



**DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT
DIVISION OF INSURANCE**

ALASKA HOSPITAL & HEALTHCARE ASSOCIATION

Lori Wing-Heier, Director

February 21, 2024



What was the 80th Percentile Regulation?

3AAC
26.110(a)

“a person that provides coverage in this state for health care services or supplies on an expense incurred basis for which benefits are based on an amount that is less than the actual amount billed for the health care services or supplies shall....determine the final payment for a covered service or supply based on an amount that ...is equal to or greater than the 80th percentile of charges [based on a statistically credible profile for each geographical area] for the health care services or supplies.”

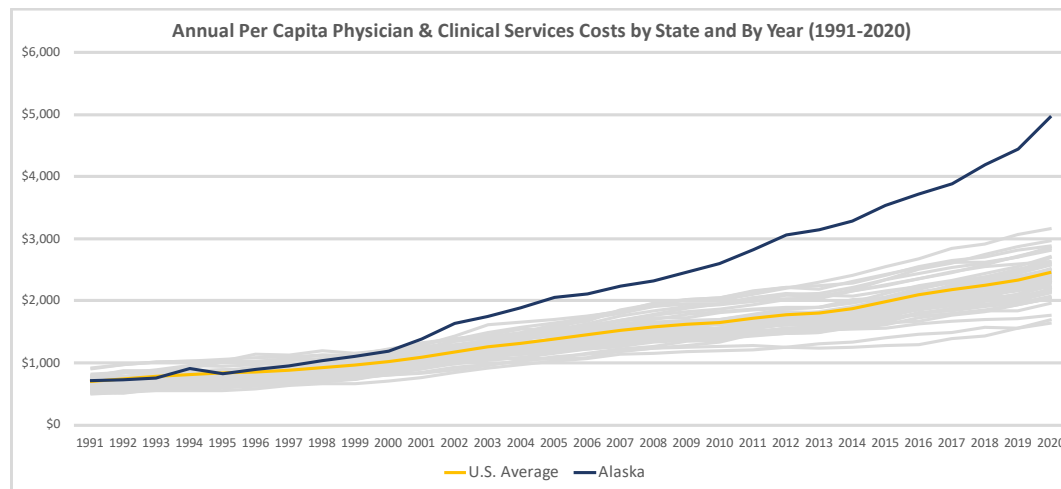


Why did the division repeal the regulation?

The regulation has been criticized for increasing the cost of health care in the state.

Consumers have new protections under the No Surprise Act (NSA) passed by the US Congress in 2020.

80th Percentile Regulation Repealed effective January 1, 2024.

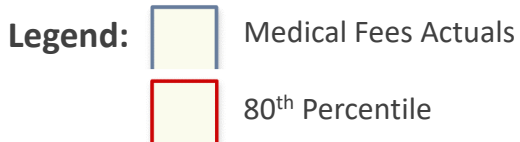
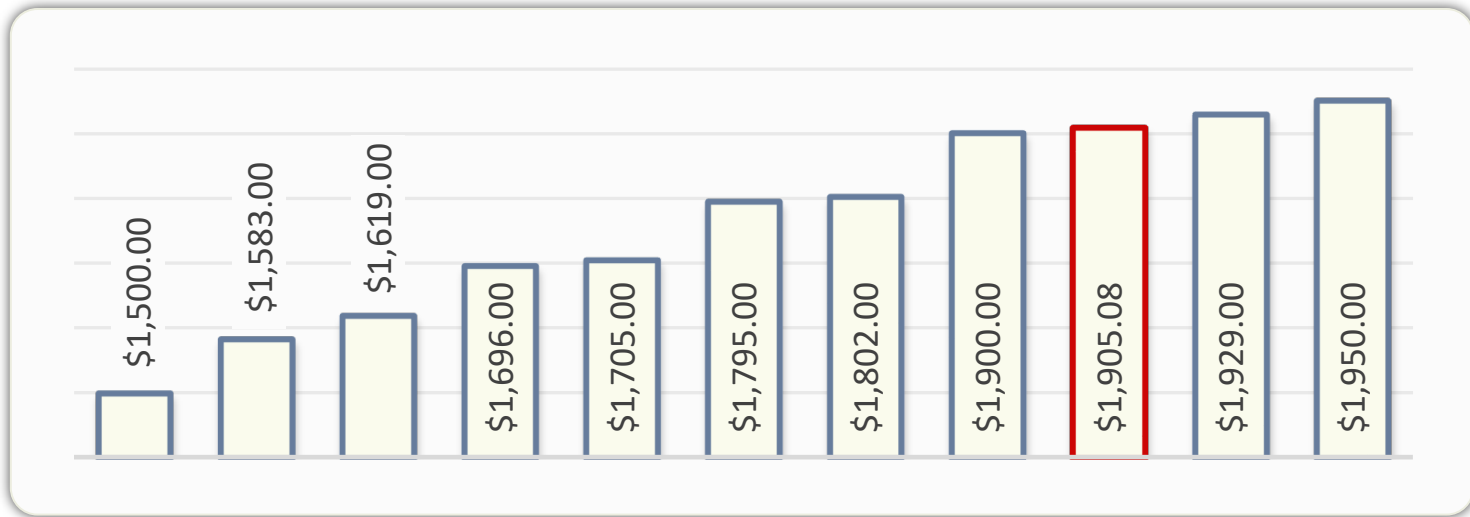


Source: CMS Health expenditures by state of residence



How was it calculated?

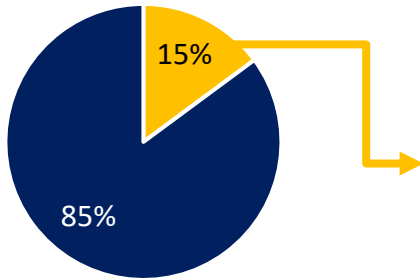
Different health care providers may charge different amounts for the same health care service. When these different charges are listed from the lowest charge to the highest charge, the 80th percentile would be the data point where 80 percent of the number of listed charges fall below the data point and 20 percent of the number of listed charges fall above the data point.





Who was impacted by the 80th Percentile Rule?

% Regulated by DOI

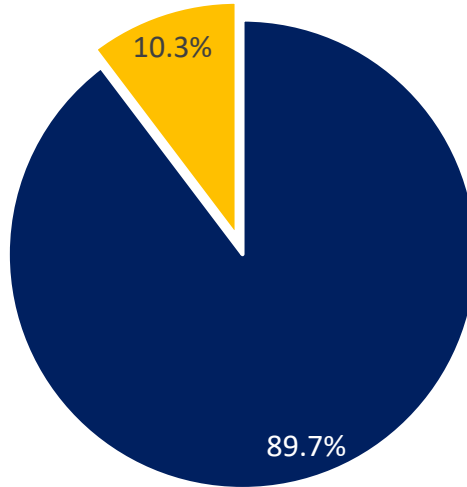


■ Insured/State Regulated ■ Other

“Other” Coverage:

- Self-Insured
- Medicaid
- Medicare
- Uninsured
- Indian Health Service w/o Insurance
- Military

Total Allowed Claims



■ In Network ■ Out of Network

Individual and Small Group Insurers Experience Data for PY2022			
	In Network (including Participating)	Out of Network	Totals
Total Allowed Claims	\$409,000,000	\$47,000,000	\$456,000,000



Historic Individual Market Premium Rate Changes



	Premera	Moda	
1/1/XXXX	Rate Change	Rate Change	Overall Average
2015	37.2%	27.4%	31.5%
2016	38.7%	39.6%	39.2%
2017	7.3%		7.3%
2018	-22.4%		-22.4%
2019	-6.5%		-6.5%
2020	0.0%	New	0.0%
2021	-7.1%	0.7%	-6.4%
2022	4.4%	-1.6%	3.7%
2023	19.5%	12.1%	18.4%
2024	16.7%	15.7%	16.4%
2025	Expected to Increase	Expected to Increase	



Alaska's 1332 Waiver - Reinsurance

Calendar Year	Suggested Level of Reinsurance from Oliver Wyman	Level of Reinsurance Allowed by DOI	Federal Pass Through Funding Providing for the Increase Level of Reinsurance	State Contribution to Level of Reinsurance
2017	\$55,000,000	\$55,000,000	\$0	\$55,000,000
2018	\$59,983,000	\$59,983,000	\$58,484,978	\$1,498,022
2019	\$64,126,326	\$64,126,326	\$68,689,234	\$0
2020	\$68,950,229	\$75,500,000	\$76,699,460	\$0
2021	\$74,137,010	\$80,000,000	\$122,270,217	\$0
2022	\$79,789,956	\$100,000,000	\$119,410,740	\$0
2023	\$87,600,000	\$120,000,000	\$129,085,466	\$0
2024	\$93,700,000	\$140,000,000	Not yet available	Not yet available



Individual Marketplace

Anchorage — Plan Year 2024						
	Moda Bronze	Premera Bronze	Moda Silver	Premera Silver	Moda Gold	Premera Gold
Age: 0-14	\$306	\$383	\$503	\$586	\$459	\$516
20	\$389	\$485	\$637	\$743	\$581	\$654
25	\$402	\$502	\$660	\$769	\$602	\$677
35	\$490	\$612	\$803	\$936	\$733	\$824
45	\$578	\$723	\$949	\$1,106	\$866	\$974
55	\$893	\$1,116	\$1,465	\$1,708	\$1,337	\$1,504
64	\$1,202	\$1,501	\$1,971	\$2,298	\$1,798	\$2,023



Health Care is Complex

- Health care is complex, and it is fractured – federal programs, state programs, and commercial market are all funded differently and subject to different statutes and regulations.
- The cost of health care is a burden throughout our economy, including federal and state budgets as well as employers both small and large.
- Health care insurance rates, regulated by the Division of Insurance, are an indicator of issues throughout the health care system.
- The health care industry, the insurance industry, governmental entities and stakeholder groups have been working on health care reform for years.
- Once you identify a problem or reform, it likely takes multiple divisions/departments and the private sector to address.
- As policymakers, where should our focus be:
 - Building a strong primary care system?
 - Leverage new technologies and expand access to care?
 - Working with consumers to understand their health care insurance options?
- How are we addressing health care needs before acute care or hospitalization? How do we support people when they step down from hospitalization?
- The Division of Insurance director has broad authority to protect consumers but sometimes the regulatory authority to face some of these challenges is not within the DOI.



Cost Shifting

“...the repeal could affect the entire health care landscape in Alaska, and particularly those who rely on Medicare and Medicaid, by making it harder for providers to subsidize care for Medicare and Medicaid recipients through their reimbursements from privately insured patients.”

-Dr. Steve Compton as quoted from January 18, 2024, ADN Article



Going Forward

What else are we doing?

The Division has committed \$5 million in FY2024 to the Department of Health to examine Medicaid provider reimbursement methodologies.

The Division requested voluntary agreement from major insurance carriers in Alaska to leave in-network contracts at current reimbursement rates until the calendar year 2025 to protect providers.

The Division required insurance companies to provide their out-of-network payment calculation methodology to be submitted with their proposed premium rates for 2024.

The Division continues to meet with providers and insurers to discuss alternative minimum reimbursement options.

Continuing the work on our Health Payment & Utilization Database.



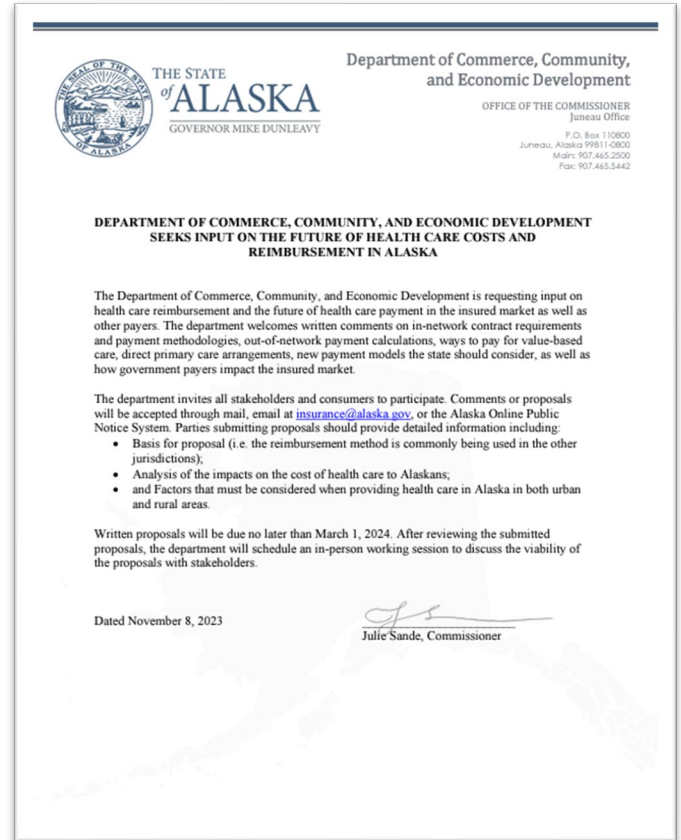
Request for Information

Request for Input on the Future of Health Care Costs and Reimbursement in Alaska:

- DCCED put out a request on November 8, 2023, for comments.
- Comments will be accepted through March 1, 2024.
- We encourage providers, consumers, employers, etc. to provide input.
- Comments can be submitted via email to insurance@alaska.gov or through the Online Public Notice System. Scan the QR code below to see the Public Notice and leave a comment or use the link provided.



<http://notice.alaska.gov/213181>





Frequently Asked Questions

What is the Division of Insurance's role?

- The division is required by Alaska's statute to ensure private insurance plan premiums are not "excessive, inadequate, or unfairly discriminatory."

What can a consumer do if they feel they are being balance billed unfairly?

- The Division is authorized by State statute to review billing disputes in private insurance plans. Consumers can visit insurance.alaska.gov to learn more about what the Division can do and access appropriate forms.

What can a provider do if they feel they are being reimbursed unfairly?

- The Division is authorized by State statute to review billing disputes in private insurance plans.



Frequently Asked Questions

How do rates or premiums get set?

- The division is required by Alaska's statutes to review all rate filings submitted by health care insurers. In this process, the division, utilizing independent actuaries, looks to paid claims, health care trends, anticipated number of enrollees, and the various financial documents of the insurer that establish financial solvency. The division must approve the filing provided that the rates are adequate, not excessive and not unfairly discriminatory.

How does the Affordable Care Act apply?

- The Affordable Care Act requires insurance companies to spend at least 85% of their revenues on insurance claims. If they spend less than that, they are required to reimburse the difference to their policy holders.

Which health plans did the 80th percentile rule apply to?

- The 80th percentile rule only applied to out-of-network charges in private insurance plans. Private insurance plans make up roughly 15% of the insurance market in Alaska. The 80th percentile rule did not apply to Medicare, Medicaid, Indian Health Services, VA, TriCare, or self-funded health plans.



Thank you

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