

Table of Contents

State/Territory Name: Hawaii

State Plan Amendment (SPA) #: 13-002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

Patricia McManaman
Director, Department of Human Services
P.O. Box 339
Honolulu, HI 96809-0339

MAY 20 2014

Dear Ms. McManaman:

Enclosed is an approved copy of Hawaii's State Plan Amendment (SPA) No. 13-002, which was submitted to my office on March 15, 2013. This SPA provides for exceptions to Hawaii's Medicaid Recovery Audit Contractor program under Section 1902(a)(42)(B) of the Social Security Act. The provisions of this SPA are in compliance with Federal regulations under 42 CFR Part 440. The approval of this SPA is effective January 1, 2013, as requested.

Attached are copies of the new State Plan pages to be incorporated within Hawaii's approved State plan:

- Section 4.5, pages 80, 80a and 80b

If you have any questions, please contact Christy Bonstelle at (415) 744-3522, or christy.bonstelle@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Gloria Nagle.

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children's Health Operation

cc: Kenny Fink, Med-QUEST Administrator
Tom Duran, CMS Pacific Area Representative

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

1. TRANSMITTAL NUMBER:
13-002

2. STATE
HAWAII

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

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

4. PROPOSED EFFECTIVE DATE
January 1, 2013

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:
1902 (a)(42)(B) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2013 \$ 0.00
b. FFY 2014 \$ 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Section 4.5, page 80, 80a and 80b

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Section 4.5, page 80 and 80a

10. SUBJECT OF AMENDMENT:

The Medicaid Recovery Audit Contractor program exception request on the implementation date and for a full time Medical Director.

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:
AS APPROVED BY GOVERNOR

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

PATRICIA MCMANAMAN

14. TITLE:

DIRECTOR OF HUMAN SERVICES

15. DATE SUBMITTED:

JAN 15 2013

16. RETURN TO:

DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION
POLICY AND PROGRAM DEVELOPMENT OFFICE
P.O. BOX 700190
KAPOLEI, HI 96709-0190

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED:	18. DATE APPROVED: JAN 20 2013
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2013	
20. SIGNATURE OF REGIONAL OFFICIAL:	21. TYPED NAME:
22. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Hawaii

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation:

Section 1902(a)(42)(B)(i) of the Social Security Act

☒ 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.

☒ The State is seeking an exception to establishing such program for the following reasons:

- a. The State is asking for an approximated .10 FTE Medical Director or Medical Professional. The vendor will establish a network of licensed medical professionals to perform Medical Director duties as defined in this regulation. The exception to the Medical Director will allow the contingency fee to remain below the highest rate paid to Medicare RACs.
- b. Based on the CMS Informational Bulletin issued on February 1, 2011 and the final federal rules published on September 16, 2011, deferring the proposed April 1, 2011 implementation date for the RAC program to January 1, 2012, the State seeks an exception of its implementation date of April 1, 2011 to January 1, 2013. The deferral ensures compliance with the contract requirements in the statute which are contained in the current vendor contract.

Section 1902(a)(42)(B)(ii)(I) of the Social Security Act

☒ 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.

Place a check mark to provide assurance of the following:

☒ The State will make payments to the RAC(s) only from amounts recovered.

☒ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.

TN No. 13-002
Supersedes
TN No. 10-011

Approval Date:

MAY 20 2014

Effective Date: 01/01/2013

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Hawaii

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program (continued)Citation:

Section 1902(a) (42) (B) (ii) (II) (aa) of the
Social Security Act

The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):

- ☒ The State attests that the contingency fee paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.
- ☐ The State attests that the contingency fee rate paid to the Medicaid RAC will not 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.
- ☐ The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for the rate and will submit for FFP for the full amount of the contingency fee.

Section 1902(a) (42) (B) (ii) (II) (bb) of the
Social Security Act

- ☒ The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee): "Contingency Fee".

Section 1902(a) (42) (B) (ii) (III) of the Social
Security Act

- ☒ 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
Social Security Act

- ☒ 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
Social Security Act

- ☒ The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.

TN No. 13-002
Supersedes
TN No. 10-011

Approval Date:

MAY 20 2014

Effective Date: 01/01/2013

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Hawaii

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program (continued)

Citation:

Section 1902(a)(42)(B)(ii)(IV)(cc) of the
Social Security Act

- ☒ Efforts of the Medicaid RAC(s) will be coordinated with other contractors or 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.

TN No. 13-002
Supersedes
TN No. 10-011

Approval Date:

MAY 20 2014

Effective Date: 01/01/2013