

SUPREME COURT OF ALASKA

Samissa Anchorage, Inc. v. Department of Health & Social Services

57 P.3d 676 (Alaska 2002) · No. S-10258 · Decided October 25, 2002

SUMMARY

The Alaska Supreme Court held that a Medicaid provider challenging reimbursement rates under AS 47.07.070 through administrative procedures was not entitled to prejudgment interest. The court concluded that AS 09.50.250 and AS 09.50.280 did not waive the state's sovereign immunity for such administrative rate challenges because the provider could not maintain an independent contract action under those provisions. The court affirmed the superior court's decision denying prejudgment interest.

CASE DETAILS

COURT	Supreme Court of Alaska
WRITING FOR THE COURT	Eastaugh, Justice; Fabe, Chief Justice; Matthews, Justice; Bryner, Justice; Carpeneti, Justice
JURISDICTION	Alaska
DECIDED	October 25, 2002
DOCKET	S-10258
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the Alaska Superior Court's decision affirming the Department of Health and Social Services' denial of prejudgment interest on Medicaid reimbursement rate adjustments.
STANDARD OF REVIEW	The court independently reviews administrative agency decisions when the superior court acts as an intermediate appellate court. It applies the substitution-of-judgment test to legal questions involving statutory interpretation and other legal relationships for which courts have specialized knowledge.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	Samissa Anchorage, Inc., d/b/a North Star Adolescent Hospital v. The Department of Health and Social Services, State of Alaska, Karen Perdue, in her official capacity as Commissioner of the Alaska Department of Health and Social Services, The Medicaid Rate Advisory Commission, State of Alaska, Jack Nielson, in his official

TOPICS

medicare medicaid judicial review of agency action administrative law statutory interpretation remedies

PRACTICE AREAS

administrative law health law Medicaid sovereign immunity statutory interpretation

QUESTIONS PRESENTED

1. Whether AS 09.50.280 authorizes prejudgment interest against the State of Alaska for Medicaid reimbursement rate challenges brought through the administrative procedures governing AS 47.07.070.
2. Whether North Star's Medicaid provider agreement, contract or quasi-contract theories, exhaustion of administrative remedies, unjust-enrichment theory, or the alleged time value of withheld funds provided an alternative statutory basis for prejudgment interest.
3. Whether the administrative Medicaid rate challenges were claims encompassed by the State's waiver of sovereign immunity in AS 09.50.250.

HOLDINGS

1. AS 09.50.280 does not authorize prejudgment interest for Medicaid reimbursement rate challenges brought under AS 47.07.070 and the related administrative procedures in 7 AAC 43.703 and .704.
2. It is unnecessary to decide whether North Star had a contract with the department because its Medicaid rate dispute was required to proceed as an administrative challenge rather than as an independent contract, quasi-contract, or unjust-enrichment action under AS 09.50.250.
3. The legislature did not intend prejudgment interest to be a remedy for delay in Medicaid rate-making proceedings under AS 47.07.

KEY QUOTATIONS

“Because the provider's claims under AS 47.07.070 are not covered by AS 09.50.250's waiver of sovereign immunity, we hold that the state is not liable for prejudgment interest under AS 09.50.280.” (677)

“North Star could not have maintained a section .250 action because its remedy was to pursue the administrative procedure provided in 7 AAC 43.703 and .704” (680)

“Because AS 09.50.250 does not apply to administrative appeals brought under AS 47.07.070, we AFFIRM the superior court decision that affirmed the department's denial of North Star's prejudgment interest claims.” (682)

FACTUAL BACKGROUND

Samissa Anchorage, doing business as North Star Adolescent Hospital, provided psychiatric services to Alaska Medicaid patients from 1993 through 1996. It successfully challenged the Medicaid reimbursement rates for those years through administrative proceedings and received additional payments totaling \$723,295 for 1993-1995 and \$959 for 1996, but the payments did not include prejudgment interest. North Star sought prejudgment interest under AS 09.50.250 and AS 09.50.280, arguing that its provider agreement was a contract or, alternatively, that its claims sounded in quasi-contract or unjust enrichment.

PROCEDURAL HISTORY

North Star challenged Medicaid reimbursement rates for services provided from 1993 through 1996 through the administrative procedures in 7 AAC 43.703 and .704. The department determined that North Star was entitled to additional reimbursement but denied or failed to award prejudgment interest. The superior court initially ordered prejudgment interest, but on rehearing vacated that order and affirmed the denial, after which North Star appealed to the Alaska Supreme Court.

DISPOSITION

affirmed

CASES CITED

- Justice v. RMH Aero Logging, Inc., 42 P.3d 549, 552 (Alaska 2002)
- Danco Exploration, Inc. v. State, Department of Natural Resources, 924 P.2d 432, 433-434 (Alaska 1996)
- Stewart & Grindle, Inc. v. State, 524 P.2d 1242, 1245 (Alaska 1974)