

Fiscal Note

State of Alaska
2026 Legislative Session

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

Identifier: HB272-DCCED-DOI-03-27-26
Title: INSURANCE FOR PROSTHETICS & ORTHOTICS
Sponsor: JOSEPHSON
Requester: (H) HEALTH & SOCIAL SERVICES

Department: Department of Commerce, Community and
Economic Development
Appropriation: Insurance Operations
Allocation: Insurance Operations
OMB Component Number: 354

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	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	225.6		236.9	248.7	261.2	274.2	287.9	
Miscellaneous								
Total Operating	225.6	0.0	236.9	248.7	261.2	274.2	287.9	

Fund Source (Operating Only)

1156 Rcpt Svcs (DGF)	225.6		236.9	248.7	261.2	274.2	287.9
Total	225.6	0.0	236.9	248.7	261.2	274.2	287.9

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	225.6		236.9	248.7	261.2	274.2	287.9
Total	225.6	0.0	236.9	248.7	261.2	274.2	287.9

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? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: <u>Heather Carpenter, Director</u>	Phone: <u>(907)465-2518</u>
Division: <u>Division of Insurance</u>	Date: <u>03/27/2026</u>
Approved By: <u>Hannah Lager, Administrative Services Director</u>	Date: <u>03/27/26</u>
Agency: <u>Department of Commerce, Community, and Economic Development</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 272

Analysis

This bill mandates the coverage of prosthetics and orthotics by Alaska health care insurers subject to Title 21 and Medicaid. The Alaska Insurance Code does not currently mandate the coverage of prosthetics or orthotics; however, prosthetics and orthotics are covered under existing plans in our market in varying richness. In addition, the Alaska benchmark plan approved by the Department of Health and Human Services - Centers for Medicare and Medicaid Services (CMS), which sets the required essential health benefit levels for individual and small group plans, includes benefits for one prosthetic and does not cover replacement unless the existing device cannot be repaired or replacement is prescribed by a physician due to a change in the covered person’s physical condition.

Under this proposed bill, prosthetic and orthotic coverage must be at least equivalent to Medicare benefits, and that the provisions in the bill must align with current Medicare regulations. The bill appears to bar insurers from applying medical management techniques or from applying limits on the number of prosthetics and orthotics. The health care provider would select the appropriate model of the prosthetic or orthotic. The device(s) must provide function for activities of daily living, job duties, running, biking, swimming, strength training. The health care provider or equipment retailer would make the decision whether a device should be repaired or replaced except an insurer can ask for verification if the replacement order is placed within three years of a prior purchase. An insurer cannot deny the benefit for a person with limb loss or absence that would be covered for a nondisabled person to restore or maintain the ability to perform the same physical activity. This would mean in practice, insurers could be required to cover multiple devices for a consumer since the same prosthetic that is used for walking and normal activities is not always also used for athletics and recreation.

The bill requires insurers to have two device providers in-network in the state. If a device cannot be accessed through a network provider, the insurer must provide a referral to a non-network provider at the network level of benefits at a mutually agreed upon rate. Each claim denial must include information regarding a person’s rights under the legislation. Device providers are not required to contract with insurers.

CMS has issued the Notice of Benefit and Payment Parameters for 2027 proposed rule. This proposed rule, which is for CY2027, requires states to defray costs of all state mandates required after 2011, even if the mandated coverage is also included in the state Essential Health Benefits (EHB) benchmark plan. New benefits included in EHB updates are not required to be defrayed if not required by state mandate. If this rule is adopted as proposed, it indicates that the division would have to defray the cost to insurers to cover these benefits mandated by state statutes. Payments would be made via the grants line to the providers equal to the amount of increased costs incurred.

The Division of Insurance estimates \$225.0 in defrayed costs for the first year, based on projected market size, with a projected 5% annual increase due to medical inflation. The division collects sufficient licensing receipts to support the increase in costs.

Cost Estimates (whole dollars)

Premium Dollar Amount of Premium Cost for Member	\$0.40/member per month
Multiplied by 12 months	\$4.80/member per year
Multiplied by 47,000 individuals and small group market members in Alaska	\$225,600.00