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State/Territory Name: Alaska

State Plan Amendment (SPA)#: AK 26-0004

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

July 22, 2026

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's State Plan Amendment (SPA) 26-0004 received in the CMS Medicaid Services OneMAC application on April 28, 2026. This SPA proposes to update the Wholesale Acquisition Cost (WAC) rate for out-of-state providers.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA AK-26-0004 is approved with an effective date of July 1, 2026. 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 signed, updated 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.

Sincerely,

[redacted]

Mickey D. Morgan
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, CMS, Medicaid and CHIP Operations Group

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26 — 0004

2. STATE: AK

3. 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, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR §447.512–447.514

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 26 $ (500,000)
b. FFY 27 $ (500,000)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
~~Attachment B, Section 4.19, Page 7~~
Attachment 4.19-B, pages 7 & 8

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
~~Attachment B, Section 4.19, Page 7~~
Attachment 4.19-B, pages 7 & 8

9. SUBJECT OF AMENDMENT
Modification of weighted cost of acquisition for out-of-state pharmacies -2%. This will result in nearly $500,000 federal fiscal savings per federal fiscal year.

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Emily Ricci

13. TITLE
Deputy Commissioner & Medicaid Director

14. DATE SUBMITTED
4/28/26

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
April 28, 2026

17. DATE APPROVED
July 22, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Mickey D. Morgan

21. TITLE OF APPROVING OFFICIAL
Director, Division of Pharmacy

22. REMARKS
7.20.26 P&I authorized to update Box 7 & Box 8 to reflect Attachment 4.19-B, pages 7-8

Instructions on Back

Methods and Standards for Establishing Payment Rates: Other Types of Care

Podiatry Services

Payment is at the lesser of billed charges, the Resource Based Relative Value Scale methodology used for physicians, the provider's lowest charge, or the state maximum allowable for procedures that do not have an established RVU. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule was last updated, to be effective for services on or after 7/1/2019, and is available at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

Prescribed Drugs

- The Department will use the National Average Drug Acquisition Cost (NADAC), as calculated and supplied by the Centers for Medicare and Medicaid Services, as the state maximum allowable cost for both brand and generic drugs.
- When considering the amount billed by the provider, the lowest of the following will be the amount billed: gross amount due, usual and customary pricing, and submitted ingredient cost plus the professional dispensing fee.

(A) Drugs dispensed by an in-state pharmacy, acquired outside of 340B or FSS, including 340B covered entities that purchase drugs outside of the 340B program and contract pharmacies under contract with a 340B covered entity described in section 1927(a)(5)(B) of the Act. This would also include Covered Outpatient Drugs that are not distributed by a retail community pharmacy and distributed primarily through the mail, specialty drugs, clotting factor, and drugs provided in a Long-Term Care Facility.
  - Reimbursement for drugs will be the lowest of the amount billed, WAC + 1% plus professional dispensing fee, state maximum allowable cost (SMAC) plus professional dispensing fee, or the federal upper limit (FUL) plus the professional dispensing fee.

(B) Drugs dispensed by an out-of-state pharmacy, acquired outside of 340B or FSS, including 340B covered entities that purchase drugs outside of the 340B program and contract pharmacies under contract with a 340B covered entity described in section 1927(a)(5)(B) of the Act. This would also include Covered Outpatient Drugs that are not distributed by a retail community pharmacy and distributed primarily through the mail, specialty drugs, clotting factor, and drugs provided in a Long-Term Care Facility –
  - Reimbursement for drugs will be the lowest of the amount billed, WAC -2% plus professional dispensing fee, SMAC plus professional dispensing fee, or the FUL plus the professional dispensing fee.

(C) Indian Health Service, tribal, and urban Indian facilities (pharmacies, dispensing providers) purchasing drugs through the Federal Supply Schedule (FSS) -
  - Reimbursement for drugs provided by a facility purchasing drugs through the Federal Supply Schedule or drug pricing program under 38 U.S.C. 1826, 42 U.S.C. 256b, or 42 U.S.C. 1396-8, other than the 340B drug pricing program, will not exceed the acquisition cost, as outlined in regulation for such facilities, plus the professional dispensing fee.

(D) 340B purchased covered outpatient drugs

- 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 (D) 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 ~~(~~H) 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) Investigational and Experimental Drugs

1) Reimbursement will not be provided for investigational drugs.
2) Reimbursement will not be provided for experimental drugs.

(I) 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