



Alaska State Legislature

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Senate Bill 266

Sponsor Statement – Version A

“An Act relating to reimbursement for non-network health insurance claims.”

Senate Bill 266 stabilizes Alaska’s health insurance marketplace by standardizing out-of-network reimbursement at 75% of the median in-network rate for the same service. This bill provides a predictable cost-containment measure that protects patients, supports providers, and encourages insurance companies to build more robust networks.

Healthcare providers recognize that out-of-network reimbursement rates are poor, unpredictable, and inconsistent. Standardizing the rates that out-of-network providers are paid creates a stable, predictable market for providers. This structure reduces patient exposure to “surprise” billing and balance billing, which include costs passed down from providers.

Insurers add buffers to premiums to account for the risk of paying large claims when out-of-network costs are unpredictable. Capping these costs with a market stabilizer at 75% of the median lowers the risk and insurers can more accurately forecast their liabilities.

If an insurer and a provider don’t agree on a contract, the provider can stay out-of-network and bill high prices that the insurer either pays or passes onto the patient. Setting the out-of-network rates at 75% of the median creates a strong financial incentive for providers to move back into networks where they can receive the full negotiated rates. This rate gives patients more choices and creates better coordination of care.

Senate Bill 266 works to provide a consistent out-of-network reimbursement rate that would pay providers a fair, standardized amount based on actual data. This structure has the potential to stabilize the market and encourage providers to move into network.

The Alaskan healthcare system is complex, expensive, and unique. Senate Bill 266 will help establish a more stable and competitive health insurance marketplace.