



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

Department of Health

FINANCE AND MANAGEMENT SERVICES  
Juneau Office

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February 17, 2025

Valerie Rose, Fiscal Analyst  
Legislative Finance Division

Dear Valerie Rose:

The Department of Health would like to respond to a question about Medicaid that was asked during Director Painter's report on the FY2025 Intent Memo at the House Finance Committee meeting on February 6, 2025:

**What percent of overall Medicaid spending is currently based on Indian Health Services (IHS) rates, and is there a projection for the impact of growth in the IHS rates?**

Costs for IHS claims are highly volatile and variable and could result in an increase or decrease in costs based on factors that are unknown at this time to the Department of Health. In evaluating calendar year 2024 Medicaid claims payments, costs for this rate made up approximately 21 percent of spending. It is expected that in calendar year 2025, the rate increase will result in a cost increase of approximately \$100 million to the Medicaid budget. In general, a vast majority of these costs will be attributable to federal funds with a small portion to state match, approximately two percent.

If you have additional questions, please contact me at (907) 465-1630.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pam Halloran".

Pam Halloran  
Assistant Commissioner

cc: Valerie Rose, Fiscal Analyst, Legislative Finance  
Jordan Shilling, Director, Governor's Legislative Office  
Tim Hess, Office of Management and Budget  
Heidi Hedberg, Commissioner  
Robert Lawrence, Chief Medical Officer  
Emily Ricci, Deputy Commissioner  
Tracy Dompeling, Director of Division of Behavioral Health

Lynne Keilman-Cruz, Acting Director of Division of Health Care Services  
Tony Newman, Director of Division of Senior and Disabilities Services  
Raquel Solomon-Gross, Deputy Director of Finance and Management Services  
Dustin Scown, Budget Manager  
Courtney Enright, Legislative Liaison

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