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State/Territory Name: Alabama

State Plan Amendment (SPA) #: 17-0007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

December 20, 2017

Ms. Stephanie Azar, Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

Re: Title XIX State Plan Amendment, AL #17-0007

Dear Ms. Azar:

Enclosed is an approved copy of Alabama's State Plan Amendment (SPA) 17-0007, received November 1, 2017. This SPA provides for an exception to 42 CFR 455.502(b), while the state procures a new Recovery Audit Contractor (RAC) vendor. The approval for the exception to the RAC requirements due to procurement is effective December 1, 2017 and expires on November 30, 2020. This SPA was approved on December 20, 2017.

If you have any questions regarding this SPA, please contact Alice Hogan at 404-562-7432 or Alice.Hogan@cms.hhs.gov.

Sincerely,

//s//

Charles Friedrich
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
AL-17-0007

2. STATE
Alabama

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
November 1, 2017

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR §455.12

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 0
b. FFY 2018 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Section 4.5, Pages 36.1 and 36.2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Section 4.5, Pages 36.1 and 36.2

10. SUBJECT OF AMENDMENT:

The primary purpose for this amendment is to seek an exception to 42 CFR §455.502(b), the Medicaid Recovery Audit Contractor (RAC) program.

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
Governor's designee on file
via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL:
//s//

13. TYPED NAME:
Stephanie McGee Azar

14. TITLE:
Commissioner

15. DATE SUBMITTED: 11/01/17

16. RETURN TO:
Stephanie McGee Azar
Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 11/01/2017

18. DATE APPROVED: 12/20/17

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
11/01/17

20. SIGNATURE OF REGIONAL OFFICIAL:
//s//

21. TYPED NAME:
Charles Friedrich

22. TITLE: Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

23. REMARKS:

State: **ALABAMA**

PROPOSED SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

<p><u>Citation</u></p> <p>Section 1902(a)(42)(B)(i) of the Social Security Act</p>	<p><u>X</u> The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.</p> <p><u>X</u> The State is seeking an exception to establishing such program for the following reasons:</p> <p>The State is seeking a three-year exception to 42 CFR §455.502(b), the Medicaid Recovery Audit Contractor (RAC) program, in order to procure a RAC vendor. The State did not receive any proposals in response to the Medicaid Recovery Audit Contractor (RAC) Services Request for Proposals issued on June 1, 2017. The Agency’s Program Integrity Division (PID) is responsible for detecting fraud and/or abuse. PID staff conducts post-payment reviews using medical records and claims data, initiates recoupments, works with investigators and/or Attorney General’s office on open cases, and coordinates with program staff to identify opportunities to correct or improve billing policies and system problems to avoid misspent dollars. Provider self-audits are also required following a desk review in which billing errors were identified.</p>
<p>Section 1902(a)(42)(B)(ii)(I) of the Act</p>	<p><u>N/A</u> The State/Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>Place a check mark to provide assurance of the following:</p> <p><u>N/A</u> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><u>N/A</u> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p> <p>The following payment methodology shall be used to determine</p>

	State payments to Medicaid RACs for recovered overpayments (e.g., the percentage of the contingency fee):
Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	<p><u>N/A</u> The State attests that if the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register, the State will only submit for FFP up to the amount equivalent to that published rate.</p> <p><u>N/A</u> The following payment methodology shall be used to determine State payments to Medicaid RACs for underpayments:</p> <p><u>N/A</u> The State will submit a justification seeking to pay the Medicaid RAC(s) a contingency fee higher than the highest contingency fee rate paid to Medicare RACs as published in the Federal Register.</p>
Section 1902 (a)(42)(B)(ii)(III) of the Act	<u>N/A</u> The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).
Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act	<u>N/A</u> The State assures that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State plan or a waiver of the plan.
Section 1902 (a)(42)(B)(ii)(IV)(bb) of the Act	<u>N/A</u> The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.
Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act	<u>N/A</u> Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the State plan or waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program.