



The Honorable Forrest Dunbar
Chairman
Senate Health & Social Services Committee
State Capital Room 125
Juneau, AK 99801

Re: Opposition to SB 121

Dear Senator Dunbar,

I am writing on behalf of the National Association of Benefits and Insurance Professionals Alaska Chapter (NABIP Alaska Chapter), an organization representing consultants, licensed agents, and brokers engaged in health insurance sales and service across the state of Alaska. Our members represent thousands of Alaskan employers, employees, and dependents. We wish to express our **opposition and concerns regarding SB 121.**

While NABIP supports fair and reasonable compensation for healthcare providers, we strongly oppose SB 121 and believe this legislation will destabilize Alaska's already fragile individual and group fully insured health insurance marketplaces that cover 118,000 Alaskans. Our NABIP members work directly with these individuals and businesses to ensure Alaskans continue to have access to affordable healthcare. The **primary concern of our organization is how the cost floors described in SB 121 would directly increase costs to this small segment.**

Laws passed by the Legislature will primarily affect the Individual market and only the fully insured Employer Market, as the self-funded group market is exempt from state regulations. Thereby, this legislation will **only impact 15% of Alaskans**—approximately 118,000 individuals. Burdening the cost of this legislation on this small percentage of Alaskans **unfairly shifts** the burden of healthcare costs to the smallest health insurance population in Alaska. This includes lower income Individuals & families, small businesses, self-employed, sole proprietors, gig and seasonal workers, students, and early career professionals.

In Alaska, **we have extremely limited options for private health insurance** for this 15% of the population seeking coverage. We fear legislation that targets this small segment of the population will place an unjust burden on individuals and employers in Alaska, resulting in increased costs for Alaskan employers, employees and families, as well as accelerating the decline of businesses in our state, disincentivizing entrepreneurship, and placing small businesses at an unfair disadvantage.

SB 121 serves as an attempt to replace the 80th Percentile Rule which was only repealed as of January 1, 2024. Remember, the 80th Percentile Rule was implemented at a time when providers, especially specialists in Alaska, were not joining carrier networks, which is no longer the case. **The repeal of the 80th Percentile is already having a positive impact on access to healthcare.** Moda Health has added over 1,500 providers to their network and Premiera has not had any providers leave their network to date. Providers

joining carrier networks protect Alaskans by providing more in-network options, eliminating balance billing, reducing the cost share for Alaskans, and lowering the overall healthcare cost trend.

Alaska is already challenged with an aging population and net out migration. Policies that will help us maintain a robust working age population in our state are critical. To encourage enterprising Alaskans to start businesses and to attract more young people to our state, we must provide the basics – including access to affordable healthcare. Having access to affordable and quality healthcare is a primary requirement of attracting and retaining a strong workforce.

Any legislation that raises health insurance reimbursements has a direct correlation to the increase in healthcare premiums. This is a fundamental principle of how insurance operates. Collected premiums in a market are allocated to cover expected claims, administrative expenses, and reinsurance pools. Health insurance in Alaska is already costly, and further increases will compel more Alaskans to forgo insurance. This could cause severe economic and health consequences for families, individuals, the community, and the state. This situation will exert additional pressure on state-funded assistance programs and emergency medical services, leading to significant economic and health repercussions for Alaska. A decline in enrollment in the state's small group and individual health insurance marketplace could destabilize these already limited risk pools and potentially result in more insurance carriers exiting these markets. Currently, Alaska has only two carriers in the individual market, and in 2025, one carrier exited the small group insurance market leaving only three carriers.

We encourage the committee to set this legislation aside, and to engage the entire healthcare community in ways we can collectively address healthcare access and affordability in Alaska. Those solutions should not target a small subset of Alaskans. We need solutions that consider how providers are compensated through all types of coverage to include state, federal and tribal programs, and Medicaid and Medicare reimbursement rates. We need solutions that examine increased transparency standards on insurance carriers to better enable Alaskans to make informed healthcare coverage decisions. The need for higher provider compensation cannot solely be the responsibility of the most vulnerable, individuals and small businesses in Alaska.

Healthcare and Health Insurance in Alaska is the highest cost in the World, we need to focus on legislation and solutions that lower the cost of care and insurance. NABIP Alaska Chapter stands ready to work with all stakeholders to lower the cost of care, increase quality and expand access to Alaskans. Thank you for your attention to this matter. We are happy to answer any additional questions you may have to better understand the nuances of these issues and the potential impacts to our state.

Sincerely,

Albert Fogle
NABIP Alaska President
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cc: Senate Health & Social Services Committee Members