



April 30, 2025

Heidi Hedberg, Commissioner  
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**RE: Tribal Consultation on the Pharmacy Dispensing Fee SPA**

Dear Commissioner Hedberg and Ms. Hays:

The Alaska Native Tribal Health Consortium (ANTHC) is a statewide Tribal health organization serving all 229 tribes and all Alaska Native and American Indian (AN/AI) people in Alaska. ANTHC provides a wide range of statewide public health, community health, environmental health, and other programs and services for Alaska Native people and their communities. ANTHC operates programs at the Alaska Native Medical Center, the statewide tertiary care hospital for all AN/AI people in Alaska, under the terms of Public Law 105-83.

I am writing to provide our comments in response to your Dear Tribal Health Leader letter (DTHL) dated March 31, 2025, in which the Department of Health has initiated Tribal consultation on a proposed State Plan Amendment (SPA) to update professional pharmacy dispensing fees in the State's Medicaid program. The State's letter explains that DOH is planning to submit a SPA to amend Attachment 4.19-B of the State Medicaid Plan to adopt updated pharmacy dispensing fees as follows:

- a) On the Road, Non-Tribal Pharmacy - \$11.80
- b) Off the Road, Non-Tribal Pharmacy - \$22.17
- c) Tribal Health Pharmacy - \$26.81
- d) For an out-of-state pharmacy - \$10.76
- e) For a mediset pharmacy - \$16.58

Before providing our comments and recommendations, we want to take this opportunity to acknowledge the Department for its work on the 2024 pharmacy dispensing survey. The State and Tribal efforts to conduct and respond to the survey and complete the analysis have taken a significant amount of personnel time and resources. We want the Department to know we appreciate its work to address the pharmacy dispensing issues in Medicaid. ANTHC has also been party to the development of the Alaska Native Health Board's (ANHB) comment and recommendations letter on this issue. ANTHC fully supports the discussion and recommendations that are included in the ANHB letter.

During the virtual Tribal consultation session held on April 29<sup>th</sup>, ANTHC explained our concerns about the Myers & Stauffer analysis of the 2024 Cost of Dispensing (COD) Survey and the rates that are included in the proposed SPA. We do not believe that the proposed rates accurately reflect the cost of dispensing fees in the State of Alaska. ANTHC discussed how the Department's

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imposition of a 5% “reasonableness” cap on indirect cost data means that the data used to develop the proposed rates does not accurately reflect the true cost of dispensing as reported by Alaska Tribal Health System (ATHS) pharmacies. We are also concerned about the timing to approve the SPA and implement a regulatory package by an effective date of July 1, 2025. During the consultation we discussed that the Medicaid dispensing fees must not revert back to the 2019 pre-COVID rates and all efforts should be made to prevent this scenario from happening.

In a number of meetings leading up to the Tribal consultation, ATHS partners have shared with the Department how we provide high-quality, timely, and safe medication access close to the location of patients, saving millions of dollars in medical transport, morbidity and mortality are saved by the overall healthcare system at large. Oversight, regulatory compliance, quality improvement, security, billing/ financial, patient safety, controlled substance management, and a vast array of related services are delivered by ATHS pharmacies at hundreds of sites across the entire state on a daily basis. In addition, ATHS pharmacies spend tremendous amounts of money on expediting medications to patients in rural Alaska to treat both chronic and acute medical conditions. Alaskan THO Pharmacies employ tele-pharmacy services to improve the quality, safety, and timeliness of care for patients in rural Alaska. And the ATHS relies on pharmacists to improve the health outcomes of AN/AI patients. Alaska’s Tribal Health Pharmacies serve a vast array of clinical needs including outpatient, inpatient, emergency room, urgent care, Community Health Clinics, oncology and infusion centers, outpatient surgery centers, immunization services, and direct pharmacist-delivered primary care.

In light of these circumstances and issues discussed above, we make the following recommendations.

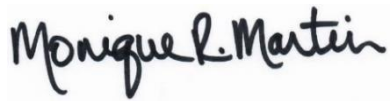
**ANTHC Recommendations:**

1. ANTHC applauds the State for the development of a distinct Tribal Health Pharmacy dispensing fee to appropriately reimburse Tribal pharmacies for their unique costs and reflect the health disparities of the population we serve. ANTHC recommends that the State continue to support and include this separate Tribal dispensing fee in the proposed SPA.
2. We further recommend that the Department submits an updated SPA that reflects proposed rates using cost data that does not include “reasonableness” adjustments; or adopt the current interim dispensing fee rates on a permanent basis.
3. If CMS indicates that the SPA will not be approved before the termination date for the interim rate, we recommend that the State request an extension of the interim rate until the SPA is approved.
4. Lastly, once a permanent SPA is adopted following the 2024 Cost of Dispensing (COD) Survey process, we urge the Department to begin planning for the next pharmacy dispensing survey to be conducted in the next two to three years. A part of the challenge related to the quality of the dispensing fee data is directly attributed to the survey instrument and how

certain questions were posed to elicit data and the differences between how retail pharmacies are organized than Tribal pharmacies.

We thank the Department for the opportunity to provide our comments and recommendations on the Pharmacy Dispensing Fee SPA. If you should have any questions concerning our letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Monique R. Martin". The signature is written in a cursive, flowing style.

Monique R. Martin, Vice President  
Intergovernmental Affairs