

# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version: HB 272  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB272-DOH-MS-03-26-26

Department: Department of Health

Title: INSURANCE FOR PROSTHETICS & ORTHOTICS

Appropriation: Medicaid Services

Sponsor: JOSEPHSON

Allocation: Medicaid Services

Requester: (H) HSS

OMB Component Number: 3234

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates				
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>OPERATING EXPENDITURES</b>	***		***	***	***	***	***
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	<b>0.0</b>	***	***	***	***	***

**Fund Source (Operating Only)**

None							
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>						

**Estimated SUPPLEMENTAL (FY2026) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2027) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**  
If yes, by what date are the regulations to be adopted, amended or repealed? **01/01/27**

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.
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Division:	Medicaid Services	Date:	03/26/2026
Approved By:	Pam Halloran, Assistant Commissioner	Date:	03/27/27
Agency:	Department of Health		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

BILL NO. HB 272

### Analysis

HB 272 adds prosthetics and orthotics, including replacement, as optional services under Medicaid (AS 47.07.030(b)) and aligns Medicaid coverage requirements with those proposed for commercial insurance.

The bill requires Medicaid to cover provider-determined prosthetic and orthotic devices that meet an individual's medical needs for daily living and work activities, all device components, patient instruction, and repair or replacement without lifetime or use limits when medically necessary.

HB 272 shifts the standard from "least costly adequate" to "most appropriate," with greater reliance on provider determination. This change, along with expanded coverage expectations, may increase utilization and costs, particularly for adult services. Current replacement processes already allow for medically necessary early replacement.

Federal Medicaid requirements direct states to manage utilization and ensure services are necessary and cost-effective. Alaska's current framework reflects these requirements. The proposed changes may present administrative and federal compliance considerations, including review through the State Plan Amendment process.

The bill requires submission of a Medicaid State Plan Amendment and makes implementation contingent on federal approval or determination.

Implementation would require system updates, guidance revisions, training, and provider communication.

### Fiscal Impact

The bill is expected to increase Medicaid expenditures due to higher-cost devices, expanded use cases, and potential for multiple device configurations per individual. Costs vary widely depending on device type.

To roughly illustrate the magnitude of cost impacts, microprocessor knees run \$40,000 - \$70,000 compared to \$5,000 - \$15,000 for mechanical alternatives; running blades cost \$5,000 - \$30,000; and swim legs cost \$5,000 - \$15,000. The department anticipates a shift in unit-cost for high-cost components, new volume for waterproof and activity-specific requests, and adult vs. pediatric impacts (noting again that EPSDT already supports broader pediatric coverage in some circumstances).

Approximately 1,800 individuals may be affected annually. Medicaid prosthetics and orthotics claims are currently funded at roughly 68 percent federal and 32 percent general funds.

The overall fiscal impact is indeterminate, as utilization and service levels would depend on individual needs and provider determinations.