BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON REFERRAL BY THE COMMISSIONER OF HEALTH

In the Matter of	)	
	)	
D. T.	)	OAH No. 25-3207-MDX
	)	

DECISION

I. Introduction

D. T. is a Medicaid recipient who was notified by the Department of Health, Division of Health Care Services (Division) that she was being placed in the Alaska Medicaid program's Care Management Program (CMP) due to over utilization of Medicaid services. Ms. T. requested a hearing to challenge that placement.

After careful consideration, it is determined that placement of Ms. T. in the CMP is not legally mandatory, as alleged, nor would her enrollment further the intent of the program to reduce wasteful spending. The Division's decision is REVERSED.

II. Facts[1]

A. Relevant Procedural History

The Division's specialized software flagged Ms. T.'s account for "inappropriate" use of Medicaid services during a year-long review period from August 1, 2024, through July 31, 2025. On October 13, 2025, the Division advised Ms. T. of an intent to place her in the Care Management Program. Ms. T. requested a hearing. The hearing took place by telephone on December 11, 2025. Ms. T. represented herself and testified. Laura Baldwin represented the Division and Liz Larue testified as the Program Manager and Medicaid Program Specialist. All exhibits offered were admitted to the record. The record closed immediately following the hearing.

B. The Care Management Program

The Department of Health "may restrict a recipient's choice of medical providers if the department finds that a recipient has used Medicaid services at a frequency or amount that is not appropriate….[.]."[2] There is a specific list of actions by the recipient that qualify as "not

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[1] The following facts are established by a preponderance of the evidence, based on the testimony at hearing and the exhibits submitted.

[2] 7 AAC 105.600. As a requirement for continued receipt of Medicaid funding, federal law requires states have a plan in place "to safeguard against unnecessary utilization of [Medicaid] care and services." 42 CFR. § 456.1(a)(1). Each state's Medicaid agency "must implement a statewide surveillance and utilization control program that safeguards against unnecessary or inappropriate use of Medicaid services[.]" 42 CFR § 456.3(a).

appropriate."[3] When such a finding is made, the Division will place the recipient in the CMP, which assigns the recipient one primary care provider and one pharmacy.[4] Those providers become responsible for overseeing the recipient's medical care. The Medicaid program will only pay for medical services and items the recipient receives from the designated provider and pharmacy unless the assigned provider refers the recipient to another provider, or unless emergency services are necessary.[5] The CMP is designed for recipients who have been identified as over-utilizing Medicaid services.[6]

In October 2025 the Division sent Ms. T. a notice advising her that she had over utilized Medicaid services during the period of August 1, 2024, through July 31, 2025.[7] Listed were the following alleged "inappropriate" actions:[8]

1. 7 AAC 105.600(b)(1)(B) During a period of three consecutive months, you received prescription drugs from three or more pharmacy locations.

2. 7 AAC 105.600(b)(1)(E) During a 30-day period, you received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber.

As a result, beginning January 1, 2026, Ms. T. would be placed in the CMP. She would be restricted to a specific physician – the Community Clinic A in Town A, and a specific pharmacy – Store A in Town B.[9] The length of these restrictions would be 36 months, until December 31, 2028.[10]

C. The Alleged Over Utilization of Medicaid Services

Regarding 7 AAC 105.600(b)(1)(B), the Division asserted that Ms. T. utilized three different pharmacies during the three consecutive months of October, November, and December 2024.[11] Specifically, usage records showed the following:

1. November 2024 – Pharmacy A
2. December 2024 – Pharmacy A, Store A, Store B
3. October 2024 - Pharmacy A, Store A, Store B

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3 7 AAC 105.600(b).
4 7 AAC 105.600(d).
5 7 AAC 105.600(e).
6 Ex. D, p. 5.
7 Ex. D, pp. 1-2.
8 *Id.*
9 *Id.*
10 *Id.*
11 Ex. E, pp. 1-8.

Ms. T. testified that she lives in Town B, Alaska, a town of approximately 6,000 residents. She is autistic and has complex medical issues. Ms. T. uses a wheelchair and relies on the Medicaid waiver program for transport to locations within the community.

Ms. T. explained that she regularly fills her prescriptions at Store A, the local drug/hardware store in Town B, as it delivers the medications to customers' homes. This was true for October through December 2024. Store A is a limited pharmacy, however, and cannot fill her prescription for an anti-migraine injectable. During this three-month period, as was her usual practice, Ms. T. filled that prescription at Store B, the local grocery store/pharmacy. Store B is a less convenient pharmacy for her, as it does not offer home delivery of medications. Therefore, picking up her prescriptions at Store B requires Ms. T. to rely on Medicaid waiver services for transportation to the store. Finally, for a number of months Ms. T.'s provider was prescribing her a regular monoclonal antibody injection to treat arthritis. This prescription was only able to be filled through a specialized, out-of-state Pharmacy A pharmacy and sent to her by mail. During the months of October through December 2024, Ms. T. was receiving these monthly injectables.

Regarding 7 AAC 105.600(b)(1)(E), the Division claimed that during the 30-day period – specifically August 27 and 28, 2024 - Ms. T. received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber.

Ms. T. acknowledged that she has a prescription for an anti-anxiety medication that is classified as an opiod/benzodiazepine from her regular provider. This was filled on August 27, 2025. The following day she had a dental appointment with Dr. C., a local dentist, for a tooth extraction. He prescribed a very limited amount of an opioid/benzodiazepine – Ms. T. recalled "a tablet or two" - to treat the pain.[12]

The Division conceded that it did not question Ms. T.'s explanations for her reliance on multiple pharmacies nor her being prescribed two opioid/benzodiazepine medications within a month.[13]

III. Discussion

D. T. was identified by the Division of Health Care Service's computer system as over utilizing Medicaid services pursuant to 7 AAC 105.600(a). Specifically, she was flagged for using three different pharmacies during a three-month period and filling two concurrent

[12] Ex. E, pp. 8-9.

[13] Ms. T.'s explanations regarding the referenced pharmacies/prescriptions were also corroborated by the Division's submitted computer records. For example, regarding the concurrent opioid/benzodiazepine prescriptions, the usage chart lists, "Dr. C. – narcotic analgesic" August 28, 2024, and on "E. R., Advanced Practice Registered Nurse – anti-anxiety." August 27, 2024.

opioids/benzodiazepine prescriptions within a 30-day period. Ms. T. testified that in her small town there is not a single pharmacy that can fill the necessary prescriptions to address her complex health issues. The two opioid scripts were legitimately prescribed for two distinct health issues. Her testimony was undisputed. While the Division acknowledged that Ms. T.'s actions did not represent the Medicaid abuse the Division's program is designed to recognize, the Division asserted that it had no discretion in enrolling recipients flagged for such alleged Medicaid abuse – including Ms. T. - in the Care Management Program.

A. CMP Enrollment is Not Mandatory

The Division's arguments fail for the following reasons. First, the Division seeks what it asserts is obligatory CMP placement pursuant to 7 AAC 105.600(f), which states,

> The department may restrict provider choice for a reasonable period of time, not to exceed 24 months of eligibility upon initial placement, and 36 months for each subsequent placement.[14]

But the language of 7 AAC 105.600(c)(1) and (2) which addresses how the Division may sanction such purported over utilization of Medicaid actually reads as follows;

> Following identification of one or more instances identified in (b) of this section, the department will
> (1) **monitor the recipient's use of Medicaid services for 90 days;** or
> (2) notify the recipient in writing'
> (A) that the department will restrict the recipient's choice of provider as provided in (d) of this section[…]

The Division clearly has another option besides automatically placing an individual in the CMP. When asked why the Division did not instead elect option 1 and simply monitor Ms. T.'s use of Medicaid services for 90 days since her actions did not implicate fraud or misuse, it had no response.

Monitoring may not be appropriate for every person flagged as over utilizing Medicaid services. But the Division's own regulation provides it as an option. The Division's position that CMP placement is mandatory is contrary to the language of its regulation.

B. CMP Enrollment is an Absurd Result

It is well established in case law that courts are obliged to avoid an interpretation of a statute or regulation that leads to an absurd result or defeats the purpose of the law.[15] As

[14] As a side note, the Division is seeking to restrict Ms. T.'s for 36 months of eligibility, not 24, suggesting that Ms. T. has previously been placed in the CMP. However, the Division presented no evidence of any prior placement history involving Ms. T..

expressly stated by the Division, the objective of the Care Management Program is to promote and protect the health and the wellbeing of Alaskans while reducing healthcare costs and safeguarding against unnecessary or inappropriate use of Medicaid services.[16] It is designed to curb the abuse of Medicaid services and corresponding wasteful spending. In contrast, Ms. T.'s usage of Medicaid services not only fails to indicate overuse but rather shows that she is remaining independent by appropriately managing her health needs.

Ms. T.'s two separate opioid/benzodiazepine prescriptions in August 2025 do not indicate that she is "shopping around" for pain medications or malingering about various maladies in an attempt to be prescribed additional controlled substances.[17] One prescription was routine and addresses her anxiety, a chronic health issue, the other was for pain immediately following dental surgery. In fact, had Ms. T. decided *not* to treat her anxiety or allowed the tooth to fester unaddressed, she could have risked being identified by her medical providers as being unable to adequately care for herself, possibly triggering additional Medicaid services and case management.

Furthermore, the Division acknowledged that if Ms. T. switched to filling all her prescriptions at Store B this could implicate additional Medicaid expenditure associated with transporting her to the store. The Division stated that if Ms. T. needed to rely on more than two pharmacies in the future, she would be allowed two "overrides" of the regulatory restrictions and simply needed to request authorization from Medicaid. However, Ms. T. will seemingly require the use of multiple pharmacies for the foreseeable future, causing both Ms. T. and the Medicaid program unnecessary protracted hassle and expense with the endless processing of "overrides."

Clearly, the objective of the CMP is to reduce expenses by identifying wasteful uses of Medicaid services. In this situation, however, enrolling Ms. T. in the CMP would have the opposite result. It would compromise Ms. T.'s self-sufficiency and independence, negatively impacting her emotional wellbeing, as evidenced by her emotional testimony at the hearing. It would also likely result in increased overall Medicaid expenses by implicating additional case management and transportation expenses. This is an absurd result and defeats the purpose of the CMP.

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[15] *Schacht v. Kunimune*, Supreme Court of Alaska, 440 P.3d 149 (2019); *Martinez v. Cape Fox Corp,* Supreme Court of Alaska, 113 P3d 1226 (2005); *Penetac v. Municipality of Anchorage*, 436 P.3d 1089 (Alaska Ct. App. 2019).

[16] Ex. B, p. 12, Ex. D, p. 4.

[17] As an aside, the language of 7 AAC 105.600(b)(1)(E) is, "during a 30-day period, received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber[.]" As Ms. T.'s prescriptions were issued on August 27 and 28, it appears they were consecutive, not concurrent.

IV. Conclusion

The Division's decision to place Ms. T. in the Alaska Medicaid program's Care Management Program (CMP) is inappropriate as her enrollment is not mandatory and would be contrary to the express objective of the CMP to curb wasteful spending and the promote the wellbeing of Alaskans. The Division's decision is REVERSED.

DATED: December 15, 2025.

By: SIGNED
Danika B. Swanson
Administrative Law Judge

Adoption

The undersigned, by delegation from the Commissioner of Health, adopts this Decision, under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 3rd day of February, 2026.

By: SIGNED
Name: Danika B. Swanson
Title: Administrative Law Judge

[This document has been modified to conform to the technical standards of publication. Names have been changed to protect privacy.]