



March 20, 2025

Senator Forrest Dunbar, Chair
Senate Health and Social Services Committee

Re: Senate Bill 121, Health Insurance Allowable Charges

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

The Alaska Chamber (the Chamber) writes in opposition to Senate Bill 121, 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.

The Alaska Chamber is the state's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state, representing 58,000 Alaskan workers and \$4.6 billion in wages.

Each year, the Chamber membership researches, debates, and ultimately votes on what our policy positions and priorities will be moving forward. Repeal or reform of the 80th percentile rule was a policy position of the Chamber's for more than six years, through its ultimate repeal. The reason the Chamber adopted this position was directly tied to the soaring costs of healthcare in Alaska, and we were pleased to see the repeal become a reality in May 2023. The economic instability caused by out-of-control healthcare costs has negatively impacted not only Chamber membership, but nearly all businesses and organizations that offer or would like to offer health insurance.

The Chamber recognizes that the high cost of care in Alaska is a multi-faceted issue, and there is no one specific cause that attributable to the crisis. However, research shows that the 80th percentile rule is unequivocally one of the contributing factors to the high cost of care, and reinstating a 75th percentile rule would roll back the incremental positive changes we've seen since the repeal.

Senate Bill 121 would impact approximately 118,000 Alaskans—15% of the population—who rely on individual, small-group, and large-group insured plans regulated under Title 21. By mandating reimbursement at the 75th percentile for all out-of-network care, even if a provider charges less, the bill will drive up premiums and health care costs for Alaskans. The nonpartisan National Academy for State Health Policy (NASHP) has found that similar policies increase costs, while other states are actively working to reduce costs by adjusting provider reimbursement rates.

No other state has implemented across-the-board reimbursement mandates at this level. While some states have percentile-based reimbursements, they are limited to emergency or access-related situations. In contrast, this bill applies across all out-of-network claims, setting an unprecedented and unsustainable benchmark. Health plans such as AlaskaCare, the University of Alaska, and the Pacific Health Coalition have established reimbursement rates at 185% of Medicare, whereas SB121 would effectively set rates at 450% of Medicare—far exceeding any other state's standard.



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The bill also undermines recent health care reforms introduced alongside the repeal of the 80th percentile rule, including Medicaid rate review and primary care reimbursement studies aimed at addressing cost concerns in a data-driven manner. Moving forward with a reimbursement mandate at this level would disrupt ongoing efforts to create a more sustainable and competitive health care system.

For these reasons, we strongly oppose SB121 and urge lawmakers to consider policies that reduce health care costs without placing additional financial burdens on consumers and businesses. We appreciate your attention to this important issue and welcome the opportunity to work on solutions that ensure affordable, high-quality health care for all Alaskans. Thank you for considering the Alaska Chamber's comments.

Sincerely,

A handwritten signature in black ink that reads "Kati Capozzi". The signature is fluid and cursive, with the first name "Kati" and last name "Capozzi" clearly distinguishable.

Kati Capozzi
President and CEO