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**Sent:** Saturday, March 8, 2025 6:18 PM

**To:** Sen. Forrest Dunbar <[Sen.Forrest.Dunbar@akleg.gov](mailto:Sen.Forrest.Dunbar@akleg.gov)>

**Cc:** Sen. Cathy Giessel <[Sen.Cathy.Giessel@akleg.gov](mailto:Sen.Cathy.Giessel@akleg.gov)>; Sen. Matt Claman <[Sen.Matt.Claman@akleg.gov](mailto:Sen.Matt.Claman@akleg.gov)>; Sen. Löki Tobin <[Sen.Loki.Tobin@akleg.gov](mailto:Sen.Loki.Tobin@akleg.gov)>; Sen. Shelley Hughes <[sen.shelley.hughes@akleg.gov](mailto:sen.shelley.hughes@akleg.gov)>

**Subject:** Please support SB 121

Dear Chair Dunbar and members of the Senate Health and Social Services Committee,

I am writing in support of Senate Bill 121, an effort to replace the 80th percent rule that was repealed on 1/1/2024. I am president of our local association and an owner of a physical therapy practice in Alaska, United Physical Therapy and North Pole Physical Therapy.

Members of the American Physical Therapy Association Alaska chapter have been negatively impacted the repeal of this rule because it removes any negotiating stance to address declining payment from payers. Without this protection, private insurers can decrease the rates in their contracts, forcing providers out of network without protection. Ultimately, this affects the numbers of providers willing to accept insurance rates and lowers access to crucial care. Physical therapy is an important aspect of health, avoiding excessive medication use, decreasing pain, improving function and avoiding more serious medical conditions. The value as a health care delivery method has been studied and confirmed repeatedly and will be a larger and larger player in the health of our community.

Over the past several years, I have witnessed flat or even declining reimbursement rates from insurers, despite the increasing costs of operating a physical therapy practice in Alaska. Over the same period, my practice expenses have risen by year over year due to inflation, rising wages, and increasing overhead costs. This has placed immense pressure on our ability to continue offering quality care to our patients, particularly to those reliant on Medicare and Medicaid.

Since the repeal of the 80th percentile regulation in January 2024, attempts to bargain for higher rates have been met with demands for further decreases from insurers. This has created a significant imbalance at the negotiating table, with insurers leveraging their power to impose further financial strain on already fragile practices like mine. Despite our best efforts to remain viable, my practice is at risk of closure due to these unsustainable financial pressures.

Additionally, the difficulty in recruiting and retaining qualified physicians in Alaska has only compounded these challenges. With declining reimbursement rates and rising costs, it is becoming increasingly difficult to offer competitive compensation to attract and retain the talent we need to care for our communities. The prospect of losing valued staff and physicians is a real and growing concern for my practice's future.

Do not hesitate to contact me for clarification or elaboration.

My cell number is 907.360.0940

Alec Kay, PT, DMT, OCS, FAAOMPT, ATC  
*APTA Alaska, president*