



March 6, 2023

Ms. Sarah Bailey
Division of Insurance, State of Alaska
P.O. Box 110805
Juneau, AK 99811

Delivered via email at sarah.bailey@alaska.gov

Re: Notice of repeal for 80th Percentile Rule

Dear Ms. Bailey,

The Alaska Chamber (the Chamber) writes in support of the repeal of the 80th Percentile Rule (3AAC 26.110).

The Alaska Chamber was founded in 1953 and is Alaska's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. Our members are from every industry and business size across the state. The Chamber has more than 700 members, representing 58,000 Alaskan workers and \$4.6b in annual wages.

Each year, the Chamber membership researches, debates, and ultimately votes on what our policy positions and priorities will be moving forward. Repeal or reform of the 80th percentile rule has been a policy position of the Chamber's for more than six years. The reason the Chamber adopted this position is directly tied to the soaring costs of healthcare in Alaska. The economic instability caused by out-of-control healthcare costs has negatively impacted not only Chamber membership, but nearly all businesses and organizations that offer or would like to offer health insurance.

The Chamber recognizes that the high cost of care in Alaska is a multi-faceted issue, and there is no one specific cause that can be attributed to the crisis. However, research shows that the 80th percentile rule is unequivocally one of the contributing factors to the high costs of care. The 80th percentile rule was originally put in place for good reason; to protect consumers from surprise billing. Unfortunately, the rule, which only exists in Alaska, has resulted in unintended consequences that have been damaging to businesses and consumers.

According to a 2018 study by Institute of Social and Economic Research, commissioned by the Division of Insurance, the 80th percentile rule accounted for anywhere between 8-25% of the annual increase in healthcare spending between the years from 2005-2014. This has had a direct impact on the business community and has prevented businesses from growing and being competitive. Our small and medium-sized businesses cannot afford to keep up with soaring healthcare costs, among the many other high costs associated with doing business in Alaska. While many of the costs associated with doing business in Alaska are out of the State's control, the repeal of the 80th Percentile Rule is a cost-controlling piece that is within the State's control. At a time when workforce shortages are impacting virtually every industry in the state, it is prudent to take steps that will bring costs under control for our businesses and allow them to compete for workers.



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In closing, the Chamber urges repeal of the 80th percentile rule and thanks the Division of Insurance for allowing ample opportunity for Alaskans to weigh in on this important issue.

A handwritten signature in black ink that reads "Kati Capozzi". The signature is written in a cursive, flowing style.

Kati Capozzi
President & CEO | Alaska Chamber