

March 28, 2025

Senate Labor & Commerce Committee
State Capitol Room 105
Juneau AK, 99801
Senate.Labor.And.Commerce@akleg.gov

RE: AHHA Opposes Senate Bill 4 – Health Care Prices and Incentive Programs

Dear Committee Members,

For over 70 years, the Alaska Hospital & Healthcare Association (AHHA) has served as a non-profit trade association representing Alaska's hospitals, nursing homes, and a growing number of healthcare partners across the continuum of care. AHHA members play an invaluable role, both as community providers and essential employers, in cities, towns, and villages across Alaska.

Although AHHA agrees with the importance of price transparency and incentivizing lower cost, quality healthcare for Alaskans, we disagree with the approach taken in SB 4 and oppose the legislation.

SB 4 creates the “Alaska Health Care Consumer’s Right to Shop Act” and requires insurers to develop and implement a program that provides a monetary incentive for a covered person to elect to receive a covered health care service from a health care provider who charges less than the median contracted rate recognized by the health care insurer. The incentive may be calculated as a percentage of the difference in price as a flat dollar amount or by another reasonable methodology adopted by the director by regulation.

Setting up and administering this program will be complex and potentially costly. We are concerned that any additional costs will be passed on to consumers through increased insurance premiums. We are also concerned that the structure of the program could incentive care moving out of state, thereby eroding critical services in Alaska.

While the status quo of healthcare costs is unacceptable, the cost of delivering healthcare in Alaska will always be higher than Seattle and the Lower 48. Labor and construction costs alone are higher for every industry in our state, and in healthcare, these costs are spread over smaller volumes than elsewhere. Unfortunately, free market principles do not fully translate to health care because payment for services is largely dictated by the state and federal government.



While we strongly support price transparency, empowering consumers, and consumers receiving the highest quality care at a reasonable cost, we are concerned about the implementation costs for SB 4 and the potential for driving care out of Alaska. For these reasons, we oppose SB 4 and recommend exploring other ways to lower the cost of healthcare in Alaska.

In closing, thank you for your efforts in prioritizing access to quality, sustainable healthcare for all Alaskans.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Kosin'.

Jared C. Kosin, JD, MBA
President & CEO