

Introduced by: Cox
Date: 02/21/23
Action: Adopted
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2023-022**

**A RESOLUTION SUPPORTING AMENDMENTS TO TITLE 3 OF THE ALASKA
ADMINISTRATIVE CODE, SECTION 26.110 TO ABOLISH THE 80TH PERCENTILE
RULE**

WHEREAS, the 80th Percentile Rule was adopted by the Alaska Division of Insurance in 2004 to protect patients from a practice known as “balanced billing”; and

WHEREAS, the Federal No Surprises Act, passed in 2020, now prohibits balanced billing deeming the 80th Percentile Rule unnecessary; and

WHEREAS, the 80th Percentile Rule has inadvertently contributed to a higher expense in health care for Alaskans; and

WHEREAS, the 80th Percentile Rule was designed to set a minimum price for how much health insurance companies must pay when Alaskans with private insurance plans see doctors or other providers outside their insurers’ networks; and

WHEREAS, the 80th Percentile Rule has had the additional cause of becoming the basis for negotiation when health care providers discuss in-network rates and rates with self-insured plans; and

WHEREAS, the 80th Percentile rule is a price floor set in law that is recalculated twice a year; and

WHEREAS, this rule is unique to Alaska and allows health care providers to name their own minimum prices which, by law, insurance companies and employers must pay; and

WHEREAS, according to a May 2018 Study published by the University of Alaska Anchorage Institute of Social and Economic Research (ISER) the average annual increase in personal health care spending by Alaskans from 2005 through 2014 was \$376 million, and the 80th Percentile Rule accounted for 8% to nearly 25% of that annual growth; and

WHEREAS, the May 2018 ISER Study found that, when compared to states with similar pre-2004 spending growth, about 22.5% of the annual health care spending increase in Alaska (2005-2014) can be attributed to the 80th Percentile Rule; and

WHEREAS, the 80th Percentile Rule will continue to drive up health care expenses for Alaskans by significantly increasing the costs incurred by state and local government and by the direct expense to private employers and their employees; and

WHEREAS, the Alaska Division of Insurance is proposing to abolish the 80th Percentile Rule and is taking public comment through March 6, 2023 until 5:00 pm; and

WHEREAS, the public may comment on the proposed regulation changes by submitting written comments to Sarah Bailey, P.O. Box 110805, Juneau, AK 99811-0805; and

WHEREAS, the Division of Insurance will also accept comments by fax at 907-465-3422 and by email at sarah.bailey@alaska.gov;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:


SECTION 1. That the Assembly supports the Alaska Division of Insurance’s proposed amendments to Title 3 of the Alaska Administrative Code, Section 26.110 that will abolish the 80th Percentile Rule by deleting paragraphs (a)(1) & (2) and revising (4) & (5)(A).


SECTION 2. That a copy of this resolution be sent to Sarah Bailey with the Alaska Division of Insurance before March 6, 2023.

SECTION 3. That a copy of this resolution also be sent to Governor Dunleavy and all Kenai Peninsula Borough incorporated cities.

SECTION 4. That this resolution is effective immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 21ST DAY OF FEBRUARY, 2023.


Brent Johnson, Assembly President

ATTEST:

Michele Turner, CMC, Acting Borough Clerk



Yes: Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson
No: None
Absent: None