

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 9, 2025

1:33 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. 4

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

- MOVED CSSB 4 (L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 4

SHORT TITLE: HEALTH CARE PRICES AND INCENTIVE PROGRAMS

SPONSOR(S): SENATOR(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)
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)

WITNESS REGISTER

SENATOR SHELLEY HUGHES, District M

Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 28.

KONRAD JACKSON, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented the explanation of changes from version N to version G of SB 4.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community, and Economic Development
Juneau, Alaska
POSITION STATEMENT: Answered questions regarding committee substitute(CS) for SB 4.

ACTION NARRATIVE

[1:33:31 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Merrick, Gray-Jackson, Dunbar, Yundt and Chair Bjorkman.

SB 4-HEALTH CARE PRICES AND INCENTIVE PROGRAMS

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CHAIR BJORKMAN 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."

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SENATOR SHELLEY HUGHES, District M, Alaska State Legislature, Juneau, Alaska, sponsor of SB 28 presented a brief recap of the legislation. She stated that the Alaska Healthcare Right to Shop Act establishes an incentive program that rewards Alaskans for choosing lower-cost healthcare providers. If a patient selects a provider charging below the average cost for a procedure, the patient receives a share of the resulting savings.

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SENATOR GRAY-JACKSON asked if the Right to Shop program is voluntary.

[1:36:14 PM](#)

SENATOR HUGHES replied that the program would apply to roughly 115,000-118,000 Alaskans through insurance providers, with potential consideration for AlaskaCare in the future. While some states make such programs optional, the recommendation is to implement it directly.

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SENATOR GRAY-JACKSON asked for thoughts on making the program voluntary.

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SENATOR HUGHES stated her belief that insurers could already offer programs voluntarily. However, requiring it provides clear benefits. This type of program would ease financial strain on families and seniors, gradually improve affordability, and promote free-market principles without causing major disruption to the healthcare system.

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SENATOR YUNDT sought clarification that participation in the program is 100 percent voluntary for individuals, but insurance companies must offer consumers the opportunity to participate.

[1:38:20 PM](#)

SENATOR HUGHES replied that it is voluntary for individuals to participate but requires insurance companies to offer the opportunity.

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CHAIR BJORKMAN commented that SB 4 applies mainly to a small portion of Alaskans in the private insurance market, while federal law limits broader action. He said the state must act carefully when considering public market reforms. He said the long-term goal is to expand the risk pool to achieve greater efficiency, economies of scale, and better outcomes in Alaska's small healthcare market.

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SENATOR HUGHES stated that the smaller market is the small business owners and individuals who purchase their own insurance. SB 4 would give these individuals and smaller businesses potential savings to offset costs like deductibles. She said it might also encourage broader participation from providers and insurers, including TriCare, helping to lower healthcare prices and, in turn, reduce insurance premiums for

everyone. This support is vital since these individuals bear the full cost of coverage.

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CHAIR BJORKMAN solicited a motion.

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SENATOR MERRICK moved to adopt the committee substitute (CS) for SB 4, work order 34-LS0040\G, as the working document.

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CHAIR BJORKMAN objected for purposes of discussion.

[1:42:42 PM](#)

KONRAD JACKSON, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, offered the following explanation of changes for SB 4 from version N to version G:

- Page 1, lines 8-14, to page 2, lines 1-28 removes Section 2.
- Page 5, lines 26-29, removes Section 4(b) .
- Page 6, lines 11-13, removes Section 5.
- Page 6, lines 14-27, removes Section 6.
- Page 6, line 28 to page 7, line 7, removes Section 7.

The remaining sections are renumbered accordingly.

[1:44:28 PM](#)

SENATOR DUNBAR asked Mr. Jackson to remind the committee of the impact of removing Section 5 and Section 6, starting on page 6 from the legislation.

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MR. JACKSON replied that Section 5 and 6 were removed from SB 4 to eliminate the requirement for the Director of Insurance and the Department of Retirement and Benefits to provide an annual report.

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SENATOR DUNBAR asked if Mr. Jackson was confident there aren't other substantive changes.

[1:45:43 PM](#)

MR. JACKSON replied yes, these were the only changes requested.

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CHAIR BJORKMAN removed his objection

[1:46:19 PM](#)

CHAIR BJORKMAN found no further objection and CSSB 4 was adopted as the working document.

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SENATOR YUNDT clarified that the insurance company, employer, and employee share the savings from the program. He said SB 4 is seen as a "win-win," for everyone involved. He stated that reducing insurer losses, easing pressure on rates, and encouraging individuals to take more control by shopping for cost-effective care, occurs without harm to any party involved.

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SENATOR DUNBAR asked Ms. Wing-Heier to comment on the committee substitute (CS) and summarize the changes. He asked if she thought there were any substantive or practical differences in how SB 4 would affect individual Alaskans compared to the original version.

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LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development (DCCED), Juneau, Alaska, answered questions regarding the committee substitute for SB 4. She replied that the changes are not substantive and mainly remove reporting requirements. The Division of Insurance's annual report will provide sufficient data. She said another change was deleting the reporting and study requirements for the Department of Administration and how it would impact AlaskaCare. As a result, SB 4 now applies only to Title 21 and does not affect AlaskaCare or union plans, unlike the earlier version.

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SENATOR DUNBAR asked if Tricare is affected by the CSSB 4.

MS. WING-HEIER answered that is correct.

SENATOR DUNBAR asked if The Right to Shop program extends to providers outside of Alaska.

MS. WING-HEIER replied yes. She said the program allows patients to recoup savings if they choose a lower-cost provider, even out-of-state. However, travel and related expenses must be considered, which might offset potential savings.

SENATOR DUNBAR asked whether travel costs are only calculated when a patient seeks to bill insurance, and whether unexpected care while traveling would be excluded from the cost calculation.

MS. WING-HEIER replied yes. She said if patients are already at the location or cover travel themselves only the procedure's cost is considered.

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CHAIR BJORKMAN solicited the will of the committee.

[1:51:45 PM](#)

SENATOR MERRICK moved to report CSSB 4, work order 34-LS0040\G, from committee with individual recommendations and attached fiscal note(s).

[1:52:01 PM](#)

CHAIR BJORKMAN found no objection and CSSB 4(L&C) was reported from the Senate Labor and Commerce Standing Committee.

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There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 1:52 p.m.