

March 13, 2025

Senator Forrest Dunbar
Chair, Senate Health & Social Services
Alaska State Legislature
State Capitol Room 125
Juneau, AK 99801

RE: SB 122

Chair Dunbar:

Thank you for the opportunity to transmit the concerns of Premera Blue Cross Blue Shield of Alaska regarding the large affordability impacts that would be borne by Alaska businesses and consumers, should this ill-considered legislation be enacted.

At Premera, we feel that efforts to promote the affordability of our products are key to continuing to be able to provide care for our customers. This is because affordability has become the highest bar a person must clear, in order to gain access to health insurance and health care services.

SB 122 would put in place the most restrictive network adequacy system of any state in the United States. If (a big if) a carrier could actually comply with the measure's provisions, it would certainly be at a very high cost.

Invited testimony from Mr. Jeff Davis indicated that this bill is intended to address a problem that does not yet exist: narrow networks in Alaska. Premera has the broadest network of any carrier in the state and we don't foresee a narrow network in our future. Further, from what we can tell, our competitors don't employ narrow networks either. This bill is not needed.

Mr. Davis also suggested to the committee that there are no network adequacy requirements in place in Alaska. While it is true that Alaska is one of 18 mostly rural states that does not have a state-specific set of requirements for network adequacy, the federal government does have network adequacy requirements for Qualified Health Plans (QHPs) under the Affordable Care Act (ACA) – including those that serve Alaskans. Premera complies with these requirements for our individual health plans, and by extension, the rest of our lines of business do so as well. This is because we essentially have one (compliant) network for all our products.

To touch on a few of the bill's problematic provisions:

- In the case of both the 100% threshold for facilities, and the 95% threshold for specialty providers, virtually every provider will have the opportunity to hold a health plan hostage. The provider will be able demand whatever rate they want. If the health plan would like to do business in Alaska, the health plan must agree. This provision will have an upward spiraling effect on costs, if not completely crash the health insurance marketplace – all it would take to disqualify a carrier is for one provider to refuse to contract and that carrier does not comply. This is to say nothing of the small subset of providers to do not, under any circumstances contract with insurance companies. Would they also carry a veto over health carriers? Under the bill, carriers would need to contract with 95% of specialty and subspecialty providers in an area. In many instances, the number of specialty and subspecialty providers in an area can be counted on one hand. Mathematically, a carrier would need to contract with five out of five providers and if just one declines, that carrier does not meet the 95% threshold and is disqualified from doing business in Alaska.
- There is no exception in the bill for poor quality providers/facilities or those providers who have previously been excluded from a carrier network due to fraud concerns. By requiring carriers to contract with them, it will subject members to potentially low-quality care and/or fraudulent behavior.

In conclusion, we urge the legislature to set SB 122 aside and instead focus on the countless other, in many cases, serious, pressing problems currently confronting the Alaska legislature. There is no sense investing effort in a problem that is purely theoretical; especially when the proposed solution is so costly.

Sincerely,



Gary B. Strannigan
Vice President
Congressional/Legislative Affairs