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

In the Matter of	)	
	)	
N. "G." C.	)	OAH No. 25-3167-MDX
	)	

DECISION

I. Introduction

Respondent N. "G." C. appeals the decision of the Division of Public Assistance (the "Division") placing her on the care management program ("CMP"). Ms. C. argues that her placement on the CMP was not supported by the evidence and that the Division's practice of counting each physical pharmacy location as a separate pharmacy does not have a reasonable basis.

Because the Division met its burden of proof to support placing Ms. C. on the CMP, and because the regulation allows the Division to consider pharmacies under common ownership but in different locations as separate pharmacies, the Division's placement of Ms. C. on the CMP is affirmed.

II. Background

Ms. C. has end-stage emphysema. She recently had about half of each of her lungs removed to help with the disease. During the operation to remove part of both lungs, it was discovered she has lung cancer.[1]

On October 13, 2025, the Division notified Ms. C. that it had placed her in the "Care Management Program" under 7 AAC 105.600, which allows the Department of Health to restrict a recipient's choice of medical providers if the recipient "has used Medicaid services at a frequency or amount that is not appropriate." The specific grounds for Ms. C.'s placement in the CMP were that, for a period of three months, Ms. C. received prescriptions "from three or more pharmacy locations" and, "during a 30-day period, received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber."[2]

Ms. C. asserts that placement in the CMP is incorrect because her psychiatrist, who prescribes Ms. C.'s benzodiazepine, and her pain management specialist, who prescribes an

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[1] The facts about Ms. C.'s emphysema, partial lung removal, and lung cancer are not in the agency record. Ms. C. testified to these matters at the evidentiary hearing and also discussed them at a case planning conference on November 26, 2025. The Division does not dispute that Ms. C. has these conditions and that she is terminally ill.

[2] Exhibit D at 1 *and* 7 AAC 105.600(b)(1)(B) & (b)(1)(E) (listing events that can trigger placement on the CMP).

opiate pain medication, have coordinated in providing care, and that the risks of such a concurrent prescription from different providers are outweighed by the medical benefits to Ms. C..[3] Dr. L, Ms. C.'s psychiatrist, stated in a letter:

> Her pain specialist and I are very aware of each other's involvement in the patient's care, and we monitor her closely for any signs of complications or negative interactions. … Ms. C. is of the understanding that she is being considered for restriction to only one pharmacy. … I respectfully request that you reconsider that plan, as her condition is such that any interruptions in treatment would potentially cause her great harm."[4]

Ms. C. also provided a chart note from Dr. M., Ms. C.'s pain management specialist, which stated:

> Dr. M. has determined that the patient may continue to receive opioid analgesic therapy through this clinic while simultaneously being prescribed a benzodiazepine by her psychologist.
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> This decision is made with full understanding of the potential risks associated with combined opioid and benzodiazepine use, including heightened sedation, respiratory depression, and overdose risk. The patient has been counseled extensively regarding these risks, demonstrates understanding, and agrees to follow all safety precautions, including taking medications exactly as prescribed, avoiding alcohol or sedating substances, and notifying the clinic immediately of any concerning symptoms.
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> Coordination of care will continue between Dr. M. and the patient's psychiatric provider to ensure safe, unified management. Regular monitoring – including prescription reviews, urine drug screening, and ongoing assessment of therapeutic benefit versus risk – will remain in place.[5]

The notice placing Ms. C. on the CMP stated that she must initiate care through "Medicald Center A" where Ms. C. already has a primary care provider, and that she must only get prescriptions from Pharmacy A on Street A.[6]

At the hearing, Ms. Liz Larue testified as the Program Coordinator for the CMP. Ms. Larue provided documentation that, during a three-month period, Ms. C. received prescription medications from a Medical Center B. pharmacy, an Medical Center C pharmacy, a Store B

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[3] Exhibits 1 (December 17, 2025 letter from K. F. L., MD (psychiatrist)) and 2 (December 5, 2025 chart notes from B. S. M., MD (pain management specialist)).
[4] Exhibit 1 at 1.
[5] Exhibit 2 at 1.
[6] Exhibit D at 1.

pharmacy, and a Store A pharmacy.[7] Ms. Larue also produced Department of Health records showing Ms. C.'s concurrently filling prescriptions for a benzodiazepine and an opioid prescription from different health care providers.[8] Ms. C. did not dispute that she received prescriptions from those locations or those medications, though, as discussed below, she believed it was erroneous for the Division to treat the Medical Center B. and Medical Center C pharmacies separately.

Ms. Larue further discussed the CMP. She testified that Ms. C.'s primary care provider could provide referrals to the same psychiatrist and the same pain management specialist and that those referrals would be good for one year and could be renewed. Ms. Larue also testified that, in addition to being able to change her pharmacy, if her selected pharmacy did not have a medication in stock, she could call a hotline for an exception to have a prescription picked up at a different pharmacy. The Division representative also stated that Ms. C.'s placement in the CMP would not take effect until resolution of this administrative appeal by the final decision maker.

Ms. C. requested a fair hearing on October 20, 2025, and this appeal resulted.

III. Discussion

At the hearing, the Division representative noted correctly that the regulation for placement in the CMP changed significantly in 2021.[9] In the prior version, an individual clinical review was required before any recipient could be placed in the CMP.

The current regulation dispenses with the clinical review by a qualified health care professional for recipients who fall within certain categories. Under the language of the current 7 AAC 105.600, there is no medical review and there is no ability to utilize the physician notes Ms. C. provided to avoid her placement in the CMP. Instead, a "recipient's use of Medicaid services is not appropriate if one or more of" the situations described in 7 AAC 105.600(b)(1) occur. Relevant to Ms. C.'s case, the regulation deems the use of Medicaid services inappropriate if:[10]

> (B) during a period of three consecutive months, [the recipient] received prescription drugs from three or more pharmacy locations; . . . (E) during a 30-day period, [the recipient] received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber[.]

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[7] Exhibit E at 1-8. Ms. C. only picked up prescriptions from a single Store B Pharmacy (service provider ID no. 1000007) and a single Store A Pharmacy (service provider ID no. 1000005).

[8] Exhibit E at 8-11.

[9] See *In re DT*, OAH No. 21-0106-MDX (Comm'r of Health & Soc. Servs. 2021) (available at https://aws.state.ak.us/OAH/Decision/Display?rec=6683) (discussing 2021 changes to 7 AAC 105.600).

[10] 7 AAC 105.600(b)(1). While there may be additional sections of the regulation that could apply to Ms. C.'s case, these are the only sections listed in the Division's notice.

As the Division is seeking to place Ms. C. in the CMP, it has the burden to prove, more likely than not, that its decision is correct.[11] Ms. C. articulated, generally, two legal theories under which she should not be placed in the CMP. The first is that the Division's placement of her in the CMP was not supported by the evidence. However, there is substantial and unrefuted evidence that Ms. C. received benzodiazepines and opiates from at least two different prescribers within a 30-day period. While Ms. C. produced evidence from the two providers stating they are coordinating her care, that does not change the facts of this case. Accordingly, the Division met its burden to prove that during a 30-day period, Ms. C. received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber.

Ms. C. also argues that the Division's practice of treating multiple pharmacy locations with common ownership and that share prescription information between locations is not reasonable. Ms. C. testified that the MEDICAL CENTER B. and MEDICAL CENTER C. pharmacies are owned by the same entity, and that these pharmacies share prescription information such that there are built-in protections against abuse. Agencies "may not act in an arbitrary, unreasonable, or discriminatory fashion."[12] However, this tribunal need not reach the merits of Ms. C.'s argument because, even if the MEDICAL CENTER B. and MEDICAL CENTER C. pharmacies were treated as the same, she still received prescriptions from three pharmacies: (1) MEDICAL CENTER B./MEDICAL CENTER C., (2) Store B; and (3) Store A. It is undisputed that those three entities are not commonly owned and do not share prescription information. Further, the regulation does not limit the use of pharmacies by ownership; rather, it applies to receiving prescription drugs from "three or more pharmacy *locations*."[13] Accordingly, even three separate locations of the same pharmacy chain would be sufficient to meet the requirements of the regulation. The Division has met its burden to prove that Ms. C. received prescription drugs from three or more pharmacy locations during a period of three consecutive months.

IV. Conclusion

The Division met its burden to prove that, during the relevant periods, Ms. C. received prescription drugs from three or more pharmacy locations and received concurrent prescriptions for an opioid and benzodiazepine from more than one prescriber. While Ms. C. clearly requires

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11 7 AAC 49.135.

12 *May v. State, Commerical Fisheries Entry Comm'n*, 168 P.3d 873, 884 (Alaska 2007).

13 7 AAC 105.600(b)(1)(B) (emphasis added).

significant (and likely increasing) medical care, and placing her into the CMP may seem harsh, this is what the regulations provide and the Division is required to follow its regulations. Therefore, the placement of Ms. C. on the care management program is AFFIRMED.

DATED: January 6, 2026.

By: SIGNED
Robert H. Schmidt
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 2nd day of March, 2026.

By: SIGNED
Name: Robert H. Schmidt
Title: Administrative Law Judge

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