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To: Sen. Jesse Bjorkman <Sen.Jesse.Bjorkman@akleg.gov>; Sen. Kelly Merrick <Sen.Kelly.Merrick@akleg.gov>; Sen. Elvi Gray-Jackson <Sen.Elvi.Gray-Jackson@akleg.gov>; Sen. Forrest Dunbar <Sen.Forrest.Dunbar@akleg.gov>; Sen. Robert Yundt <Sen.Robert.Yundt@akleg.gov>; Sen. Cathy Giessel <Sen.Cathy.Giessel@akleg.gov>; Sen. Matt Claman <Sen.Matt.Claman@akleg.gov>; Sen. Löki Tobin <Sen.Loki.Tobin@akleg.gov>; Sen. Shelley Hughes <sen.shelley.hughes@akleg.gov>

Subject: SB121 and SB122

Dear Senators,

As I'm sure you already are aware, as of January 1, 2024, the Alaska Department of Commerce repealed the 80th percentile rule, in which provider minimum reimbursement rates were set. Under this rule, insurers had to reimburse providers at the 8th highest billed charge out of 10, allowing providers to increase their billed charges twice a year. When providers increase their charges twice in a 12 month period, health care costs are artificially inflated and health insurance premiums are increased at a rate higher than most other states.

It is well known that Alaska's health care rates for services provided are far above the national average. The introduction of SB121, sponsored by Senator Giessel, reinstates a minimum price-setting mechanism rates at the 75th percentile, or 450% of Medicare rates. This means that insurers would be required to pay 4.5 times what the federal government deems reasonable for reimbursement. SB122, also sponsored by Senator Giessel, would impose restrictions on an insurer's ability to build provider networks by requiring that most practicing providers be added to insurer's networks, eliminating the ability for the insurers to establish networks based on mutual agreement. When negotiations happen, we all end up with fair rates and cost containment. Both of these bills have the potential of skyrocketing medical costs in the state of Alaska, which then has the potential to shift medical care for Alaskans to other states. Eventually, Alaska could be left with bare bones medical care, which is dangerous and unnecessary.

Alaskans on Medicare/Medicaid would not be affected, thereby shifting the full financial burdens caused by SB121 and SB122 to those covered under group plans and those who purchase their coverage through the exchange. I am one of those people. I am a widowed person, with no one to share the rising costs of healthcare. On top of that, I'm also in my early 60s, and although fairly healthy, I am still starting to have more medical issues that I did even 10 years ago. So this is concerning to me, and weighs heavy on my mind. I cannot afford for my premiums to keep rising 30% a year, nor can I afford to have my 20% coinsurance increase substantially.

I respectfully ask that you reconsider these Senate Bills, and the impact both will have on the people of Alaska.

Thank you,
Rhonda Lamp