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

In the Matter of	)	
	)	
L.X	)	OAH No. 26-0390-MDE
	)	

DECISION

I. Introduction

L.X applied for Denali KidCare benefits (Pregnant Woman Medicaid) on March 26, 2026.[1] On May 8, 2026, the Division of Public Assistance (the Division) denied Ms. X's application for February and March, but approved benefits for April and forward. The Division's denial was based on its determination that Ms. X's income exceeded applicable program limits for February and March.

The Division calculated Ms. X's income based on an averaged yearly income, rather than the actual income earned in each month. This case presents the question of whether the Division is required to rely on an estimated monthly income, even when it has undisputed evidence of actual earned income for that month. This decision concludes that it is not.

Prospective Alaska Medicaid eligibility turns on the Division's "best estimate of income, resources, and other circumstances that are anticipated to exist for the household during the month for which eligibility is being determined."[2] The Division is required to make an income determination on a month by month basis. When the Division has reliable evidence of actual earnings rather than estimated earnings, the actual earnings are the "best estimate of income." For retroactive coverage, the Division is required to use the "actual income received in the month" the applicant is seeking coverage.[3] Based on Ms. X's actual earnings, she is over the income limit for February and under the income limit for March. Accordingly, the Division's denial of benefits for February is affirmed, and the Division's denial of benefits for March is reversed.

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1 Ex. 1 – 1.12. Ms. X applied for Medicaid on more than one occasion, but only her March 26, 2026 application is the subject of this appeal.

2 7 AAC 100.154.

3 7 AAC 100.072(d)(1).

II. Facts

Ms. X is in a two-person household, composed of herself and her unborn child. She applied for Medicaid on March 26, 2026. On May 8, 2026, the Division denied Ms. X's application for Medicaid for the months of February and March, but approved her benefits for April and ongoing.[4] As a result, this decision focuses solely on the Division's denial of February and March benefits.

Ms. X works for Employment A (Employment A), a florist shop. Ms. X is a salaried employee and is paid bi-weekly. In January and February, Ms. X's salary was $2,100 each pay period, or $4,515 per month. In March, Ms. X received a raise, increasing her pay to $2,192.31 per pay period.[5]

However, Employment A sees significantly increased demand during Thanksgiving, Christmas, Valentine's Day, and Mother's Day.[6] Employment A attempts to hire temporary employees to handle the increased demand during those holiday seasons; however, this is not always possible.[7] If Employment A is not able to hire temporary employees, Ms. X picks up some of the additional work. To compensate her for this additional work her boss, U.J, sometimes pays her a bonus. This bonus is not a fixed amount and is issued at Mr. J's discretion.[8] Ms. X is not eligible for another bonus until November. However, given Ms. X's pregnancy, it is not clear to what extent she will be working, or the hours she will be able to work in November.

As February included the Valentine's Day holiday period, and Employment A was not able to hire enough help to keep up with the increased demand, Mr. J gave Ms. X a bonus. On February 13, 2026, Ms. X received a total check of $2,552.87, reflecting a bonus of $452.87.[9] On February 27, 2026, she received a total check of $3,137.84, reflecting a bonus of $1,037.84.[10] In total, Ms. X's income from wages was $5,690.71. Ms. X also received the PFD, so her total

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4 Exs. 2 - 2.5.
5 For employees who are paid bi-weekly, the Division multiplies pay by 2.15 to arrive at a monthly figure.
6 Testimony of Mr. J.
7 Testimony of Mr. J.
8 Testimony of Mr. J.
9 Ex. 6.
10 Ex. 6.

actual monthly income in February was $5,774.04.[11] This placed her well above the program limit for income.

In March, Ms. X received two paychecks for $2,192.31 each.[12] Projecting this base biweekly income using the regulatory multiplier (× 2.15) results in a monthly wage estimate of $4,713.47. With the monthly PFD portion ($83.33) added, her total estimated monthly income was $4,796.80 for March. This is below the program limit.

Ms. X's total income from her wages for the relevant period was:[13]

Pay Date	**Gross Amount**
04/24/2026	$2,192.31
04/10/2026	$2,192.31
03/27/2026	$2,192.31
03/13/2026	$2,192.31
02/27/2026	$3,137.84
02/13/2026	$2,552.87
01/30/2026	$2,100.00
01/16/26	$2,100.00
01/02/26	$2,627.70

[11] The 2025 PFD was $1,000. When that amount is divided equally between each month, it results in $83.33 of income.

[12] Ex. 6.

[13] Ex. C. Ms. X's income history originally showed that she received two checks on January 2, 2026. However, after testimony from Mr. J, the parties agreed that the second January 2nd check for $2,100 was received and deposited in December but was mislabeled.

III. Discussion

The Medicaid program provides medical insurance coverage for eligible participants in several categories of eligibility.[14] Alaska provides Medicaid coverage, through the Denali KidCare program, for pregnant mothers in financially eligible households.[15] Financial eligibility is determined according to Family Medicaid requirements, on a monthly basis.[16]

To qualify for Denali KidCare as a pregnant woman, an applicant's monthly household income must fall within 225% of the federal poverty guideline. [17] At the time Ms. X applied, 225% of the guideline for an Alaskan household of two (including the unborn child) was $4,956.[18] On April 1, 2026, the income eligibility limit increased to $5,072.[19]

This case is somewhat unique. As the Division has conceded Ms. X's eligibility for April through the remainder of her eligibility for this type of Medicaid, it is only necessary to decide her income eligibility for February and March. As a result, it is not necessary to estimate Ms. X's prospective income going forward and instead her eligibility can be based on the "*actual income received"* in each month.

A. February Retroactive Eligibility

Ms. X applied for Medicaid on March 26, 2026, and requested retroactive coverage for February. An applicant's eligibility for retroactive Denali KidCare benefits is governed by 7 AAC 100.072, which explicitly dictates that "[e]ligibility must be determined separately for each month in which the applicant seeks coverage."[20] Further, the Division is required to use the "actual income received in the month" the applicant is seeking retroactive coverage.[21]

Ms. X argues that her February holiday bonuses should be excluded because they were discretionary, non-guaranteed, and unpredictable. While the Division has discretion when projecting prospective income, it has no such flexibility under the retroactive rules; it must look purely at historical fact.[22] In February, Ms. X actually received gross wages of $5,690.71. When her monthly PFD allocation of $83.33 is added, her actual February income totaled $5,774.04.

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14 AS 47.07.020.
15 AS 47.07.020(b)(9), (14); 7 AAC 100.002(c)(7), (9); 7 AAC 100.300-.306.
16 7 AAC 100.300(a).
17 AS 47.07.020(b)(14); 7 AAC 100.302(a)(2); Exs. 11-12.
18 Ex. 11.
19 Ex. 12.
20 7 AAC 100.072(c).
21 7 AAC 100.072(d)(1).
22 *In re SE,* OAH No. 12-0892-DKC (Commissioner of Health and Social Services 2013) (available at https://aws.state.ak.us/OAH/Decision/Display?rec=1996)

Because this exceeds the $4,956 program limit, the Division's denial of retroactive benefits for February must be affirmed.

B. March Prospective Eligibility

March presents a different legal framework. Because March was the month of application, eligibility is determined prospectively. Further, the Department must form its "best estimate of income... anticipated to exist for the household."[23] Crucially, when the Division is making its best estimate it is required to use "the actual income received or anticipated to be received in the month for which the determination is being made."[24] Further, if the receipt of the income "cannot reasonably be anticipated in a month for which a determination is being made," the Division must exclude that income from its best estimate.[25] For biweekly income, 7 AAC 100.168(d) directs the Division to estimate prospective monthly income by multiplying the biweekly rate by 2.15.

Ms. X applied on March 26, 2026. By the time Ms. X provided information about her income, and the Division reached a decision on her eligibility, she had earned her full March pay and the Division was able to confirm that information with the Department of Labor. The Division's regulations require it to base eligibility determinations on the "best estimate" on the "actual income received," when that information is available. There can be little dispute that the "best estimate" of the income that is likely to be received by the household in a particular month, is the actual income that was actually received by the household in that month.

Ordinarily, an application for this type of Medicaid requires the Division to estimate prospective income because exact information on future earnings is unavailable. However, because the Division has already conceded Ms. X's eligibility for April and ongoing, the remaining eligibility question focuses entirely on a month for which the Division has the undisputed actual earned income. Rather than isolating Ms. X's actual March income, or her ongoing income, the Division calculated her March income by averaging her year-to-date (YTD) earnings. This methodology improperly dragged her high, non-recurring February Valentine's Day bonuses into the March calculation, artificially inflating her projected income over the program limit.

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23 7 AAC 100.168(a) (emphasis added).
24 7 AAC 100.168(a).
25 7 AAC 100.168(b).

Ms. X's ongoing base salary in March was $2,192.31 per pay period, and her employer confirmed she was ineligible for another seasonal bonus until November.[26] Even the November bonus is not guaranteed, and given Ms. X's pregnancy, it is unclear to what degree she will be able to work in November. Therefore, the "best estimate" of her anticipated monthly income must be anchored to her regular biweekly base rate and the actual income she received. Multiplying her March base rate of $2,192.31 by 2.15 yields a monthly wage projection of $4,713.47. Adding the annualized PFD share ($83.33) brings her total prospective income to $4,796.80. Because this is below the $4,956 limit, Ms. X is eligible for benefits in March, and the Division's denial must be reversed.

IV. Conclusion

As Ms. X's actual income in February was over the program limit for Medicaid, the Division's decision to deny her eligibility for that month is affirmed. As the best estimate of Ms. X's income for March is the actual income she received, and that income was under the program limit, the Division's decision to deny her eligibility for March is reversed.

Dated: June 9, 2026

Signed

Eric M. Salinger
Administrative Law Judge

[26] Testimony of Mr. J.

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 25th day of June, 2026.

By: *Signed*
Name: Daniel R. Phelps II
Title: Process Improvement Manager
Office of the Commissioner
Alaska Department of Health

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