

## **Table of Contents**

**State/Territory Name: Alaska**

**State Plan Amendment (SPA)#: AK-25-0006**

This file contains the following documents in the order listed

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850



**Center for Medicaid and CHIP Services**

**Medical Benefits Health Programs Group**

September 30, 2025

Heidi Hedberg  
Commissioner  
Department of Health  
3601 C Street, Suite 902  
Anchorage, AK 99503-5923

Dear Commissioner Hedberg,

The CMS Division of Pharmacy team has reviewed Alaska State Plan Amendment (SPA) 25-0006 received in the CMS Medicaid Services OneMAC application on June 2, 2025. This SPA proposes to update the state's professional dispensing fees, as well as to update the the excluded drug listing.

In keeping with the requirements of section 1902 (a)(30)(A) of the Social Security Act, we believe the state has demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to Medicaid beneficiaries at least to the extent they are available to the general population in the geographic area. We believe that there is evidence regarding the sufficiency of Alaska's pharmacy provider network at this time to approve SPA 25-0006. With the state's pharmacy participation rates, we can infer that Alaska's beneficiaries will have access to pharmacy services at least to the extent available to the general population since Medicaid requires that beneficiaries be provided access to all covered outpatient drugs of participating drug manufacturers with a rebate agreement through a broad pharmacy network. In contrast, commercial insurers often have more limited drug formularies and a more limited pharmacy network.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 25-0006 is approved with an effective date of July 1, 2025. Our review was limited to the materials necessary to evaluate the SPA under applicable federal laws and regulations.

We are attaching a copy of the updated, signed CMS-179 form, as well as the pages approved for incorporation into Alaska's state plan. If you have any questions regarding this amendment, please contact Lisa Shochet at (410) 786-5445 or [lisa.shochet@cms.hhs.gov](mailto:lisa.shochet@cms.hhs.gov).

Sincerely,

A solid black rectangular box redacting the signature of Catherine A. Traugott.

Catherine A. Traugott, R.Ph., J.D.  
Acting Director  
Division of Pharmacy

cc: Emily Ricci, Deputy Commissioner, Alaska Department of Health  
Christal Hays, State Plan Coordinator, Alaska Department of Health  
Charles Semling, Pharmacy Director, Alaska Department of Health  
Maria Garza, Alaska State Lead, Medicaid and CHIP Operations Group, CMS

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 6

2. STATE

AK3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL  
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42CFR 447.518, 42CFR 447.502, 1902(a)(30)(A)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 26 \$ 17,442,337b. FFY 27 \$ 17,750,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B pages 8-8a

Attached Sheet to Attachment 3.1-A, page 4.2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)

Attachment 4.19-B pages 8-8a

Attached Sheet to Attachment 3.1-A, page 4.2

9. SUBJECT OF AMENDMENT

Update to the pharmacy dispensing fee as a result of the end of the dSPA interim rate based on cost of  
dispensing survey conducted by the Department of Health and updates the excluded drug list (P&I)

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

Gov office will review regulations when they reach that point in  
the state process for final regulatory approval.

11. [REDACTED] STATE AGENCY OFFICIAL

12. TYPED NAME

Emily Ricci

13. TITLE

Deputy Commissioner &amp; Medicaid Director

14. DATE SUBMITTED

June 2, 2025

15. RETURN TO

Dept of Health Commissioner's Office

c/o Christal Hays

3601 C Street, Suite 902

Anchorage, AK 99503

**FOR CMS USE ONLY**

16. DATE RECEIVED

June 2, 2025

17. DATE APPROVED

September 30, 2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2025

19. [REDACTED] IAL

20. TYPED NAME OF APPROVING OFFICIAL

Catherine A. Traugott, R.Ph., J.D.

21. TITLE OF APPROVING OFFICIAL

Acting Director, Division of Pharmacy

22. REMARKS

9/25/25 - P&amp;I to add additional description to Box 9: adding "...and update to excluded drug list."

**Medicaid Program: Requirements Relating to Payment for Covered Outpatient Drugs  
for the Categorically Needy**

*Citation:* 1927(d)(2) and 1935(d)(2)

*Provisions:* The Medicaid agency provides coverage for the following excluded or otherwise restricted drugs, classes of drugs, or their medical uses to all Medicaid recipients, including full-benefit dual-eligible beneficiaries under the Medicare prescription drug benefit (Part D).

The Medicaid agency covers excluded drugs as indicated in the sections below. The following otherwise excluded drugs are covered.

- ☒ a) Agents when used for anorexia, weight loss, or weight gain, coverage of select drugs as described in the Alaska Medicaid Pharmacy manual;
- ☐ b) Agents, when used to promote fertility;
- ☐ c) Agents, when used for symptomatic relief for cough and colds;
- ☒ d) Prescription vitamins and mineral products, coverage of select drugs described in the Alaska Medicaid Pharmacy manual;
- ☒ e) Non-prescription drugs, coverage of select drugs described in the Alaska Medicaid Pharmacy manual;
- ☒ f) Covered outpatient drugs which the manufacturer seeks to require, as a condition of sale, that associated tests or monitoring device services be purchased exclusively from the manufacturer or its designee.



- ◆ Reimbursement for drugs for a covered entity described in U.S.C. 256b, that indicates it will use covered outpatient drugs purchased through the 340B pricing program to bill to Medicaid, will be the lower of the submitted actual acquisition cost plus professional dispensing fee, WAC +1% plus professional dispensing fee, the SMAC plus professional dispensing fee, or the FUL plus professional dispensing fee.
  - ◆ Drugs acquired through the 340B program and dispensed by contract pharmacies under contract with a 340B covered entity described in section 1927 (a)(5)(B) of the Act will not be reimbursed.
- (F) Compounded Drugs
- 1) Reimbursement for compounded prescriptions will be the sum of the costs of each of the ingredients as established under (A) through (E) above plus the professional dispensing fee to reimburse no more than the provider's lowest charge.
  - 2) The professional dispensing fee for a compounded covered outpatient drug is the applicable fee listed in (K) of this subsection.
- (G) Physician-administered drugs
- 1) Physician administered drugs including those purchased through the 340 B program are reimbursed at the lower of the billed amount or WAC + 1% without a professional dispensing fee.
  - 2) Physician administered drugs will be reimbursed for the drug without a professional dispensing fee.
- (H) Clotting factor
- ◆ Reimbursement for drugs will be the lowest of the amount billed, WAC + 1% plus professional dispensing fee, SMAC plus professional dispensing fee, or the federal upper limit plus the professional dispensing fee.
- (I) Drugs other than those of (A) through (H) above, and for brand names of multiple source drugs, specified by the prescriber, without a specific established limit in accordance with 42 C.F.R. 447.512, will be reimbursed the lesser of the provider's billed amount or WAC + 1%, plus the professional dispensing fee.
- (J) Investigational and Experimental Drugs
- 1) Reimbursement will not be provided for investigational drugs.
  - 2) Reimbursement will not be provided for experimental drugs.
- (K) Professional Dispensing Fee
- 1) The professional dispensing fee is based on the results of the surveys of in-state pharmacies' costs of dispensing prescriptions. For each pharmacy, the professional dispensing fee will be reimbursed no more than once every 22 days (for pharmacies described in a - d) and 14 days for (Mediset pharmacies as described in (e)) per individual medication strength, and based on the following schedule:
    - (a) On the Road, Non-Tribal Pharmacy - \$11.80
    - (b) Off the Road, Non-Tribal Pharmacy - \$22.17
    - (c) Tribal Health Pharmacy- \$26.81
    - (d) For an out-state pharmacy - \$10.76
    - (e) For a mediset pharmacy - \$16.58
  - 2) The department will reimburse the lesser of the pharmacy's assigned professional dispensing fee based on the schedule above, or the submitted dispensing fee.
  - 3) Professional Dispensing Fee Schedule Description
    - (a) "non-tribal pharmacy located on the road system" means a pharmacy in this state and is connected to Anchorage by road and does not qualify under (1)(c) of this section;

- (b) “non-tribal pharmacy not located on road system” means a pharmacy located in this state and is not connected to Anchorage by road 1)(c) of this section;
- (c) “tribal health pharmacy” means a pharmacy in this state operated by
  - a. the United States Department of Health and Human Services, Indian Health Service;
  - b. an Indian tribe as defined in 25 U.S.C. 450b(e) and 458aaa(b);
  - c. a tribal organization as defined in 25 U.S.C. 450b(l); or
  - d. an inter-tribal consortium as defined in 25 U.S.C. 458aaa(a)(5) or established by federal law;
- (d) “out of state pharmacy” means a pharmacy that is physically located in a state other than this state;
- (e) “mediset pharmacy” means a pharmacy dispensing 75% or more of the total annual Medicaid prescription for covered outpatient drugs in prescriber-ordered medisets or unit doses to a recipient living in a congregate living home, a recipient of home and community-based services, a recipient eligible for Medicaid under a category set out in 7 AAC 100.002(b) or (d) who is blind or disabled, a recipient who is an adult experiencing a severe emotional disturbance.

(L) Miscellaneous and Definitions

- ◆ Reimbursement will be made to the provider for reasonable and necessary postage or freight costs incurred in the delivery of the prescription from the dispensing pharmacy to a recipient in a rural area. Cross-town postage or delivery charges are not covered. Handling charges are included in the professional dispensing fee and not directly reimbursed.