

# Fiscal Note

State of Alaska  
2025 Legislative Session

Bill Version:	CSHB 133(CRA)
Fiscal Note Number:	7
(H) Publish Date:	4/30/2025

Identifier: HB133-DOH-MAA-4-4-25  
 Title: PAYMENT OF CONTRACTS  
 Sponsor: HIMSCHOOT  
 Requester: (H) CRA

Department: Department of Health  
 Appropriation: Health Care Services  
 Allocation: Medical Assistance Administration  
 OMB Component Number: 242

**Expenditures/Revenues**

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

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates					
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>OPERATING EXPENDITURES</b>								
Personal Services	126.3		126.3	126.3	126.3	126.3	126.3	126.3
Travel								
Services	20.0		20.0	20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0	2.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>151.3</b>	<b>0.0</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>

**Fund Source (Operating Only)**

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2	74.2
<b>Total</b>	<b>151.3</b>	<b>0.0</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>	<b>148.3</b>

**Positions**

Full-time	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Part-time								
Temporary								

**Change in Revenues**

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

**Estimated SUPPLEMENTAL (FY2025) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2026) 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 If yes, by what date are the regulations to be adopted, amended or repealed?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.

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Division:	Health Care Services	Date:	04/04/2025
Approved By:	Pam Halloran, Assistant Commissioner	Date:	04/06/25
Agency:	Department of Health		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2025 LEGISLATIVE SESSION

## Analysis

This legislation requires an assessment of a 10.5% annualized interest rate on any State of Alaska contract payment that is later than 30 days past the invoice date. This provision also applies to non-profit, municipal, or Alaska Native organization grant payments that are not issued within 30 days of request. Both situations allow the state to temporarily withhold payment, without penalty, if conditions of the contract or grant are not being met at the time the payment request is made.

The Department of Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 42 days within the Health Care Services Division, which provides oversight of Medicaid Services contracts. Invoices for contracts are evaluated and approved within each division. Workload, training, and overall capacity within the division impacts timely invoice payments.

It is important to note that no federal award dollars can be used for interest or fee payments, and the department would need to use state fund sources if interest penalties were incurred under this bill. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's contracts and avoid what calculates to be an estimated \$501.2 interest penalty resulting from late payments to contractors, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.