

# Alaska State Legislature

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## Senator Shelley Hughes

*District M – Palmer, Butte, Lazy Mountain, Gateway, Knik-Fairview, Settlers Bay*

### **CSSB 4 Incentive Program Sectional Analysis**

#### **Section 1 – Uncodified Law**

Adds *Alaska Health Care Consumer's Right to Shop Act* as a new section to the uncodified law of the State of Alaska.

#### **Section 2 – AS 21.36.100**

Clarifies that the incentives offered under the new "Right to Shop" program, AS 21.96.220, are legally permissible and not classified as unlawful rebates.

#### **Section 3 – AS 21.96**

Adds a new section to AS 21.96 outlining the requirements for a consumer incentive program.

##### **Sec. 21.96.210**

Insurers must provide an online tool for comparing provider costs.

##### **Sec. 21.96.220**

- (a) Mandates insurers to develop an incentive program rewarding covered persons who choose providers charging below the average in-network rate for a given service.
- (b) For group or individual market policies, incentives may be a flat rate or percentage of savings, provided the savings exceed \$200.
- (c) For group plans offered by employers, insurers provide 33.4% of the cost savings to the insured and at least 33.3% to the employer.
- (d) For individual market policies, insurers must offer at least 50% of the savings to the insured as an incentive.
- (e) Specifies that these incentives do not violate AS 21.36.100 (rebates) and are not treated as administrative expenses for rate-setting purposes.

##### **Sec. 21.96.230**

Requires an incentive program for all qualified health plans statewide, with eligibility notices provided to enrollees during initial enrollment or annual renewal periods.

**Sec. 21.96.240**

Directs insurers to submit a detailed program description to the director of the division of insurance prior to implementation.

**Sec. 21.96.250**

If consumers save money using an out-of-network provider, their cost-sharing payments are counted as in-network.

**Sec. 21.96.260**

- (a) Obligates insurers to submit an annual report to the director, detailing:
- (1) Total number of incentive payments;
  - (2) Usage breakdown by healthcare service category;
  - (3) Total amount of incentives;
  - (4) Average amount of each incentive by category of services;
  - (5) Aggregate savings achieved below average service costs;
  - (6) Number and percentage of covered persons participating.

**Sec. 21.96.270**

- (a) Defines the types of insurance policies the program applies, excluding certain "excepted benefits."  
(b) Explicitly includes dental and vision policies.  
(c) "Excepted benefits" has the meaning given in AS 21.54.160.

**Sec. 21.96.300**

Establishes definitions for terms in AS 21.96.210-21.96.300,

- (1) "health care insurance" has the meaning given in AS 21.12.050;
- (2) "health care insurer" has the meaning given in AS 21.54.500;
- (3) "health care provider" has the meaning given in AS 18.23.400(n);
- (4) "health care service" has the meaning given in AS 18.23.400(n);
- (5) "policy" has the meaning given in AS 21.97.900.

**Section 4 – Uncodified law**

Amends the codified law of the State of Alaska by adding a new section allowing the director of the division of insurance to adopt regulations necessary to implement this Act.

**Section 5**

Section 4 of this Act take place immediately under AS 01.10.070(c).

**Section 6**

Except for sec. 5 of this Act, this Act takes effect on January 1, 2026.