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

In the Matter of	)	
	)	
K. F.	)	OAH No. 26-0411-MDE
	)	

DECISION

I. Introduction

K. F.' children were determined to be eligible for Medicaid through the Federally Facilitated Marketplace (the Marketplace)[1] on October 31, 2021. Despite that determination, the Division of Public Assistance (DPA/the Division) failed to process the referral from the Marketplace. On April 13, 2026 — over four years later — the Division processed the October 31, 2021, referral and approved coverage back to the date of the application. In doing so, the Division created the potential that Mr. F.' family may be forced to repay tens of thousands of dollars in advance premium tax credits, causing significant financial harm for a benefit they never used. Mr. F. appealed the late approval, arguing that because his family was financially ineligible for Medicaid and had been determined ineligible by the Marketplace for the 2022 through 2026 coverage years, the Division's approval should be overturned.

As the Division was required to process and approve benefits after it received an eligibility determination from the Marketplace, the Division's decision to approve the October 31, 2021, referral is affirmed. However, because the Marketplace made determinations of ineligibility for the benefit years of 2022 through 2026, the Division's decision to approve benefits after December 31, 2021, is reversed. Accordingly, the Division shall issue a revised notice approving Mr. F.' children for Medicaid from October 1, 2021, through December 31, 2021, and terminating benefits effective January 1, 2022.

II. Facts

Mr. F. applied for health insurance through the Marketplace. On August 4, 2021, the Marketplace determined that Mr. F.' household, which consisted of Mr. F., his spouse (L.), and their children (F., O., and J.), was eligible for Medicaid.[2]

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[1] The Federally Facilitated Marketplace is an organized marketplace for health insurance plans operated by the U.S. Department of Health and Human Services (HHS). The Federally Facilitated Marketplace is established in a state by the HHS Secretary for states that chose not to set up their own marketplace or did not get approval for one.

[2] Exs. 2–2.18.

On October 4, 2021, Mr. F. sent an email informing the Division that he had applied inadvertently and requested that his Medicaid application be closed retroactively to August 1, 2021.[3] On October 19, 2021, the Division notified Mr. F. that his Medicaid was closed effective November 1, 2021.[4]

Mr. F. applied for health insurance through the Marketplace in October of 2021.[5] Based on the information he provided, the Marketplace determined that, while he and his wife were not eligible for Medicaid, his three children were eligible for Medicaid.[6] The Marketplace provided Mr. F. notice of the approval, which informed him that the Division would contact him to provide more information and inform him how to access benefits.[7]

On October 31, 2021, the Division received a Medicaid eligibility referral from the Marketplace.[8] That referral determined that Mr. F.' three children were eligible for Medicaid.[9] The Division took no further action, did not approve Medicaid, did not issue benefit cards for Mr. F.' three children, and did not issue a notice of any kind. Mr. F. continued to check on the status of his children's Medicaid through an eligibility database.[10] Mr. F. repeatedly confirmed his children did not have active Medicaid benefits. As the Division never activated benefits for the children, they were without coverage of any kind for the remainder of the year.[11]

On December 7, 2021, Mr. F. applied again for health insurance through the Marketplace, seeking coverage for 2022.[12] This time, the Marketplace determined Mr. F. and his household were all over-income for Medicaid. The Marketplace provided Mr. F. with notice of its determination of ineligibility, and that he had a right to appeal the determination if he chose.[13] That determination of ineligibility was never transmitted to the Division.[14] As Mr. F. agreed with the determination that his household was ineligible for Medicaid, he subsequently purchased

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3 Ex. 3.
4 Ex. 4.
5 Testimony of Mr. F..
6 Ex. A, pp. 8–13.
7 Ex. A, p. 8–9.
8 Exs. 5.4–5.16. While the application was transmitted on October 31, 2021, likely because that date was a Sunday, it was marked by the Division as being received November 1, 2021.
9 This October 31, 2021, referral constituted a separate, distinct application from the initial August 2021 application that was scheduled for closure on November 1, 2021.
10 Testimony of Mr. F..
11 Testimony of Mr. F..
12 Ex. A, p. 14.
13 Ex. A, p. 15. "K. F., L. F., O. F., J. F., F. F. – You don't qualify for Medicaid because your monthly household income ($6,850.00) is too high."
14 Testimony of Ms. Malathip.

coverage through the Marketplace.[15] That coverage began effective January 1, 2022, and Mr. F. received an advance premium tax credit to defray some of the cost of this insurance.[16]

For each subsequent coverage year, 2023 through 2026, Mr. F. applied for health insurance through the Marketplace. Each year, his family was determined ineligible for Medicaid based on household income; consequently, he purchased insurance through the Marketplace and received an advance premium tax credit to defray the cost.[17] In each year, Mr. F. received a notice from the Marketplace regarding the determination of ineligibility.[18] Mr. F. last received a Marketplace notice on November 17, 2025, determining that his household was over-income for the 2026 coverage year.[19]

In April of 2026, the Division processed Mr. F.' October 31, 2021, referral from the Marketplace. On April 10, 2026, the Division approved retroactive Medicaid benefits for the children, effective October 1, 2021, and ongoing. On April 13, 2026, the Division sent Mr. F. notice of the approval.[20] Mr. F. appealed, and the matter was referred to the Office of Administrative Hearings.

On May 11, 2026, Mr. F. requested that benefits for his children be terminated, effective October 2021. The Division ended Medicaid benefits for the F. children, effective May 31, 2026.[21]

Following continuances at the request of the parties, a telephonic hearing was held on June 15, 2026. The Division was represented by its fair hearing representative, Sythouane Malathip. Mr. F. represented himself and testified on his own behalf.

During the hearing, Mr. F. established that his household was over the maximum income limit for Medicaid for the coverage years of 2022, 2023, 2024, 2025, and 2026.[22] Mr. F. estimated his current household income at $160,000.

III. Discussion

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15 Testimony of Mr. F..
16 Ex. A, p. 17. *See also* Testimony of Mr. F..
17 Testimony of Mr. F..
18 Ex. A, pp. 21–31.
19 Ex. A, pp. 30–31.
20 Exs. 7.1–7.6.
21 Ex. 9.
22 Testimony of Mr. F.. *See also* Ex. A, p. 15 ($95,000); Ex. A, p. 21 ($90,652.88); Ex. A, p. 23 ($143,000); Ex. A, p. 25 ($131,062.76).

There are many issues in this case, not the least of which is a four-and-a-half-year delay in processing the eligibility determination from the Marketplace.[23]

At the hearing, Mr. F. expressed a reasonable concern regarding the four-and-a-half-year processing delay. Specifically, he fears his family may be forced to repay tens of thousands of dollars in advance premium tax credits, causing significant financial harm for a benefit they never used. As a family deemed eligible for Medicaid is ineligible for advance premium tax credits, this concern is reasonable.

The State of Alaska does not run its own healthcare marketplace, instead, the Marketplace is operated by the Centers for Medicare and Medicaid Services (CMS).[24] The State of Alaska has delegated some Medicaid eligibility determinations to the Marketplace.[25] As part of that delegation, the Marketplace makes eligibility determinations and refers those determinations to the Division.[26] After receiving a determination from the Marketplace, the Division is required to "[f]urnish Medicaid promptly to beneficiaries without any delay caused by the agency's administrative procedures."[27] The Division conceded that a four-and-a-half-year delay in furnishing Medicaid benefits was far from prompt. However, once the referral was processed, the Division argued it had no option but to approve benefits back to the date of the Marketplace's referral.

While the Division is required to furnish Medicaid after it receives an eligibility determination from the Marketplace, the Division is only required to continue coverage to "all eligible individuals until they are found to be ineligible."[28] In this case, the Marketplace found Mr. F.' household ineligible for Medicaid benefits for the 2022, 2023, 2024, 2025, and 2026 coverage years. While the relevant federal regulations require the Division to furnish Medicaid promptly after the Marketplace determined Mr. F.' household was eligible, those same regulations require that Medicaid cease after an individual is found to be ineligible.[29] The

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[23] This case presents many potential issues related to due process, detrimental reliance, and the interplay between federal and state regulations. However, as this matter can be resolved based entirely on the determinations reached by the Marketplace, these other issues will not be addressed in this decision.

[24] Testimony of Ms. Malathip. *See also* 42 U.S.C. § 18041.

[25] 42 C.F.R. § 431.10(c)(1)(i)-(ii).

[26] 42 C.F.R. § 435.1200(c)(2). This is sometimes called the determination model.

[27] 42 C.F.R. § 435.930(a). *See also* 42 C.F.R. § 435.1200 and 42 C.F.R. § 435.911

[28] 42 C.F.R. § 435.930(b).

[29] During the public health emergency, which began March 1, 2020, and ended in 2023, the Division was required to automatically renew benefits and grant enrollees continuous coverage. Arguably, because the Division failed to timely process the Marketplace's 2021 eligibility determination, active benefits were never actually

Marketplace determined Mr. F.' household was ineligible based on income beginning in 2022, and the hearing evidence confirms the household was over-income. Just as the Division must accept the Marketplace's determination of eligibility, it is required to accept the Marketplace's determination of ineligibility.[30] Accordingly, the Division should have acted on the Marketplace's determinations and terminated Medicaid effective January 1, 2022.

Generally, the Division cannot terminate benefits retroactively and must give at least ten days' notice. However, there are some exceptions to that rule.[31] Relevant to this case, an enrollee can waive the requirement for prospective notice. Mr. F. consented on the record and in writing to waive the notice requirement; he has repeatedly asked the Division to terminate the Medicaid coverage retroactively. As a result, the limitation on retroactive termination and requirement for prospective notice do not apply in this case.

As Mr. F.' household was determined ineligible by the Marketplace for the benefit years of 2022 through 2026, and he voluntarily waived the issue of retroactive notice, the Division should terminate Medicaid coverage for Mr. F.' children effective January 1, 2022.

instantiated during the continuous enrollment period. Consequently, terminating benefits effective January 1, 2022, does not violate the intent of the federal continuous enrollment mandate, as no actual coverage is being stripped away from a relying beneficiary. Whether or not that restriction applies to a case decided after the public health emergency ended, it does not apply here. Even during the public health emergency, enrollees retained the right to request their coverage be terminated. As Mr. F. has specifically requested his coverage be terminated, the Division would not be prohibited from granting his request during the time of the public health emergency.

[30] 42 C.F.R. § 435.1200 expressly provides that the Division must accept a determination of Medicaid eligibility made by the Marketplace in the same manner as if the determination had been made by the Division.

[31] 42 C.F.R. § 431.213.

IV. Conclusion

For the reasons stated above, the Division's decision to approve Medicaid benefits effective October 1, 2021, through December 31, 2021, is affirmed. The Division's decision to continue those benefits from January 1, 2022 through May 31, 2026, is reversed. The Division shall reissue notice to Mr. F. in line with this order and, to the extent necessary, inform the Marketplace of the change in eligibility.

Dated: June 30, 2026

SIGNED
Eric M. Salinger
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 19th day of August, 2026.

By: SIGNED
Name: Eric M. Salinger
Title: Administrative Law Judge

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