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*CPI – CMCS INFORMATIONAL BULLETIN*

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**CPI-B 11-03**

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**SUBJECT: Clarification of CMS expectations for State implementation of Medicaid Recovery Audit Contractor (RAC) programs**

This informational bulletin is to provide a clarification on the Centers for Medicare & Medicaid Services (CMS) expectations for State implementation of Medicaid RAC programs. Section 6411 of the Affordable Care Act, Expansion of the Recovery Audit Contractor (RAC) Program, required States to establish programs to contract with RACs to audit payments to Medicaid providers by December 31, 2010.

CMS issued a letter to State Medicaid Directors on October 1, 2010, providing preliminary guidance to States on the implementation of their RAC programs. In that letter we indicated States were to submit to CMS a State plan amendment (SPA) through which the State would either attest that it would establish a Medicaid RAC program by December 31, 2010, or indicate that it was seeking to be excepted from this provision. We also stated that we expected States to fully implement their RAC programs by April 1, 2011. In the Notice of Proposed Rulemaking (6034-P, "Medicaid Program; Recovery Audit Contractors," (published on November 10, 2010) we proposed the same date for implementation and solicited comments on that portion of the regulation.

Out of consideration for State operational issues and to ensure States comply with the provisions of the Final Rule, we have determined that States will not be required to implement their RAC programs by the proposed implementation date of April 1, 2011. Instead, when the Final Rule is published, it will indicate the new implementation deadline. We anticipate the final rule will be issued later this year.

We look forward to continuing our work together as we implement this important legislation and will issue more information regarding CMS support to States in the coming months. If you have questions regarding the information presented in this bulletin, please contact Ms. Angela Brice-Smith, Director of the Medicaid Integrity Group ([Angela.Brice-Smith@cms.hhs.gov](mailto:Angela.Brice-Smith@cms.hhs.gov)) or at 410-786-4340.