

# Fiscal Note

State of Alaska  
2025 Legislative Session

Bill Version: SB 121  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB121CS(HSS)-DOA-HPA-04-16-2025  
Title: HEALTH INSURANCE ALLOWABLE CHARGES  
Sponsor: GIESSEL BY REQUEST  
Requester: (S) Labor & Commerce

Department: Department of Administration  
Appropriation: Centralized Administrative Services  
Allocation: Health Plans Administration  
OMB Component Number: 2152

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Services							
Travel							
Services	30,000.0		30,000.0	30,000.0	30,000.0	30,000.0	30,000.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>30,000.0</b>	<b>0.0</b>	<b>30,000.0</b>	<b>30,000.0</b>	<b>30,000.0</b>	<b>30,000.0</b>	<b>30,000.0</b>

## Fund Source (Operating Only)

1017 Group Ben (Other)	30,000.0		30,000.0	30,000.0	30,000.0	30,000.0	30,000.0
<b>Total</b>	<b>30,000.0</b>	<b>0.0</b>	<b>30,000.0</b>	<b>30,000.0</b>	<b>30,000.0</b>	<b>30,000.0</b>	<b>30,000.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2025) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2026) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** No  
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

## Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Administration

Phone: (907)465-3413  
Date: 04/16/2025  
Date: 04/16/25

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2025 LEGISLATIVE SESSION

BILL NO. CSSB121

### Analysis

This bill would require insurers to reimburse out of network providers at the 75th percentile or 450% of the Medicare allowable, whichever is greater. Although the AlaskaCare plans regulated under AS 39.30.090 & 39.30.091 and administered by the Commissioner of the Department of Administration are not directly impacted by this bill, the bill would increase revenue to out of network providers throughout the state to such an extent that it is expected to have a significant impact on provider behavior and their willingness to enter into network contract agreements. It is expected that many providers would leave networks to increase their revenue. AlaskaCare networks currently achieve approximately 40% discount off billed charges and protect AlaskaCare members from balance billing.

Presently, only approximately 10% of providers in Alaska are out of network for AlaskaCare members, more than 5,600 Alaska-based providers are in network and approximately 90% of the AlaskaCare employee plan spend is for services obtained from network providers.

An analysis of the AlaskaCare plans indicated that if this bill directly applied to AlaskaCare, it would result in an increase in employee plan reimbursements of approximately \$21M annually. The under age 65 retiree plan spend would also increase by approximately \$21M per year. The increase in reimbursements is expected to motivate providers to leave the network.

The fallout from providers leaving the network would be an increase in claim spend that would be passed to the State and plan members in the form of increased premiums. Members would also pay higher out of pocket expenses. If the bill resulted in a 25% network shift, because providers were unwilling to accept network contracts or left the network for higher reimbursements, the annual increased cost to the AlaskaCare employee plan is forecast to reach almost \$17M. The potential annual increase for the under age 65 retiree plan is approximately \$13M. That is a combined annual increase for the AlaskaCare employee and retiree plans of almost \$30M. If the bill resulted in a 100% network shift, the annual increased cost to the AlaskaCare employee plan is estimated to reach almost \$68M, while the potential annual increase for the under age 65 retiree plan is estimated to reach approximately \$52M, for a combined annual increase for the AlaskaCare employee and retiree plans of over \$119M.

The aggregate network provider reimbursements are currently equivalent to 303% of the Medicare allowable for the AlaskaCare employee plan and 345% of Medicare for the AlaskaCare under age 65 retirees. This bill would raise all out of network reimbursements to 450% of the Medicare allowable thereby increasing the cost of health care in Alaska. This bill is expected to incentivize providers to leave the network to earn more money and drive up the base negotiation point for contract-negotiated rates relative to 450% of Medicare. This bill is expected to increase the overall cost of health care in Alaska and result in more Alaskans being vulnerable to balance billing.