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March 31, 2025

Re: Tribal Consultation for Pharmacy Dispensing Fee SPA

Dear Tribal Health Leaders

On behalf of the Department of Health (the department) and in keeping with the responsibility to conduct tribal consultation, I am writing to inform you of a proposed Medicaid state plan amendment (SPA).

**Purpose and content of the proposed amendment:**

The department proposes to amend the Medicaid State Plan Attachment 4.19-B related to pharmacy dispensing fees. This SPA will update the pharmacy definitions and articulate updated dispensing fees as follows:

The professional pharmacy dispensing fee will be reimbursed no more than once every 22 days (for pharmacies described in a - d) and 14 days for (Mediset pharmacies as described in (e)) per individual medication strength, and based on the following schedule:

- 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

The definition of pharmacies will also be updated to clarify on/off-road, non-Tribal pharmacies and define a Tribal Health Pharmacy.

**Anticipated impact on Medicaid-eligible Alaska Native/American Indian (AN/AI) beneficiaries:**

The proposed update to the pharmacy dispensing fee structure is intended to maintain access to necessary medications for Medicaid-eligible AN/AI beneficiaries while establishing reimbursement rates reflective of the cost of dispensing medications. The \$26.81 dispensing fee for Tribal Health Pharmacies is designed to support the continued provision of pharmacy services within the Tribal

health system, which serves as a critical access point for AN/AI beneficiaries.

Given that Tribal pharmacies are often the primary source of medication for AN/AI beneficiaries, the proposed fee structure is intended to continue the operational sustainability of these services within the Tribal health system.

#### Anticipated impact on Tribal health programs and the Indian Health Service:

The establishment of a \$26.81 dispensing fee for Tribal Health Pharmacies aims to appropriately reimburse tribal health programs for the unique costs associated with providing pharmacy services within the Tribal health system.

The rate adjustments for non-tribal pharmacies, including separate rates for on- and off-road areas, are to maintain an adequate network of pharmacy providers for Medicaid beneficiaries while recognizing cost differences in service delivery. The differential rates are designed to support the continued participation of pharmacies that serve remote communities, which is crucial for maintaining medication access for AN/AI populations who may rely on both tribal and non-tribal pharmacy providers.

The updated dispensing fee structure seeks to reflect the actual cost of dispensing medications and support delivery of consistent, high-quality pharmacy services for Medicaid-eligible AN/AI beneficiaries. The proposed fees reflect the unique service delivery landscape in Alaska while supporting the critical role of Tribal health programs and the IHS in meeting the pharmaceutical needs of AN/AI beneficiaries.

#### Mechanism and timeline for comment

Corresponding regulations will be promulgated this quarter of the state fiscal year. Public comment will be available for these regulations separately on the public notice site.

Written comments or questions regarding the proposed amendment are due no later than the close of business, April 30, 2025. If seeking an in-person meeting regarding the proposed changes, please provide a written request within 15 days of the date of this letter. Please direct all written correspondence to Christal Hays, Alaska Department of Health and Social Services, 3601 C Street, Suite 902, Anchorage, AK 99503, or [christal.hays@alaska.gov](mailto:christal.hays@alaska.gov).

Sincerely,

/s/

Christal Hays

Medicaid State Plan Coordinator