

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

May 14, 2025
2:27 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Kelly Merrick, Vice Chair
Senator Elvi Gray-Jackson
Senator Forrest Dunbar
Senator Robert Yundt

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 159

"An Act increasing contributions to the Department of Labor and Workforce Development for the State Training and Employment Program."

- MOVED SB 159 OUT OF COMMITTEE

HOUSE BILL NO. 121

"An Act relating to the practice of accounting; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 154

"An Act establishing the Home Care Employment Standards Advisory Board; relating to payment for personal care services; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 121

"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."

- HEARD & HELD

SENATE BILL NO. 122

"An Act relating to insurance; establishing standards for health insurance provider networks; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 159

SHORT TITLE: TRAINING & EMPLOYMENT PROG: CONTRIBUTIONS

SPONSOR(s): LABOR & COMMERCE

04/07/25	(S)	READ THE FIRST TIME - REFERRALS
04/07/25	(S)	L&C, FIN
05/05/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/05/25	(S)	Heard & Held
05/05/25	(S)	MINUTE(L&C)
05/09/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/09/25	(S)	Heard & Held
05/09/25	(S)	MINUTE(L&C)
05/14/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 121

SHORT TITLE: ACCOUNTING; PRACTICE PRIVILEGE

SPONSOR(s): SCHRAGE

02/28/25	(H)	READ THE FIRST TIME - REFERRALS
02/28/25	(H)	L&C
03/10/25	(H)	L&C AT 3:15 PM BARNES 124
03/10/25	(H)	-- MEETING CANCELED --
03/12/25	(H)	L&C AT 3:15 PM BARNES 124
03/12/25	(H)	Heard & Held
03/12/25	(H)	MINUTE(L&C)
03/14/25	(H)	L&C AT 3:15 PM BARNES 124
03/14/25	(H)	Moved HB 121 Out of Committee
03/14/25	(H)	MINUTE(L&C)
03/17/25	(H)	L&C RPT 5DP 1NR
03/17/25	(H)	DP: COULOMBE, BURKE, NELSON, HALL, FIELDS
03/17/25	(H)	NR: CARRICK
03/17/25	(H)	L&C AT 3:15 PM BARNES 124
03/17/25	(H)	<Bill Hearing Canceled>
03/24/25	(H)	TRANSMITTED TO (S)
03/24/25	(H)	VERSION: HB 121
03/26/25	(S)	READ THE FIRST TIME - REFERRALS
03/26/25	(S)	EDC, L&C

04/09/25 (S) EDC REFERRAL REMOVED
 04/09/25 (S) STA REFERRAL ADDED
 04/22/25 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
 04/22/25 (S) Heard & Held
 04/22/25 (S) MINUTE(STA)
 05/06/25 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
 05/06/25 (S) Heard & Held
 05/06/25 (S) MINUTE(STA)
 05/08/25 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
 05/08/25 (S) Moved SCS HB 121(STA) Out of Committee
 05/08/25 (S) MINUTE(STA)
 05/09/25 (S) STA RPT SCS 2DP 3NR NEW TITLE
 05/09/25 (S) DP: KAWASAKI, GRAY-JACKSON
 05/09/25 (S) NR: YUNDT, WIELECHOWSKI, BJORKMAN
 05/14/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 154

SHORT TITLE: HOME CARE EMPLOYMENT STANDARDS ADV BOARD
 SPONSOR(s): YUNDT

04/02/25 (S) READ THE FIRST TIME - REFERRALS
 04/02/25 (S) L&C, FIN
 04/22/25 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
 04/22/25 (S) L&C, FIN
 05/14/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 121

SHORT TITLE: HEALTH INSURANCE ALLOWABLE CHARGES
 SPONSOR(s): GIESSEL BY REQUEST

03/05/25 (S) READ THE FIRST TIME - REFERRALS
 03/05/25 (S) HSS, L&C
 03/11/25 (S) HSS AT 3:30 PM BUTROVICH 205
 03/11/25 (S) Heard & Held
 03/11/25 (S) MINUTE(HSS)
 03/20/25 (S) HSS AT 3:30 PM BUTROVICH 205
 03/20/25 (S) Heard & Held
 03/20/25 (S) MINUTE(HSS)
 03/27/25 (S) HSS AT 3:30 PM BUTROVICH 205
 03/27/25 (S) Moved CSSB 121(HSS) Out of Committee
 03/27/25 (S) MINUTE(HSS)
 03/31/25 (S) HSS RPT CS 4NR 1DP SAME TITLE
 03/31/25 (S) NR: DUNBAR, HUGHES, CLAMAN, TOBIN
 03/31/25 (S) DP: GIESSEL
 05/14/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

KONRAD JACKSON, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a brief recap of SB 159.

AMANDA NDEMO, Staff
Representative Calvin Schrage
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Read the sponsor statement for HB 121.

BETH STUART, Chair
Alaska State Board of Public Accountancy
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on HB 121.

KAREN BREWER-TARVER, Chair
Alaska Society of Certified Public Accountant (CPA's)
Legislative Committee
Juneau, Alaska

POSITION STATEMENT: Testified by invitation on HB 121.

JUDY JESSEN, Senior Political and Advocacy Organizer
Service Employees International Union 775 (SEIU)
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 154.

ISATOU MBOGE, Caregiver
Service Employees International Union (SEIU)
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 154.

BJ REDD MENDEZ, Caregiver
Service Employees International Union (SEIU)
Wasilla, Alaska

POSITION STATEMENT: Testified by invitation on SB 154.

SENATOR CATHY GIESSEL, District E
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 121.

JEFF DAVIS, Principal
Weston Group Consulting
Wenatchee, Washington

POSITION STATEMENT: Provided a presentation on SB 121.

NOAH LAUFER, Physician
Medical Park Family Care
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 121.

WADE ERICKSON, Physician
Capstone Clinic
Wasilla, Alaska

POSITION STATEMENT: Testified by invitation on SB 121.

GENE QUINN, Cardiologist
Alaska Heart and Vascular Institute
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 121.

ACTION NARRATIVE

[2:27:40 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 2:27 p.m. Present at the call to order were Senators Merrick, Dunbar, Yundt and Chair Bjorkman. Senator Gray-Jackson arrived soon thereafter.

SB 159-TRAINING & EMPLOYMENT PROG: CONTRIBUTIONS

[2:28:48 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 159 "An Act increasing contributions to the Department of Labor and Workforce Development for the State Training and Employment Program."

[2:29:20 PM](#)

KONRAD JACKSON, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, provided a brief recap of SB 159. He said the bill proposes increasing the STEP program contribution from 0.1 percent to 0.2 percent of unemployment insurance payments, reflecting demonstrated funding needs and was requested by the Department of Labor and Workforce Development.

[2:30:07 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[2:30:09 PM](#)

SENATOR MERRICK moved to report SB 159, work order 34-LS0615\A, from committee with individual recommendations and attached fiscal note(s).

[2:30:24 PM](#)

CHAIR BJORKMAN found no objection and SB 159 was reported from the Senate Labor and Commerce Standing Committee.

[2:30:37 PM](#)

At ease.

HB 121-ACCOUNTING; PRACTICE PRIVILEGE

[SCS HB 121(STA) was before the committee.]

[2:31:42 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of HOUSE BILL NO. 121 "An Act relating to the practice of accounting; and providing for an effective date."

[2:32:17 PM](#)

AMANDA NDEMO, Staff, Representative Calvin Schrage, Alaska State Legislature, Juneau, Alaska, read the sponsor statement for HB 121:

[Original punctuation provided.]

"An Act relating to the practice of accounting; and providing for an effective date."

The accounting profession is essential to Alaska's economy, ensuring financial transparency for businesses, organizations, and government entities. However, outdated regulatory barriers are limiting the number of qualified professionals entering the field. The demand for accountants is growing nationwide, with employment in the field expected to increase by 6 percent over the next decade. However, the number of CPA's practicing in Alaska is shrinking. Between fiscal years 2019 and 2024, CPA licensure in the state grew by only 3 percent. If this trend continues, Alaska will face a worsening shortage of accounting professionals, limiting access to essential financial services.

[2:33:22 PM](#)

MS. NDEMO continued with the sponsor statement:

HB 121 addresses these issues by:

- Making technical and housekeeping changes to practice privilege for out-of-state firms to allow them greater flexibility.
- Removing the outdated and onerous requirement that students complete an extra year of college, beyond the 120-credit hour bachelor's degree with a concentration in accounting.
- Permitting CPAs to more easily become licensed conservators and remove the burden of maintaining a guardianship certification in addition to their CPA license.

These changes align Alaska with national trends toward greater flexibility in CPA licensure while maintaining professional integrity. Candidates will still be required to pass the Uniform CPA Exam, meet education and professional experience requirements, ensuring competency without imposing unnecessary costs. I encourage my colleagues to support this important legislation.

[2:35:08 PM](#)

CHAIR BJORKMAN announced invited testimony on HB 121.

[2:35:18 PM](#)

BETH STUART, Chair, Alaska State Board of Public Accountancy, Anchorage, Alaska, testified by invitation on HB 121. She stated that when she earned her CPA license, 150 credit hours weren't required, just a bachelor's degree, passing the CPA exam, and work experience. HB 121 would remove the extra 30-credit requirement, which can include any courses, to encourage more students to pursue accounting and address workforce shortages. HB 121 also aligns Alaska's firm mobility laws with individual mobility laws for consistency.

[2:38:22 PM](#)

KAREN BREWER-TARVER, Chair, Alaska Society of CPA's Legislative Committee, Juneau, Alaska, testified by invitation on HB 121. She said the Alaska State Society of CPAs supports HB 121, which removes the extra 30-credit requirement for CPA licensure, making it easier and more affordable for candidates to become CPAs and addressing the shortage of qualified accountants. HB

121 also modernizes firm mobility laws, allowing out-of-state CPA firms to serve Alaska clients without burdensome registration while maintaining state oversight and protections.

[2:42:45 PM](#)

CHAIR BJORKMAN held HB 121 in committee.

SB 154-HOME CARE EMPLOYMENT STANDARDS ADV BOARD

[2:42:54 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SPONSOR SUBSTITUTE FOR SENATE BILL NO. 154 "An Act establishing the Home Care Employment Standards Advisory Board; relating to payment for personal care services; and providing for an effective date."

[2:43:22 PM](#)

SENATOR YUNDT speaking as sponsor of SB 154 he introduced the bill:

[Original punctuation provided.]

An Act establishing the Home Care Employment Standards Advisory Board; relating to payment for personal care services; and providing for an effective date."

Seniors are the fastest growing demographic in the state of Alaska and are living longer lives.² The state's 85+ population is expected to increase by 500 percent between 2022 and 2050, of which, 1/3 will experience Alzheimer's and Related Dementia. The Alaska Department of Labor and Workforce Development predicts home care, a part of Alaska's continuum of care services for seniors and people with disabilities, to be one of the fastest growing and most in demand occupations in the state.

Alaska faces an acute shortage of direct care workers, particularly outside of population centers. The potential provider workforce demographic, those age 18 to 64, is in decline. Furthermore, low pay and lack of benefits force many caregivers out of the profession and make recruitment and retention increasingly more difficult for agencies providing in-home care services.

[2:44:58 PM](#)

SENATOR YUNDT continued:

We need to create strong and long-lasting home care infrastructure in Alaska which will expand access to quality, affordable home and community-based care for seniors and people with disabilities, keep people in their homes and out of costly facilities, and bolster the creation of jobs. We also need to ensure that Medicaid funding for personal care services is wisely spent, with an adequate portion of the rate going to pay and benefits for direct care workers, in order to help address the workforce shortage. SB 154 accomplishes both of these objects by:

- Establishing a Home Care Employment Standards Advisory Board that will investigate, advise, and develop recommendations on Medicaid rates and other policies to improve the wages, working conditions, and recruitment and retention of direct care workers.
- Requiring that agencies providing personal care services spend at least 70 percent of the total annual funding they receive from the department for personal care services on the pay and benefits of Personal Care Assistants providing such services.

[2:46:26 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 154.

[2:46:37 PM](#)

JUDY JESSEN, Senior Political and Advocacy Organizer, Service Employees International Union 775 (SEIU), Anchorage, Alaska, testified by invitation on SB 154. She stated that the bill strengthens Alaska's long-term care system by addressing the growing demand for senior and disability care amid a shrinking caregiver workforce. SB 154 ensures a higher portion of Medicaid personal care funds of 70 percent that goes directly to caregiver pay and benefits rather than agency overhead, improving transparency and compensation. She said with home care significantly cheaper than institutional care, SB 154 supports a sustainable, cost-effective, and well-trained care workforce for Alaska's aging population.

[2:50:41 PM](#)

MS. JESSEN stated that some unionized caregivers received \$2-\$4 hourly raises, but many did not, and there's little transparency on how agencies used Medicaid rate increases. SB 154 addresses

this by requiring reporting on how funds are spent and creating a Workforce Standards Advisory Board to bring together caregivers, providers, clients, and the Department of Health to plan for long-term workforce needs. SB 154 promotes accountability, informed rate setting, and collaborative planning to strengthen Alaska's home care system and address the growing caregiver shortage.

[2:53:38 PM](#)

ISATOU MBOGE, Caregiver, Service Employees International Union (SEIU), Anchorage, Alaska, testified by invitation on SB 154. She said she helps clients with daily activities they can't do on their own, such as bathing, grooming, and mobility support. Caregiving is more than a job because she cares and values the relationships she builds. She said there's a serious shortage of caregivers, especially in rural areas, and many must work multiple part-time jobs without health insurance. SB 154's advisory board would allow caregivers, clients, and agencies to collaborate on issues like training, workforce needs and giving clients a stronger voice in their care.

[2:57:42 PM](#)

BJ REDD MENDEZ, Caregiver, Service Employees International Union (SEIU), Wasilla, Alaska, testified by invitation on SB 154. She stated that she cares for her father, brother, and son, all with serious health conditions. She said being a caregiver in Alaska is difficult and undervalued; low pay, high living costs, and lack of health insurance force her to work two full-time jobs. She said after 25 years of caregiving, she is asking for better pay, benefits, and respect for the profession. SB 154 would help address these needs, support caregivers, and ensure quality care for Alaskans who depend on us.

[3:02:10 PM](#)

CHAIR BJORKMAN held SB 154 in committee.

[3:02:17 PM](#)

At ease.

SB 121-HEALTH INSURANCE ALLOWABLE CHARGES

[CSSB 121(HSS) was before the committee.]

[3:04:19 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 121 "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."

[3:04:42 PM](#)

SENATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, sponsor of SB 121. She stated that the bill establishes minimum reimbursement standards for healthcare services to ensure fair and sustainable payments to providers. After the repeal of the 80th percentile rule it left no reimbursement floor, clinics faced severe payment declines. She said SB 121 guides the Director of Insurance to set and audit standards requiring insurers to reimburse at least the 75th percentile of statewide charges or 450 percent of Medicare rates, using current, market-based data to maintain equitable and affordable healthcare in Alaska.

[3:07:53 PM](#)

SENATOR BJORKMAN announced that Senator Gray-Jackson joined the meeting.

[3:08:01 PM](#)

CHAIR BJORKMAN asked if the bill, to repeal the 80th percentile rule, included a reimbursement floor set at 300 percent of Medicaid rates.

[3:08:12 PM](#)

SENATOR GIESSEL replied that it was 300 or 350 percent of Medicare not Medicaid.

[3:08:34 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 121.

[3:08:58 PM](#)

JEFF DAVIS, Principal, Weston Group Consulting, Wenatchee, Washington, provided a presentation on SB 121. He stated that the 2004 regulation was intended to prevent balance billing, where insurers paid far less than a provider's charge, by establishing a market-based standard. However, the regulation also had an unintended consequence, it became a key reference point in payment negotiations between providers and insurers.

[3:10:40 PM](#)

MR. DAVIS moved to slide 2 and spoke to the following:

[Original punctuation provided.]

SB 121: Restores State-defined, Alaska-based standard for health insurance allowable charges.

Protects Alaskans from large balance bills
Restores balance at bargaining table
Addresses criticisms of the 80th percentile
Require insurers to:

- Set allowable charges, usual, customary & reasonable (UCR) at 75th percentile of Alaska charges (Reduced from 80th percentile)
- Entire state is one region, not 4 separate geographic regions
- Updated not more often than every three years
- Instead of every six months, not less than every five years

[3:11:57 PM](#)

MR. DAVIS moved to slide 3, Why does Alaska need a UCR replacement. He stated that there are two reasons a replacement is needed. Insurers don't base payments on provider charges but on an allowable amount, often referred to as the usual, customary, and reasonable rate. Someone must determine that allowable amount. Under the previous rule, it was set at the 80th percentile, roughly 450 percent of Medicare rates. After the rule's repeal, insurers set their own standards, reducing allowable payments to about 185 percent of Medicare, a drop of around 60 percent.

[3:12:55 PM](#)

MR. DAVIS moved to slide 4 and provided examples why usual, customary, and reasonable (UCR) rate matters to patients. He said if UCR is set too low, patients pay more out of pocket. When set at market rates, patients receive the full insurance benefit they're paying for:

[Original punctuation provided.]

Benefit calculation examples:

Benefit with insurer-defined low UCR: Patient owes \$60.	\$100 charge for service UCR set at \$50 80 percent benefit = \$40 covered by plan Patient owes \$60
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UCR at hypothetical 80th percentile: Patient owes \$28.	\$100 charge for service 80th percentile = \$90
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80 percent benefit = \$72
covered by plan
Patient owes \$28

[3:13:26 PM](#)

MR. DAVIS moved to slide 5 and stated that the 80th percentile rule originally protected consumers when few providers had contracts, setting a benchmark for reimbursement when no agreement existed. He said as more providers became contracted, about 90 percent by 2017, the rule no longer set payment terms but still served as a key reference point in negotiations. Providers often accepted slightly lower rates to remain in-network, benefiting both patients and their practices, yet the 80th percentile continued to guide fair contract pricing.

[3:15:39 PM](#)

MR. DAVIS moved to slide 6 and spoke to the following:

[Original punctuation provided.]

Impact: Repeal with no "floor" replacement

No state-defined UCR method after repeal in January 2024

Insurers again used their own definition:

-Largest plans chose 185 percent of Medicare Physician fee schedule

-185 percent is roughly 40 percent of the 80th percentile

With UCR defined as 185 percent of Medicare Insurers demanded steep reductions in contract rates!

-Insurers began demanding steep reductions in existing contracts

Providers' alternatives:

- Accept reduced terms-not financially sustainable, eventually close
- Go out-of-network and balance-bill patients

If terminate contract, large balance bills return

new insurers trying to establish network using low UCR-may cause large balance bills

[3:16:19 PM](#)

MR. DAVIS moved to slide 7 and stated that before the repeal, a provider might accept \$80 on a \$100 charge when the 80th percentile was \$90. After repeal, that benchmark dropped to about \$35 at 185 percent of Medicare, giving insurers much greater leverage. He said without a replacement, the repeal greatly weakened providers' bargaining power in reimbursement negotiations.

[3:17:09 PM](#)

MR. DAVIS moved to slide 8 and explained that the graph shows data from 13 medical practices comparing insurer payments and insurance premiums over time. Provider payments remained flat or declined, while insurance premiums rose about 30 percent. This demonstrates that rising premiums are not caused by increased provider reimbursements.

[3:18:27 PM](#)

MR. DAVIS moved to slide 9 and stated that repealing the 80th percentile rule without a replacement created serious financial strain on providers. Reimbursements have remained flat for years while practice costs, especially staff wages, have risen by 47 percent since 2016. He said as a result, physicians' take-home pay in Alaska is now the lowest in the nation. With insurers seeking further reductions, providers face difficult choices like closing practices, stopping care for Medicare or Medicaid patients, or going out of network and balance bill patients, returning to problems seen before 2004.

[3:21:17 PM](#)

MR. DAVIS moved to slides 10-13 and shared a few excerpts from the many letters received in support of SB 12:

[Original punctuation provided.]

"My office is in danger of closing owing to shrinking reimbursement. While inflation has occurred every year and the cost of supplies like sutures, liquid nitrogen, gauze...and expenditures such as health insurance has grown exponentially (27 percent increase in health insurance rates, 2025-2026)...our reimbursement is CUT each year."

Matthew Cannava, MD, Soldotna

"...I have tried to negotiate with insurance companies unsuccessfully. I am concerned that in the near future I may have to close my practice given the deteriorating financial situation for me in Alaska.

Given the lower reimbursement, it will be more difficult for me to serve Medicare and Medicaid patients since my economic situation is declining...I am the only neurosurgeon in Fairbanks, Alaska and I want to stay in Fairbanks, Alaska but I do need to operate with positive margins. Please help me to continue to do this with passage of Senate Bill 121."
John A. Lopez, MD, Fairbanks

"...Inflation has increased 30+ percent in the last 11 years. Reimbursements on average have DECREASED by 30-40 percent. It is not sustainable for medical practices in the state to continue to be able to pay the cost of doing business with the rates that Premera, who is setting in-network rates lower than 11 years ago, and out of network rates at 185 percent of Medicare. The ONLY leverage we had in negotiating any kind of fair reimbursements was to have a percentile rule in place that at the very least allowed providers to negotiate."
Debbie Ryan, Business Manager, Community Chiropractic, Anchorage

"...As a family physician practicing in Juneau for over 25 years, I have seen a tremendous change in the status of medical practices in Juneau. Patients have less selection and options, as a number of independent practices have closed (or merged into the local tribal health system). Declining reimbursement and decreasing income for physician practices are the factors causing physician practices to become nonviable." Janice Sheufelt, MD, Juneau

MR. DAVIS said physician practices becoming nonviable is a serious and urgent situation. Alaska's provider community is at risk, and losing physicians would have long-term consequences, as they are unlikely to return.

[3:24:15 PM](#)

MR. DAVIS moved to slide 14 and stated that in summary, SB 121 restores Alaska's state-defined standard, protects consumers from balance billing, and rebalances provider-insurer negotiations while addressing criticisms of the 80th percentile rule.

[3:24:43 PM](#)

MR. DAVIS moved to slides 15-18 and stated that the appendices highlight reasons why healthcare costs are high, including cost shifting from Medicare and Medicaid to private payers, which raises prices for those patients. The appendices also explain why premiums rise and why Alaska's healthcare system does not operate as a true free market, providing context and reference for common questions.

[3:25:52 PM](#)

SENATOR YUNDT asked how other states' laws compare to Alaska.

[3:26:00 PM](#)

MR. DAVIS replied that ten states: California, Texas, Florida, New York, Nevada, Oregon, Utah, Colorado, Kansas, and South Carolina have laws similar to Alaska's percentile rule, with eight using the 80th percentile and two using the 90th percentile.

[3:26:29 PM](#)

SENATOR YUNDT noted that it is unusual for payouts to decrease while insurance premiums rise and suggested that the legislature must address this issue soon.

[3:26:47 PM](#)

MR. DAVIS stated that provider costs make up about 20-25 percent of total healthcare costs, and with 90 percent of providers under contract, rising expenses are not driven by provider charges. Instead, costs are increasing due to Alaska's aging population, the growing share of Medicare/Medicaid patients, limited provider numbers, expanding medical technology that adds rather than replaces, and the high cost of new pharmaceuticals. Overall medical inflation is about 5 percent, though individual market headlines show higher rates due to unique Affordable Care Act (ACA) market factors.

[3:29:14 PM](#)

NOAH LAUFER, Physician, Medical Park Family Care, Anchorage, Alaska, testified by invitation on SB 121. He stated that he agreed with the testimony of Mr. Davis and said the crisis in healthcare is urgent and more severe than many realize. At Medical Park Family Care, he has 14 providers, 85 employees, and 35-40,000 patient visits annually, reimbursement has been flat for 10 years. He said the clinic sees about 25 Medicaid patients a day and provides extensive care that is often uncompensated. It has no negotiating leverage making its financial stability tenuous - retirement or incapacity of an owner could force closure. He said nobody wants to buy a business that doesn't

make a profit. He said the comprehensive coordinated care that his clinic has offered to generations of patients is at risk.

[3:31:53 PM](#)

CHAIR BJORKMAN stated that the 80th percentile rule has been absent for just over a year, but reimbursements were flat for the previous 10 years and asked whether the rule had been ineffective.

[3:32:08 PM](#)

MR. LAUFER replied that the 80th percentile rule wasn't critical for his office because it sees all payers and is not the most expensive. However, without it, there is no negotiation or leverage with insurers; the only potential leverage would be refusing patients and that would likely achieve nothing.

[3:32:43 PM](#)

CHAIR BJORKMAN stated that for nine of the last ten years the 80th percentile rule gave providers an automatic price floor that increased twice a year and allowed providers to set their minimum price. He asked if the 80th percentile rule worked so well that providers are now requesting its reinstatement, then why, given that environment, did reimbursement pay stay the same.

[3:33:18 PM](#)

MR. LAUFER replied that the rule benefited the community by fostering negotiation, but providers cannot set their own prices and are paid only what insurers dictate.

[3:33:51 PM](#)

WADE ERICKSON, Physician, Capstone Clinic, Wasilla, Alaska, testified by invitation on SB 121. He stated that up until around 2017, the 80th percentile rule allowed providers to negotiate fairly with insurers despite downward market pressures. After 2018, negotiations ceased, and rates were held steady. Following the repeal of the rule, insurers quickly set floors at 185 percent of Medicare, triggering concern as the safety net the rule provided disappeared. The rule had maintained a floor that prevented further rate reductions, but without it, independent practices face downward pressure from insurers and hospitals, which control both premiums and provider reimbursements.

[3:37:13 PM](#)

MR. ERICKSON stated that it's become difficult to receive healthcare in the Lower 48, which in turn brings patients back

to Alaska to see their primary care physicians. Since the repeal of the 80th percentile rule, specialists are leaving, making recruitment difficult and threatening independent practices. This could reduce access and quality of care, leaving hospitals to fill the gap. He asked for immediate legislative action to restore balance before 2027, or the damage to primary and specialty care will be significant.

[3:40:26 PM](#)

GENE QUINN, Cardiologist, Alaska Heart and Vascular Institute, Anchorage, Alaska, testified by invitation on SB 121. He said Envoy Integrated Health is a physician collaborative focused on improving the quality and reducing the cost of Alaskan healthcare through coordination and population health. He said starting with five groups five years ago, it now includes 38 practices, over 300 physicians, and other providers. The collaborative uses value-based care and created Alaska's first locally based accountable care organization, saving 6-7 percent of Medicare costs, compared to the 1 percent reduction promised by repealing the 80th percentile rule. He said threats to the income of physicians, such as, the repeal, reduce investment in infrastructure, discourage care for vulnerable populations, and distract from meaningful healthcare improvements. Collaboration with insurers on cost and quality, not payment disputes, is essential to advance Alaska's healthcare system.

[3:46:04 PM](#)

CHAIR BJORKMAN commended hospitals, care providers, and insurers for engaging in cost-of-care projects, including SB 133 on prior authorization. He highlighted the contrast between low-wage caregivers and highly trained providers, noting the need to address healthcare costs beyond simply increasing government funding. He said he supports exploring regulations or standards to ensure more insurance premiums go toward provider reimbursement, emphasizing a systemic approach rather than just distributing more money, which drives premiums up.

[3:48:29 PM](#)

CHAIR BJORKMAN held SB 121 in committee.

[3:48:49 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:48 p.m.