

DEPARTMENT OF HEALTH



PROPOSED CHANGES TO REGULATIONS.

Medicaid Coverage & Payment for Specialized Group Home and Family Home Habilitation Services.

- 7 AAC 130. Medicaid Coverage; Home and Community-Based Waiver Services.
- 7 AAC 145. Medicaid Payment Rates.
- 7 AAC 160. Medicaid Program; General Provisions.



PUBLIC REVIEW DRAFT.
May 1, 2026.

COMMENT PERIOD ENDS: June 22, 2026.

Please see the public notice for details about how to comment on these proposed changes.

Title 7. Health and Social Services.

Chapter 130. Medicaid Coverage; Home and Community-Based Waiver Services.

7 AAC 130.202 is repealed and readopted to read:

7 AAC 130.202. Services provided by family members. (a) Home and community-based waiver services covered under this chapter do not include services provided by a legally responsible individual, including the recipient's spouse, the recipient's parent if the recipient is a minor child, the recipient's court-appointed guardian, or other individual who has a legal duty to support the recipient. For purposes of this section, a foster parent is not a legally responsible individual for a recipient placed in the care of that foster parent by the Department of Family and Community Services.

(b) Notwithstanding (a) of this section, a court-appointed guardian may provide home and community-based waiver services to a recipient if

(1) the court authorizes the court-appointed guardian to provide those services under AS 13.26.167(2) or 13.26.311(c); and

(2) the court-appointed guardian is qualified to provide those services and employed by a provider certified under 7 AAC 130.220(a)(1) or (3).

(c) Notwithstanding (a) of this section, a legally responsible individual may provide in-home supports and supported living services under 7 AAC 130.265 if

(1) a provider agency hiring a legally responsible individual after October 1, 2026 documents at the time of hire that

(A) there is no other direct care worker who can provide the necessary services; or

(B) the legally responsible individual has the specific knowledge, skills, or abilities to meet the recipient's needs;

(2) the service

(A) is one that the legally responsible individual would not ordinarily provide in the household to a person of the same age without a disability;

(B) is documented in the support plan under 7 AAC 130.217 and 7 AAC 130.218; and

(C) is not inclusive of duties that the legally responsible individual has for a recipient and that, if not provided, would be considered neglect under AS 47.10.014 or AS 47.24;

(3) a recipient chooses the legally responsible individual to be the provider of the service and the recipient's choice is reviewed annually during the person-centered planning meeting; and

(4) the legally responsible individual

(A) is qualified to provide those services and employed by a provider certified under 7 AAC 130.220(a)(1); and

(B) does not exceed 40 paid hours of home and community-based waiver services under this chapter provided within a seven-day period regardless of the number of waiver recipients for who the individual is legally responsible, unless the individual is authorized to provide services under (b) of this section. (Eff. 2/1/2010, Register 193; am 11/3/2012, Register 204; am 11/5/2017, Register 224; am ____ / ____ / _____, Register _____)

Authority: AS 47.05.010 AS 47.07.030 AS 47.07.040

7 AAC 130.220(f) is amended by adding a new paragraph to read:

(7) the provider has two consecutive probationary certification periods under (c)(1) of this section and is still not compliant to the department's satisfaction.

7 AAC 130.220(m)(4) is amended to read:

(4) residential habilitation services under **7 AAC 130.265(b), (f), (l), and (n)**

[7 AAC 130.265(b) AND (g)];

(Eff. 2/1/2010, Register 193; am 7/1/2013, Register 206; am 7/1/2015, Register 214; am 7/1/2016, Register 218; am 11/5/2017, Register 224; am 10/1/2020, Register 235; am 1/1/2021, Register 236; am 3/31/2021, Register 238; am 9/9/2021, Register 239; am 10/16/2022, Register 244; am ___ / ___ / _____, Register _____)

Authority: AS 47.05.010 AS 47.07.030 AS 47.07.040

7 AAC 130.265(a)(5) is amended by adding new subparagraphs to read:

(E) specialized family home habilitation services described in (l) of this section; or

(F) specialized group-home habilitation services described in (n) of this section.

(((Publisher: Please remove "or" at the end of 7 AAC 130.265(a)(5)(C) and change period to a semicolon at the end of 7 AAC 130.265(a)(5)(D).)))

7 AAC 130.265 is amended by adding new subsections to read:

(l) The department will consider residential habilitation services to be specialized family home habilitation services if

(1) the specialized family home habilitation services site

(A) is a residence licensed as an assisted living home or a foster home under AS 47.32;

(B) provides 24-hour care for up to two recipients, unless an exception is approved in accordance with (m)(3) of this section; and

(C) is the residence where a primary caregiver or caregivers reside;

(2) the services are provided to a recipient who the department determines

(A) has documented needs that cannot be met by other residential habilitation services under this section;

(B) has documented behaviors that would put the recipient or others at immediate risk of harm or a medical condition that would pose an immediate risk of injury or death without the provision of specialized services; and

(C) requires residential habilitation services from a provider with specialized qualifications as specified in the *Residential Habilitation Services Conditions of Participation*, adopted by reference in 7 AAC 160.900; and

(3) the services provide the oversight, care, and support needed by the recipient to prevent risk of institutionalization of the recipient.

(m) The department will pay for specialized family home habilitation services under (l) of this section subject to the following limitations:

(1) a recipient's care coordinator must document, to the department's satisfaction in the recipient's support plan developed under 7 AAC 130.217 and 7 AAC 130.218, that the

following criteria were evaluated by the recipient's planning team to determine that a specialized family home habilitation services site is appropriate to provide services to the recipient:

(A) the needs of the recipient, including the need for specialized medical technology;

(B) the capacity of the provider to provide services for the specific needs of the recipient;

(C) the adequacy of the provider's plan for staff training, recipient safety, staff safety, service monitoring, and oversight regarding the number of individuals living at the site;

(D) the suitability of the physical site for the recipient;

(E) the number and the relationship to the primary caregiver of other individuals living at the site and whether any medical conditions or behavioral characteristics of

(i) those individuals could create a risk to the health, safety, and welfare of the recipient; and

(ii) the recipient could create a risk to the health, safety, and welfare of those individuals;

(F) the ability of other individuals living at the site to provide self-care;

(G) the nature of any complaints regarding the physical site, quality of care, staff, and how the provider certified under 7 AAC 130.220(a)(1)(E) resolved those complaints;

(2) the household composition is limited to the primary caregiver and other caregivers who reside at the home and the recipients of specialized family home habilitation services;

(3) the department will authorize payment for services in a specialized family home habilitation services site for not more than two recipients if each recipient was evaluated and approved to receive services in accordance with the criteria of this subsection; the director of the departmental division responsible for home and community-based waiver services may waive the limit on the number of recipients and allow up to three recipients in consideration of familial relationships;

(4) the provider does not provide any other paid services to the provider's own specialized family home habilitation recipient;

(5) the provider is not a legally responsible individual for any resident receiving specialized family home habilitation in the provider's specialized family home;

(6) when specialized family home habilitation services are authorized for a recipient, the department will not make separate payment for

(A) chore services under 7 AAC 127.087;

(B) family-directed respite care services under 7 AAC 130.280;

(C) transportation services under 7 AAC 130.290;

(D) meal services under 7 AAC 130.295; or

(E) services provided by another resident of a specialized family home habilitation services site;

(7) a provider certified in accordance with 7 AAC 130.220(a)(1)(E) shall

(A) notify the department, the recipient's care coordinator, and the recipient or recipient's representative

(i) 30 days before moving a recipient from, or replacing the primary caregiver at, a specialized family home habilitation services site that was evaluated using the criteria under this subsection; and

(ii) not later than one business day after any unplanned relocation or replacement of the primary caregiver if the provider determined that the relocation or replacement was necessary to protect the recipient's health, safety, and welfare;

(B) consult with the recipient's care coordinator and the recipient or recipient's representative to evaluate whether the criteria specified in this subsection will be met if the recipient is relocated or the primary caregiver is replaced, or are met in the event of an unplanned relocation of the recipient or unplanned replacement of the primary caregiver; and

(C) demonstrate to the department's satisfaction, in an amendment to the support plan under 7 AAC 130.217(d), that

(i) the criteria in this subsection were evaluated in regard to the needs of the recipient;

(ii) the relocation site meets the needs of the recipient; and

(iii) the primary caregiver at the relocation site or the primary caregiver replacement is capable of providing specialized family home habilitation services to the recipient.

(n) The department will consider residential habilitation services to be specialized group-home habilitation services if

(1) the specialized group-home habilitation services site is a residence licensed as an assisted living home under AS 47.32 that provides 24-hour care;

(2) the services are provided by staff that do not permanently reside in the home; and

(3) the services are provided to a recipient who is 18 years of age or older; the department may make an exception to allow the provider to serve a recipient who is 16 or 17 years of age if the specialized group-home habilitation service provider serves no more than one individual 16 or 17 years of age in any one setting, regardless of whether those individuals receive any form of financial support from a public or private source;

(4) the department determines the recipient

(A) has documented needs that cannot be met by other residential habilitation services under this section;

(B) has documented behaviors that would put the recipient or others at immediate risk of harm or a medical condition that would pose an immediate risk of injury or death without the provision of specialized services; and

(C) requires residential habilitation services from a provider with specialized qualifications as specified in the *Residential Habilitation Services Conditions of Participation*, adopted by reference in 7 AAC 160.900; and

(5) the services provide the oversight, care, and support needed by the recipient to prevent risk of institutionalization of the recipient.

(o) The department will pay for specialized group-home habilitation services under (n) of this section subject to the following limitations:

(1) services rendered by the specialized group-home habilitation staff, whether in the group home or in the community, may not be billed separately as day habilitation services under 7 AAC 130.260;

(2) a recipient's care coordinator must document, to the department's satisfaction in the recipient's support plan developed under 7 AAC 130.217 and 7 AAC 130.218, that the following criteria were evaluated by the planning team to determine that a specialized group-home habilitation services site is appropriate to provide services to the recipient:

(A) the needs of the recipient, including the need for specialized medical technology;

(B) the capacity of the provider to provide services for the specific needs of the recipient;

(C) the adequacy of the provider's plan for staff training, recipient safety, staff safety, service monitoring, and oversight regarding the number of individuals living at the site;

(D) the suitability of the physical site for the recipient;

(E) the number of other individuals living at the site, and whether any medical conditions or behavioral characteristics of

(i) those individuals could create a risk to the health, safety, and welfare of the recipient; and

(ii) the recipient could create a risk to the health, safety, and welfare of those individuals;

(F) the ability of other individuals living at the site to provide self-care;

(G) the nature of any complaints regarding the physical site, quality of care, staff, and how the provider certified in accordance with 7 AAC 130.220(a)(1)(E) resolved those complaints;

(3) the department will authorize payment for services in a specialized group-home habilitation services site for not more than three recipients if each recipient was evaluated and approved to receive services in accordance with the criteria of this subsection;

(4) the provider does not provide any other paid services to the provider's own specialized group-home habilitation recipient;

(5) the provider is not a legally responsible individual for any resident receiving specialized group-home habilitation in the provider's specialized group home; and

(6) if a recipient is eligible for specialized group home habilitation services, the department will not make separate payment for

(A) chore services under 7 AAC 127.087;

(B) respite services under 7 AAC 130.280;

(C) transportation services under 7 AAC 130.290;

(D) meal services under 7 AAC 130.295; or

(E) services provided by another resident of the specialized group home.

(Eff. 2/1/2010, Register 193; am 7/1/2013, Register 206; am 7/1/2015, Register 214; am 11/5/2017, Register 224; am 10/1/2018, Register 227; am 1/1/2021, Register 236; am 3/31/2021, Register 238; am 9/9/2021, Register 239; am ____ / ____ / _____, Register _____)

Authority: AS 47.05.010 AS 47.07.036 AS 47.07.040

AS 47.07.030

7 AAC 130.267(a)(1)(B) is amended to read:

(B) **residential** [GROUP-HOME] habilitation services under **7 AAC 130.265(b), (f), (l), or (n)** [7 AAC 130.265(f)] that are assigned the procedure code described in 7 AAC 145.520(h);

7 AAC 130.280(d)(3) is amended to read:

(3) the department will not pay for respite care services to

(A) relieve paid providers of Medicaid services, except providers of

(i) family home habilitation services under 7 AAC 130.265(b); or

(ii) specialized family home habilitation services under 7 AAC

130.265(l) and as allowed by Section VII.C of the Residential Habilitation

Services Conditions of Participation, adopted by reference in 7 AAC 160.900;

or

(B) provide oversight for minor children, other than a recipient of home

and community-based waiver services, in the home; for purposes of this subparagraph,

"minor children" means unemancipated individuals under 18 years of age;

(Eff. 2/1/2010, Register 193; am 7/1/2013, Register 206; am 7/1/2015, Register 214; am

11/5/2017, Register 224; am 1/1/2021, Register 236; am 3/31/2021, Register 238; am 9/18/2022,

Register 243; am ___ / ___ / _____, Register _____)

Authority: AS 47.05.010 AS 47.07.030 AS 47.07.040

7 AAC 130.319 is amended by adding a new paragraph to read:

(24) "legally responsible individual" means a recipient's spouse, a recipient's parent if the recipient is a minor child, a recipient's court-appointed legal guardian, or other individual who has a legal duty to support a recipient. (Eff. 2/1/2010, Register 193; am 11/3/2012, Register 204; am 7/1/2013, Register 206; am 7/1/2015, Register 214; am 11/5/2017, Register 224; am 10/1/2018, Register 227; am 10/1/2020, Register 235; am 3/31/2021, Register 238; am 9/18/2022, Register 243; am 1/22/2023, Register 245; am ____/____/_____, Register _____)

Authority: AS 47.05.010 AS 47.07.030 AS 47.07.040

((Publisher: Please change the period at the end of 7 AAC 130.319(23) to a semicolon.))

Chapter 145. Medicaid Payment Rates.

7 AAC 145.520(h) is amended to read:

(h) **In addition to the qualified recipient's daily rate provided under (f) and (g) of this section, a qualified recipient is eligible for an acuity add-on rate at the daily rate established in the *Chart of Waiver Services Rates*, adopted by reference in 7 AAC 160.900, if the [A] qualified recipient is receiving residential supported-living services under 7 AAC 130.255 that are assigned procedure code T2031 in the *Healthcare Common Procedure Coding System (HCPCS)*, adopted by reference in 7 AAC 160.900, [OR] family home habilitation services under 7 AAC 130.265 that are assigned the procedure code S5140 or S5145 in the *Healthcare Common Procedure Coding System*, group-home habilitation services under 7 AAC 130.265 that are assigned procedure code T2016 in the *Healthcare Common Procedure Coding***

System, specialized family home habilitation services under 7 AAC 130.265 that are assigned the procedure code S5140CG or S5145CG in the Healthcare Common Procedure Coding System, or specialized group-home habilitation services under 7 AAC 130.265 that are assigned the procedure code T2016CG in the Healthcare Common Procedure Coding System [IS ELIGIBLE FOR, IN ADDITION TO THE QUALIFIED RECIPIENT'S DAILY RATE PROVIDED UNDER (f) AND (g) OF THIS SECTION, AN ACUITY ADD-ON RATE AT THE DAILY RATE ESTABLISHED IN THE *CHART OF WAIVER SERVICES RATES*, ADOPTED BY REFERENCE IN 7 AAC 160.900]. For purposes of this subsection, a qualified recipient is a recipient for whom the department has given prior authorization under 7 AAC 130.267 for additional services.

(Eff. 2/1/2010, Register 193; am 3/1/2011, Register 197; am 4/1/2012, Register 201; am 7/1/2013, Register 206; am 1/1/2014, Register 208; am 7/1/2015, Register 214; am 8/18/2015, Register 215; am 10/1/2017, Register 223; am 3/1/2018, Register 225; am 10/1/2018, Register 227; am 7/1/2019, Register 231; am 8/1/2020, Register 235; am 1/1/2021, Register 236; am 9/9/2021, Register 239; am 5/1/2023, Register 246; am ____/____/_____, Register _____)

Authority: AS 47.05.010 AS 47.07.030 AS 47.07.040

Chapter 160. Medicaid Program; General Provisions.

7 AAC 160.900(d)(45) is amended to read:

(45) the *Residential Habilitation Services Conditions of Participation*, dated **June 23, 2025** [SEPTEMBER 5, 2017];

7 AAC 160.900(d)(62) is amended to read:

(62) the *Chart of Waiver Services Rates*, dated **August 5, 2025**, [MAY 1, 2023,] for providers of home and community-based waiver services under 7 AAC 130; (Eff. 2/1/2010, Register 193; am 8/25/2010, Register 195; am 12/1/2010, Register 196; am 1/1/2011, Register 196; am 1/15/2011, Register 197; am 2/9/2011, Register 197; am 3/1/2011, Register 197; am 10/1/2011, Register 199; am 12/1/2011, Register 200; am 1/26/2012, Register 201; am 3/8/2012, Register 201; am 4/1/2012, Register 201; add'l am 4/1/2012, Register 201; am 5/11/2012, Register 202; am 10/16/2012, Register 204; am 11/3/2012, Register 204; am 12/1/2012, Register 204; am 12/2/2012, Register 204; am 1/1/2013, Register 204; am 1/16/2013, Register 205; am 7/1/2013, Register 206; add'l am 7/1/2013, Register 206; am 11/3/2013, Register 208; am 1/1/2014, Register 208; am 2/2/2014, Register 209; am 3/19/2014, Register 209; am 3/22/2014, Register 209; am 5/18/2014, Register 210; am 2/26/2015, Register 213; am 3/15/2015, Register 213; am 7/1/2015, Register 214; am 5/1/2016, Register 218; am 6/16/2016, Register 218; am 7/22/2017, Register 223; am 11/5/2017, Register 224; am 3/1/2018, Register 225; am 10/1/2018, Register 227; am 1/1/2019, Register 228; am 3/24/2019, Register 229; am 6/2/2019, Register 230; am 6/13/2019, Register 230; am 7/1/2019, Register 231; am 10/25/2019, Register 232; am 11/10/2019, Register 232; am 4/24/2020, Register 234; am 5/21/2020, Register 234; am 6/25/2020, Register 234; am 10/1/2020, Register 235; am 10/4/2020, Register 236; am 1/1/2021, Register 236; am 3/31/2021, Register 238; am 6/30/2021, Register 238; am 8/27/2021, Register 239; am 9/9/2021, Register 239; am 10/9/2021, Register 240; am 11/1/2021, Register 240; am 5/25/2022, Register 242; am 9/4/2022, Register 243; am 9/18/2022, Register 243; am 10/16/2022, Register 244; am 12/1/2022, Register 244; am 12/23/2022, Register 244; am 3/3/2023, Register 245; am 3/26/2023, Register 245; am 5/1/2023, Register 246; am 5/19/2023, Register 246; am 1/1/2024, Register 248; am 2/1/2024, Register 249; am 2/2/2024, Register 249;

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add'l am 2/2/2024, Register 249; am 3/1/2024, Register 249; am 11/8/2024, Register 252; am 1/5/2025, Register 253; am 5/25/2025, Register 254; am 8/9/2025, Register 255; am 11/14/2025, Register 256; am ____/____/_____, Register _____)

Authority: AS 47.05.010 AS 47.07.030 AS 47.07.085
AS 47.05.012 AS 47.07.040