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State/Territory Name: Alaska

State Plan Amendment (SPA) #: 26-0002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid
Services 601 E. 12th St., Room 355
Kansas City, Missouri 64106

Medicaid and CHIP Operations Group

May 20, 2026

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

Re: Alaska State Plan Amendment (SPA) Transmittal Number 26-0002

Dear Commissioner Hedberg:

The Centers for Medicare & Medicaid Services (CMS) reviewed your proposed Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) AK 26-0002. This amendment extends the state's exception to the Recovery Audit Contractor requirements under section 1902(a)(42)(B)(i) of the Act through June 30, 2028.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act. This letter is to inform you that Alaska Medicaid SPA TN 26-0002, was approved on May 20, 2026, with an effective date of July 1, 2026, and expires on June 30, 2028.

This approved exemption to waive the recovery audit contractor program is good for a two-year period and requires the state to seek CMS approval biannually. Enclosed is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the Alaska State Plan.

If you have any questions, please contact Maria Garza at (206) 615-2542 or via email at Maria.Garza@cms.hhs.gov.

Sincerely,

Nicole McKnight
Acting Director, Division of Program Operations

Enclosures

cc: Emily Ricci, Deputy Commissioner, Department of Health
Christal Hays, Alaska State Plan Coordinator

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

1. TRANSMITTAL NUMBER <u>2 6 — 0 0 0 24</u>	2. STATE <u>AK</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
July 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
Section 1902(a)(42)(B)(i) of the SSA

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 26 \$ 0
b. FFY 27 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
General Administration (4.5) pages pages 36b-1, 36b-2, and 36b-3
P&I

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
General Administration (4.5) pages pages 36b-1, 36b-2, and 36b-3

9. SUBJECT OF AMENDMENT
Required update - Recovery Audit Contractors; no changes from AK 24-0005

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:
Does not need to comment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Emily Ricci

13. TITLE
Deputy Commissioner & Medicaid Director

14. DATE SUBMITTED
2/26/2026

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 <u>February 26, 2026</u>	17. DATE APPROVED <u>May 20, 2026</u>
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL <u>July 1, 2026</u>	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL <u>Nicole McKnight</u>	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

3/26/26 Alaska authorized P&I change to Box 1 to update TN# and Boxes 7 & 8 to remove extra word

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
 Medical Assistance Program
State/Territory: Alaska

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

Citation

Section 1902(a)(42)(B)(i) of the Social Security Act (the Act)

- The state has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the state plan and under any waiver of the state plan.
- The state is seeking a two year exception to establishing a RAC program effective July 1, 2026 – June 30, 2028 for the following reasons:

Section 902(a)(42)(B)(ii)(l) of the Act

- Alaska has a robust and effective program integrity in place; therefore, RAC is not effective in Alaska. Alaska has multiple program integrity initiatives in place to combat fraud, waste, and abuse in the state’s Medicaid program, including:
 - Alaska had a robust contract audit program in place prior to the RAC requirement, and this continues to date. In accordance with [Alaska Statute \(AS\) 47.05.200](#), Alaska must contract for the audit of a minimum of 50 providers annually. The payment arrangement for these audits is a fixed price per audit.
 - Alaska introduced a Medicaid provider self-audit requirement in 2018. [AS 47.05.235](#) requires providers to conduct a self-audit once every two years and return any overpayments identified during this process.
 - The Medicaid Program Integrity Section works closely with Qlarant Integrity Solutions, Inc., the Unified Program Integrity contractor for the region. Qlarant takes on the function of the Medi-Medi contractor and conducts reviews and audits of Alaska’s Medicaid providers
 - Alaska’s Surveillance Utilization Review Subsystem (SURS) section within the Division of Health Care Services has a well-developed fraud, waste, and abuse data analytics tool used to conduct claim reviews.
 - The Medicaid Program Integrity Section conducts post-payment claims reviews, working in collaboration with the quality assurance sections of the Medicaid divisions within the department.
 - The Department maintains a robust collaboration with the Alaska Medicaid Fraud Control Unit to enhance fraud detection and referral processes.
 - In 2012, Alaska secured a RAC using a multi-state approach to procurement. However, after two years, the contractor notified the state that the contingency fee arrangement was not viable as it did not recover a material amount of overpayments, and terminated the contract. Small Medicaid programs have a very difficult time attracting qualified RACs.
 - The existing provider audits and reviews listed above could create duplicated provider audits, conflicting findings between RAC and Medicaid Program Integrity unit, higher administrative costs, and delays in appeals from overlapping audit processes.
- The state Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(H)(l) of the Act. All contracts meet the requirements of the statute and RACs are consistent with the statute.

Section 1902
 (a)(42)(B)(ii)(ll)(aa) of the Act

Place a checkmark to provide assurance of the following:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
 Medical Assistance Program
State/Territory: Alaska

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

- The state will make payments to the RAC(s) only from amounts recovered.
- The state will make payments to the RAC(s) on a contingency basis for collecting overpayments.

The following payment methodology shall be used to determine state payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):

- The state attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.
- The state attests that the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The state will only submit for FFP up to the amount equivalent to that published rate.
- The contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs as published in the Federal Register. The state will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.

Section 1902
 (a)(42)(B)(ii)(ll)(bb) of the Act

- The following payment methodology shall be used to determine state payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee):

Section 1902 (a)(42)(B)(ii)(lll) of
 the Act

- The state has an adequate process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).

Section
 1902(a)(42)(B)(ii)(IV)(aa) of the
 Act

- The state assures that the amounts it expends to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State plan or a waiver of the plan.

Section
 1902(a)(42)(B)(ii)(IV)(bb) of the
 Act

- The state assures that the recovered amounts will be subject to a state's quarterly expenditure estimates and funding of the state's share.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Medical Assistance Program
State/Territory: Alaska

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Section 1902
(a)(42)(B)(ii)(IV)(cc) of the Act

- Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the state plan or waiver in the state, and/or state and federal law enforcement entities and the CMS Medicaid Integrity Program.