



March 25, 2025

Senator Forrest Dunbar, Chair
Senate Health and Social Services Committee

Re: Senate Bill 122, Health Insurance Network Standards

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

The Alaska Chamber (the Chamber) writes in opposition to Senate Bill 122, an act relating to insurance; establishing standards for health insurance provider networks; 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.

Senate Bill 122 presents significant concerns for Alaska's health insurance market, provider dynamics, and consumer costs. While we support efforts to improve access to care and ensure accurate provider networks, this legislation imposes rigid requirements that may lead to unintended and harmful consequences for Alaskans.

One of our primary concerns is the mandated network adequacy thresholds (i.e., 85%, 90%), which insurers may not be able to meet due to Alaska's unique geography, workforce shortages, and limited provider pool. This challenge has already prevented Medicare Advantage from operating in Alaska. If implemented, these standards could push more insurers out of the market, reducing options for businesses and consumers and increasing health care costs.

The bill's narrow focus on physicians, physician assistants, and advanced practice registered nurses may be considered discriminatory against other essential providers, raising equity concerns. Additionally, provisions that require non-network providers to be listed in network directories could mislead consumers, leading to confusion and potential mistrust in the system.

From a regulatory standpoint, this proposal presents serious logistical and administrative challenges. The Division of Insurance does not currently license individual providers or facilities and would require additional contract support and interagency coordination to verify network participation, placing strain on limited state resources. The bill also includes vague language around facilities and tribal organizations, adding uncertainty to implementation.

Furthermore, this legislation appears to infringe on providers' rights to not contract, potentially raising constitutional questions under the First Amendment. It also reduces insurers' ability to negotiate rates, increasing the likelihood of higher costs being passed on to consumers through premium increases. When considered alongside SB 121, this bill could disincentivize providers from joining networks altogether, as they would be guaranteed high out-of-network reimbursement rates, undermining the very intent of network adequacy requirements.



2550 Denali Street, Suite 530
Anchorage, AK 99503



Office (907) 278-2722



www.alaskachamber.com
info@alaskachamber.com

In short, SB122 risks destabilizing Alaska's already fragile health insurance market, increasing costs for consumers, and introducing confusion and legal uncertainty into an already complex system. We urge lawmakers to reconsider this approach and work collaboratively with stakeholders on policies that strengthen access to care while preserving market stability and consumer choice.

For these reasons, we strongly oppose SB122 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 written in a cursive, flowing style.

Kati Capozzi
President and CEO