sec. 21.96.230 The incentive program will be included in all qualified plans in the state and will provide notice of eligibility at the time of initial enrollment or annual renewal.

Sec. 21.96.240 Before offering an incentive program, the health insurance company shall file a program description with the director to ensure compliance.

Sec. 21.96.250 If consumers save money using an out-of-network provider, their cost-sharing payments are counted as in-network.

Sec. 21.96.260

(a) The health care insurer will provide the director with information about the incentive program annually. Information will include:

- 1) The total number of incentive payments
- 2) Information on the use of the incentive program by category or service;
- 3) The total amount of incentive payments;
- 4) The average amount of each incentive payment for each category or service;
- 5) The total savings achieved below the average price of health care service in each category of service; and
- 6) The total number and percentage of covered persons participating in the incentive program.

(b) The director shall include the information in their annual report submitted to the committee chairs in each house of the legislature with jurisdiction over labor and commerce.

Sec. 21.96.270

(a) Defines the types of insurance policies the program applies, excluding certain "excepted benefits."

(b) Explicitly includes dental and vision policies.

(c) "Excepted benefits" has the meaning given in AS

21.54.160. Sec. 21.96.300

Establishes definitions for terms in AS 21.96.210-21.96.300,

- (1) "health care insurance" has the meaning given in AS 21.12.050;
- (2) "health care insurer" has the meaning given in AS 21.54.500;
- (3) "health care provider" has the meaning given in AS 18.23.400(n);
- (4) "health care service" has the meaning given in AS 18.23.400(n);
- (5) "policy" has the meaning given in AS 21.97.900.

[2:03:53 PM](#)

MS. PRESTON continued with the section analysis:

Section 5- AS 29.10.200, Page 6, line 11 through line 13

Adds Sec. AS 29.35.142, regulation of disclosure and reporting of health care services and price information, to the list of home rule powers under AS 29.10.200.

Section 6- AS 29.35- Page 6, line 14 through line 27

Expands on Section 5 by specifically prohibiting municipalities from passing laws regulating the disclosure or reporting of healthcare price information by providers, facilities, or insurers.

(a): Confirms that the authority to regulate healthcare price disclosures is solely the state's, barring municipalities from enacting local laws.

(b): This restriction applies to all types of municipalities, including home rule and general law municipalities, ensuring uniform application across the state.

(c): Provides definitions for "health care facility," "health care insurer," "health care provider," and "health care service" as referenced in AS 18.23.400(n), and AS 21.54.500.

[2:05:08 PM](#)

MS. PRESTON continued with the section analysis:

Section 7- Page 6, line 28 through page 7, line 7

Directs the Alaska Department of Administration to study and report on whether public employees covered by state health insurance would benefit from participating in the "Right to Shop" incentive program. Specifically, it requires an analysis of group health policies provided under AS 39.30.090 or AS 39.30.091. The Department of Administration shall complete the analysis, compile information in a report to the legislature, and submit the report to the senate secretary and chief clerk of the house before January 1, 2026.

Section 8- Uncodified law- Page 7, line 8 through line 13

Amends the codified law of the State of Alaska by adding a new section allowing the director of the division of insurance to adopt regulations necessary to implement this Act.

Section 9- Page 7, line 14

Sections 7 and 8 of this Act take place immediately.

Section 10- Page 7, line 15

Except for sec. 9 of this Act, this Act takes effect on January 1, 2026.

[2:06:29 PM](#)

SENATOR DUNBAR referenced Section 5 [AS 29.10.200] and stated that Anchorage, as a home rule municipality, already requires providers to publish prices for their top 10 procedures. He asked whether the proposed state law would preempt this local requirement or if Anchorage's authority would remain protected.

[2:07:19 PM](#)

SENATOR HUGHES replied that the committee might need to hear from legislative legal, however her understanding is future health care price transparency laws would fall under state authority, preempting new municipal rules. Alaska already passed a state-level transparency law, but it has proven hard to use and ineffective at lowering costs. She said the proposed mechanism aims to improve usability without negating prior efforts.

[2:08:19 PM](#)

SENATOR DUNBAR stated that he is uncertain whether Anchorage's ordinance or a prior legislative bill required the menu of prices, as each used a different mechanism. He said while uniformity across the state is desired, Anchorage's ordinance has been workable. He said his concern is whether the state law would only apply prospectively or eliminate Anchorage's existing provisions, which may raise his hesitancy about Section 5 of the bill.

[2:09:31 PM](#)

CHAIR BJORKMAN expressed concern that SB 4, Section 6, diminishes municipal health powers and asked how it conflicts with the Right to Shop health care program.

[2:10:38 PM](#)

SENATOR HUGHES opined that Section 6, wouldn't interrupt the mechanism. She suggested that the committee ask the same question to the Director of the Division of Insurance.

[2:11:33 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 4.

[2:11:47 PM](#)

JOSH ARCHAMBAULT, Senior Fellow, Cicero Action, Austin, Texas, testified by invitation on SB 4 and stated that it addresses Alaska's high health care costs by aligning incentives for patients, providers, and insurers around value-based care. The bill allows patients to receive deductible credits and financial rewards when they choose lower-cost, ethically priced providers, ending the current penalty for seeking cheaper care. He said providers benefit from reduced administrative burdens, faster payments, and the ability to attract more patients, particularly in rural areas. The reform is especially beneficial for patients with chronic conditions or large, non-emergency medical expenses. He said by encouraging the use of lower-cost care options, SB 4 can improve access, promote follow-up care, and apply downward pressure on insurance premiums over time. Similar programs in states such as Tennessee and Texas have demonstrated success, showing that shared-savings incentives can effectively reward cost-conscious care without compromising quality.

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SENATOR DUNBAR asked Mr. Archambault if he was aware of the hesitancy among Alaska hospital groups regarding SB 4 and if he knew the groups specific concerns. He also inquired about evidence from other states on whether similar reforms have reduced insurance premiums. He discussed Alaska's 80th

percentile rule, the perceived imbalance of negotiation power between insurers and providers and asked Mr. Archambault's opinion whether SB 4 would favor insurers and if cost savings from such programs have led to lower premiums elsewhere.

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MR. ARCHAMBAULT replied that while he is not familiar with specific hospital objections in Alaska, hospitals commonly raise objection about reforms like SB 4, which vary by market and hospital. He said research across urban and rural settings shows that offering patients additional care options and rewarding ethically priced providers can motivate 30-40 percent of patients to change behavior, leading to better access and reduced long-term costs. Evidence from states like New Hampshire, Kentucky, and California suggests such programs can stabilize or reduce premiums, encourage new market entrants, prompt high-cost providers to adjust prices, and expand direct-pay options. He said early data indicate measurable reductions in costs, though local results may vary due to unique market dynamics. Overall, adding options for patients to seek lower-cost care is seen as a net benefit.

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CHAIR BJORKMAN opened public testimony on SB 4; finding none, he closed public testimony.

[2:22:31 PM](#)

CHAIR BJORKMAN asked Ms. Wing-Heier to share her thoughts on SB 4, Section 5 and 6, and the rationale why these sections are included in the bill.

[2:22:49 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Anchorage, Alaska, answered questions relating to SB 4 and replied that there are multiple layers of health care price transparency, including state statutes, the federal "No Surprises" Act, and local municipal requirements, but none of these are perfect. A major challenge is that consumers often do not know these tools exist or how to use them. For example, patients may not know the correct procedure codes for surgeries or tests, making it difficult to compare costs accurately. SB 4 supports greater consumer involvement in health care decisions by providing options and incentives to seek lower-cost care. She said patients will still need to actively verify prices with providers and insurers to confirm potential savings. She emphasized that improving consumer education is essential so

that Alaskans can spend their health care dollars more wisely and take full advantage of transparency tools.

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SENATOR DUNBAR stated that he doesn't think he's ever shopped for healthcare providers, and he usually will go where he is told to go. He said many people don't know what they are shopping for and when they find a provider it may take months and month to get in to see the provider. He asked if similar reforms have been implemented in other states, has this issue come up in discussions with insurance administrators elsewhere, and what feedback is there concerning how the programs are working.

[2:26:05 PM](#)

MS. WING-HEIER replied that she is waiting to hear back from the other states and will give an update once she has received an answer.

[2:26:39 PM](#)

SENATOR YUNDT expressed strong support for SB 4 and opined that financial incentives would motivate patients to shop for their own health care. He said he saw little risk and significant potential benefit for Alaskans, though he flagged concerns about unintentionally limiting local health powers. Overall, he viewed SB 4 as a major opportunity to help residents and welcomed further refinement through the public process.

[2:27:59 PM](#)

CHAIR BJORKMAN noted that while patients sometimes shop for lower-cost services, limited provider access can restrict choices. He emphasized the importance of incentivizing spending, particularly in self-insured plans, to encourage use of lower-cost care options instead of expensive emergency department visits.

[2:29:01 PM](#)

CHAIR BJORKMAN held SB 4 in committee.

[2:29:22 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:29 p.m.