

Aetna Testimony re: SB 121

March 20, 2025

Good afternoon, Chair Dunbar and Members of the Committee:

Thank you for the opportunity to testify today. My name is Brenda Snyder, State Government Affairs Director for Aetna, joining from Tacoma WA and speaking in opposition to Senate Bill 121.

We believe this bill will detrimentally impact Alaskans by increasing health-care costs, without increasing access to care.

Aetna strongly supported the repeal of Alaska's 80th Percentile Rule, which was originally adopted to protect Alaskans from unexpected out-of-network costs.

Under the rule, health plans were required to pay out-of-network providers at the 80th percentile of all billed charges. This led to unsustainable out-of-network cost increases—a burden directly felt by employers paying premiums // and consumers facing high out of pocket costs.

The Federal No Surprises Act negated the need for a state specific solution // and strikes a fair balance by ensuring out of network providers are reimbursed // at the median contracted rate in the geographic area for the given healthcare service.

Furthermore, providers may appeal if they feel that the initial market-based payment does not adequately capture the complexity of the care provided.

SB 121 undermines the positive outcome of the 80th Percentile Rule Repeal. The minimum 75% reimbursement floor required under this bill will lead to increases in premiums and out of pocket costs.

For example, a common plan design may require an individual to cover 20% of the costs of an emergency room visit. In Juneau, the 75th percentile of charges for an emergency room visit exceeds \$2,300. The area median contracted rate is approximately \$450. This means the individual would owe \$500 in cost sharing under SB 121 compared to \$90 under the No Surprises Act.

The repeal of the 80th Percentile Rule was a win-win in healthcare:

- Alaskans remain protected from surprise bills.
- Upward pressure on healthcare costs is mitigated; and
- Consumer cost sharing has decreased while provider reimbursement remains strong and tied to market-based forces.

SB 121 erodes these protections by increasing health-care costs, decreasing access to care by making it less affordable, and establishes a system lacking checks and balances and we respectfully request your opposition.

Thank you.