

Alaska State Legislature

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CS for Senate Bill 121 (HSS)

Sectional Analysis (vsn I)

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

Section 1. Amends AS 21.36 Trade Practices and Fraud

Adds new section 21.36.497 that outlines the following:

- For an out-of-network provider the director of the Division of Insurance shall set in regulation the standards an insurer must use in considering an allowable charge
- The director will require the insurer to use a statistically credible methodology to set the allowable charge.
- The charges must be based on current statewide data of provider charges over the most recently available 12-month period and cannot vary for different parts of the state.
- An insurer shall update allowable charges at least every 5 years but no more often than every 3 years.
- The allowable charge may not be less than the 75th percentile of the charges as defined by the CPT code; however, the director may set an allowable charge at a higher percentile.
- The allowable charge must be the greater of the allowable charge or 450% of the current CMS fee schedule at the time of delivery.
- The director shall periodically audit the methodology used by the insurer in setting the allowable charge.

- An insurer must uniformly and equally apply reimbursement rates to any out-of-network provider practicing within the scope of their license for same services under the same CPT code adopted by the American Medical Association.

Section 2. Adds a new section that allows for a transition period.

In this section the insurer would set allowable charges for 2026 based on statewide provider charges over a 12-month period beginning in 2023 or earlier. In 2029 the allowable charges must be based on current statewide data of provider charges for services/supplies over the most recently available 12-month period.

Section 3. Sets an effective date for January 1, 2026.