

From: Ellen Izer <Ellen.Izer@PREMERA.com>
Sent: Thursday, March 20, 2025 3:20 PM
To: Sen. Cathy Giessel <Sen.Cathy.Giessel@akleg.gov>
Subject: SB121 and SB122

Dear Senator,

The viability of Alaska's health insurance market is at risk. As of January 1, 2024, the Alaska Department of Commerce repealed the 80th percentile rule, which previously set a minimum reimbursement rate that insurers were required to pay providers. 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—a practice that artificially inflated healthcare costs and drove up insurance premiums at a rate higher than most other states.

Now, this progress is under threat with the introduction of SB 121, sponsored by Senator Kathy Giessel. This bill proposes reinstating a minimum price-setting mechanism, setting rates at the 75th percentile of billed charges (the 7.5th highest billed amount out of 10) or 450% of Medicare rates—meaning insurers would be required to pay 4.5 times what the federal government deems reasonable for reimbursement.

Additionally, SB 122, also sponsored by Senator Giessel, would impose unprecedented restrictions on insurers' ability to build provider networks. This bill would mandate that insurers include most practicing providers in their networks, eliminating the ability to establish networks based on mutual agreement and aligned cost structures. This would undermine insurers' ability to negotiate fair rates and contain costs—ultimately increasing premiums for Alaskan businesses and families.

Why This Matters

These bills fail to address Alaska's core healthcare challenge: the high and unsustainable cost of medical services. Instead, they unfairly shift the financial burden onto a shrinking group of Alaskans—primarily employers offering health benefits and individuals purchasing insurance for their families.

Meanwhile, the majority of Alaskans, those covered through Medicaid and Medicare, would see no impact from these bills, leaving the responsibility for rising costs on a small and declining percentage of the working population. If passed, SB 121 and SB 122 would significantly disrupt the Alaska health insurance market, increasing premiums and reducing affordability for businesses and individuals.

Respectfully,

Ellen Izer
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