

Alaska State Legislature

Senator Cathy Giessel
Senate Majority Leader
Senate District E
907-465-4843



120 4th Street
Alaska State Capitol,
Room 121
Juneau, AK 99801

Senate Bill 121

Sectional Analysis (vsn N)

"An Act relating to settlement of health insurance claims; relating to allowable charges for health care services or supplies; and providing for an effective date."

Section 1. Amends AS 21.36 Trade Practices and Fraud

Adds new section 21.36.497 that outlines the following:

- For an out-of-network provider the director of the Division of Insurance shall set in regulation the standards an insurer must use in considering an allowable charge
- The director will require the insurer to use statistically credible methodology to set the allowable charge.
- The charges must be based on current data of provider charges over a 12-month period and cannot vary for different parts of the state.
- The allowable charge may not be less than the 75th percentile of the charges as defined by the CPT code; however, the director may set an allowable charge at a higher percentile.
- For primary care providers, the allowable charge must be the greater of the allowable charge or 450% of the current CMS fee schedule at the time of delivery.
- The director shall periodically audit the methodology used by the insurer in setting the allowable charge and should do this at least every 5 years, but not more often than every 3 years.
- An insurer must uniformly and equally apply reimbursement rates to any provider practicing within the scope of their license for same services under the same CPT code adopted by the AMA.

Section 2. Adds a new section that allows for a transition period

In this section the insurer would set allowable charges based on current data from provider charges over a 12-month period beginning in 2023 or earlier. In 2029 the allowable charges must be based on current data of provider charges for services/supplies over the previous 12-month period.

Section 3. Sets an effective date for January 1, 2026.