

SUPREME COURT OF ALASKA

Maple Springs Management, LLC v. State of Alaska, Department of Health, Heidi Hedberg, and Aspen Creek Management, LLC

No. 7804 (Alaska Feb. 27, 2026) · No. S-19120 · Decided February 27, 2026

SUMMARY

The Alaska Supreme Court affirms the superior court’s decision upholding the Alaska Department of Health’s issuance of a certificate of need to Aspen Creek Management for a skilled nursing facility. The court holds that the Department reasonably interpreted its regulations to require use of the CASU methodology while retaining discretion to waive the 40-bed review standard based on service availability, quality, or accessibility. The court also concludes that the Department’s interpretation was not a departure requiring formal rulemaking under the Administrative Procedure Act.

CASE DETAILS

COURT	Supreme Court of Alaska
WRITING FOR THE COURT	Carney, Chief Justice; Borghesan, Justice; Henderson, Justice; Pate, Justice; Oravec, Justice
JURISDICTION	Supreme Court of Alaska
DECIDED	February 27, 2026
DOCKET	S-19120
DISPOSITION	affirmed
PROCEDURAL POSTURE	Maple Springs, a competing nursing-home operator and certificate-of-need holder, appealed the superior court's dismissal of its complaint challenging the Alaska Department of Health's issuance of a certificate of need to Aspen Creek. The appeal presented issues concerning interpretation of the Department's regulations, agency rulemaking obligations under the Administrative Procedure Act, and the reasonableness of the agency's decision.
STANDARD OF REVIEW	The court reviewed dismissal under Alaska Civil Rule 12(b)(6) de novo and independently reviewed the merits of the underlying administrative decision. It reviewed the agency's interpretation and application of its own regulations under the reasonable-basis standard, deferring unless the interpretation was plainly erroneous and inconsistent with the regulation. It independently reviewed whether the agency action was subject to the APA's notice-and-comment

	requirements and applied independent judgment to statutory-interpretation issues.
PRECEDENTIAL VALUE	published
PARTIES	Maple Springs Management, LLC v. State of Alaska, Department of Health, Heidi Hedberg, Commissioner, in her official capacity, Aspen Creek Management, LLC

TOPICS

administrative law judicial review of agency action rulemaking statutory interpretation health law

PRACTICE AREAS

administrative law health law healthcare facility regulation appellate procedure

QUESTIONS PRESENTED

1. Whether the Department's regulations required rejection of Aspen Creek's application because the CASU methodology did not show a need for at least 40 beds.
2. Whether the Department could waive the 40-bed review standard while requiring the applicant to use, and refusing to waive, the CASU methodology.
3. Whether the Department adopted a new interpretation of its regulations that required formal rulemaking under the Alaska Administrative Procedure Act.
4. Whether the Department had a reasonable basis for approving Aspen Creek's certificate of need.

HOLDINGS

1. The regulations require an applicant to use the prescribed CASU methodology, but they do not make the methodology's numerical result an absolute threshold barring approval. The Department may waive the 40-bed review standard when the regulatory conditions for waiver are satisfied.
2. The Department's interpretation of 7 AAC 07.025 was consistent with the authorizing statutes and legislative intent.
3. Formal rulemaking was not required because the Department's interpretation was a commonsense interpretation of existing regulations rather than a substantive, expansive, unforeseeable, or inconsistent change in interpretation.
4. The Department had a reasonable basis for approving the certificate of need.

KEY QUOTATIONS

“When read together both things can be true: (1) the methodology must be used; and (2) the Department has the authority to waive a review standard and approve a project,” (at 14)

“This interpretation is inconsistent with the regulations’ plain language and would render the Department’s

discretion under subsection (b) meaningless.” (at 15)

“Not all agency interpretations of statute or existing regulation require rulemaking.” (at 20)

FACTUAL BACKGROUND

Aspen Creek sought a certificate of need to construct a 150-bed skilled nursing facility in Anchorage. Applying the Department's prescribed composite age specific use methodology, Aspen Creek calculated a deficit of 22 nursing-home beds, below the regulatory minimum showing of 40 beds. The Department nevertheless recommended and approved the application based on the proposed facility's location, Anchorage's role as a healthcare hub for rural communities, and the facility's planned provision of sub-acute care unavailable elsewhere in Alaska. Maple Springs, which held its own certificate of need for a competing facility, challenged the approval.

PROCEDURAL HISTORY

Aspen Creek applied for a certificate of need to construct a 150-bed skilled nursing facility in Anchorage. Although its CASU calculation showed a deficit of only 22 beds rather than the regulatory minimum of 40, Department staff recommended approval based on additional quantitative and qualitative evidence, and the commissioner granted the certificate. Maple Springs sued for injunctive and declaratory relief; the superior court denied Maple Springs's summary-judgment motion and granted Aspen Creek's Rule 12(b)(6) motion, concluding that the Department could waive the 40-bed review standard while still requiring use of the CASU methodology. The superior court denied reconsideration, and the Alaska Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Alaska Spine Ctr., LLC v. Mat-Su Valley Med. Ctr., LLC, 440 P.3d 176 (Alaska 2019)
- Alleva v. Municipality of Anchorage, 467 P.3d 1083, 1087 (Alaska 2020)
- Pedersen v. Blythe, 292 P.3d 182, 184 (Alaska 2012)
- Heller v. State, Department of Revenue, 314 P.3d 69, 72 (Alaska 2013)
- North Slope Borough v. State, 484 P.3d 106, 113 (Alaska 2021)
- Davis Wright Tremaine LLP v. State, Department of Administration, 324 P.3d 293, 299, 302 (Alaska 2014)
- Tesoro Alaska Petroleum Co. v. Kenai Pipe Line Co., 746 P.2d 896, 903 (Alaska 1987)
- State v. Planned Parenthood of the Great Northwest, 436 P.3d 984, 991 (Alaska 2019)
- State, Department of Revenue v. Nabors International Finance, Inc., 514 P.3d 893, 898 (Alaska 2022)
- Premera Blue Cross v. State, Department of Commerce, Community & Economic Development, Division of Insurance, 171 P.3d 1110, 1115 (Alaska 2007)
- Kuzmin v. State, Commercial Fisheries Entry Commission, 223 P.3d 86, 89 (Alaska 2009)
- Copeland v. State, Commercial Fisheries Entry Commission, 167 P.3d 682, 683 (Alaska 2007)

- Basey v. Department of Public Safety, Division of Alaska State Troopers, Bureau of Investigations, 462 P.3d 529, 535 (Alaska 2020)
- Michael W. v. Brown, 633 P.3d 1105, 1109 (Alaska 2018)
- State v. Department of Commerce, Community & Economic Development, Division of Insurance v. Alyeska Pipeline Service Co., 262 P.3d 593, 597 (Alaska 2011)
- Stefano v. State, Department of Corrections, 539 P.3d 497, 502 (Alaska 2023)
- Chevron U.S.A., Inc. v. State, Department of Revenue, 387 P.3d 25, 39-41 (Alaska 2016)
- Burke v. Houston NANA, LLC, 222 P.3d 851, 868-69 (Alaska 2010)
- Marathon Oil Co. v. State, Department of Natural Resources, 254 P.3d 1078, 1082 (Alaska 2011)
- Radebaugh v. State, Department of Health & Social Services, Division of Senior & Disabilities Services, 397 P.3d 285, 294 (Alaska 2017)
- Kahtnu Ventures, LLC v. Department of Health & Social Services, OAH No. 12-0123-DHS (Alaska Super. June 18, 2014)
- South Anchorage Ambulatory Surgery Center v. State of Alaska, Department of Health & Social Services, OAH No. 06-0152-DHS (Alaska Super. July 2, 2008)