

SENATE BILL NO. 121

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATORS GIESSEL BY REQUEST, Gray-Jackson

Introduced: 3/5/25

Referred: Health and Social Services, Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to settlement of health insurance claims; relating to allowable charges**
2 **for health care services or supplies; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 21.36 is amended by adding a new section to read:

5 **Sec. 21.36.497. Standards for settlement of health insurance claims.** (a) In
6 the absence of a contract between a health care insurer and a health care provider that
7 sets allowable charges for health care services and supplies furnished to a covered
8 person, the director shall set by regulation the standards that a health care insurer must
9 use to set allowable charges for health care services or supplies furnished to a covered
10 person by a health care provider in the state. The director shall require a health care
11 insurer to use a statistically credible methodology to set allowable charges. Allowable
12 charges must be based on the most current data available that shows amounts charged
13 by health care providers in the state for the service or supply over a 12-month period
14 and must be the same across the state. An allowable charge may not be less than the

1 75th percentile of charges in the state for a health care service or supply as defined by
 2 the Current Procedural Terminology adopted by the American Medical Association or
 3 other industry standard method of coding, but the director may set an allowable charge
 4 at a higher percentile. Allowable charges for primary care providers must be the
 5 greater of the allowable charge or 450 percent of the federal Centers for Medicare and
 6 Medicaid Services fee schedule for the state in effect at the time of delivery of the
 7 health care service or supply.

8 (b) The director shall periodically audit and validate the methodology used by
 9 a health care insurer under (a) of this section to ensure that the insurer is setting
 10 allowable charges in accordance with this section. Unless otherwise required by the
 11 director, a health care insurer shall review and update allowable charges at least every
 12 five years, but not more often than every three years.

13 (c) A health care insurer shall uniformly and equally apply reimbursement
 14 rates for the same type of health care service or supply and for health care providers
 15 who are practicing within the scope of their license and who are authorized to bill for
 16 health care services or supplies under the Current Procedural Terminology code
 17 adopted by the American Medical Association or other industry standard method of
 18 coding.

19 (d) In this section,

20 (1) "allowable charge" means the minimum amount that a health care
 21 insurer may use to set reimbursement rates for health care providers and to calculate
 22 benefits and pay health insurance claims on behalf of a covered person;

23 (2) "health care insurer" has the meaning given in AS 21.54.500;

24 (3) "health care provider" means a physician or other medical
 25 professional licensed in this state.

26 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
 27 read:

28 **TRANSITION: CALCULATION OF ALLOWABLE CHARGES.** Notwithstanding
 29 AS 21.36.497, added by sec. 1 of this Act, a health care insurer shall set allowable charges for
 30 services and supplies for calendar year 2026 based on the most current data available that
 31 shows the amounts charged by health care providers in the state for the services and supplies

1 over a 12-month period beginning in 2023 or earlier. Beginning in calendar year 2029,
2 allowable charges must be based on the most current data available at that time that shows the
3 amounts charged by health care providers in the state for the services and supplies over a 12-
4 month period.

5 * **Sec. 3.** This Act takes effect January 1, 2026.