

## **Table of Contents**

**State/Territory Name: IA**

**State Plan Amendment (SPA) #: 16-0027**

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
601 East 12<sup>th</sup> Street, Suite 355  
Kansas City, Missouri 64106



**Division of Medicaid and Children's Health Operations**

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July 5, 2016

Mikki Stier, Medicaid Director  
Department of Human Services  
Iowa Medicaid Enterprise  
100 Army Post Road  
Des Moines, IA 50315

Dear Ms. Stier:

The Centers for Medicare & Medicaid Services (CMS), Kansas City Regional Office, has completed its review of Iowa State Plan Amendment (SPA) Transmittal Number #16-027. This SPA was submitted on April 19, 2016 seeking an exception to the Medicaid Recovery Audit Contractor (RAC) Program in accordance with 42 §CFR 455.516.

CMS is granting the state an exception in accordance with 42 §CFR 455.516 until July 1, 2018. At this time it is not permissible to grant an exception to this policy indefinitely or beyond two (2) years.

SPA 16-027 was approved on June 30, 2016, with an effective date of July 1, 2016 as requested by the state. Enclosed is a copy of the CMS 179 form, as well as, the approved pages for incorporation into the Iowa State plan.

If you have any questions regarding these state plan amendment, please contact Sandra Levels at [Sandra.Levels@cms.hhs.gov](mailto:Sandra.Levels@cms.hhs.gov) or (816) 426-5925.

Sincerely,

7/5/2016

Megan K. Buck  
Acting Associate Regional Administrator  
for Medicaid and Children's Health Operations

Signed by: Megan K. Buck -A

Enclosures

cc:  
Charles Palmer, Director  
Alisa Horn  
Don Gookin  
Jennifer Steenblock

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER <div style="text-align: center;">1 6 — 0 2 7</div>	2. STATE <div style="text-align: center;">IOWA</div>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <div style="text-align: center;">July 1, 2016</div>	
		5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION <div style="text-align: center;">42 CFR 455 Subpart F</div>		7. FEDERAL BUDGET IMPACT a. FFY 2016 \$ 13,286 b. FFY 2017 \$ 213,048	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <div style="text-align: center;">Section 4.5, pages 36b, 36c</div>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <div style="text-align: center;">Section 4.5, pages 36b, 36c</div>	
10. SUBJECT OF AMENDMENT State requirement to contract with a Medicaid RAC vendor to identify overpayments and underpayments & to recoup overpayments; however, states may exclude managed care claims from RAC review. RAC vendors are paid on a contingency basis from funds recovered.			
11. GOVERNOR'S REVIEW (Check One) <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL		16. RETURN TO  CHARLES M. PALMER DIRECTOR DEPARTMENT OF HUMAN SERVICES 1305 EAST WALNUT 5TH FLOOR DES MOINES IA 50319-0114	
13. TYPED NAME <div style="text-align: center;">CHARLES M. PALMER</div>			
14. TITLE <div style="text-align: center;">DIRECTOR</div>			
15. DATE SUBMITTED <div style="text-align: center;">4-19-16</div>			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED <div style="text-align: center;">April 19, 2016</div>		18. DATE APPROVED <div style="text-align: center;">June 30, 2016</div>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL <div style="text-align: center;">July 1, 2016</div>		20. SIGNATURE OF REGIONAL OFFICIAL <div style="text-align: center;">//s//</div>	
21. TYPED NAME <div style="text-align: center;">Megan K. Buck</div>		22. TITLE <div style="text-align: center;">Acting Associate Regional Administrator for Medicaid and Children's Health Operations</div>	
23. REMARKS			

State/Territory: IOWA

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

## 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><input type="checkbox"/> 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><input checked="" type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:</p> <p><b>Under the state's predominately managed care delivery system, there is not sufficient fee-for-service claims volume to attract a RAC contractor.</b></p>
<p>Section 1902 (a)(42)(B)(ii)(I) of the Act</p>	<p><input type="checkbox"/> The State/Medicaid agency has contracts of the types(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>Place a check mark to provide assurance of the following:</p> <p><input type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><input type="checkbox"/> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>The following payments 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):</p> <p><input type="checkbox"/> 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.</p> <p><input type="checkbox"/> The State attests that 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>

State Plan TN # MS-16-027Effective 7/1/16Superseded TN # MS-11-002Approved 6/30/16

State/Territory: IOWA

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

## 4.5 Medicaid Recovery Audit Contractor Program (cont'd)

Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	<p>___ 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 that rate and will submit for FFP for the full amount of the contingency fee.</p> <p>___ 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):</p>
Section 1902 (a)(42)(B)(ii)(III) of the Act	<p>___ The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>
Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act	<p>___ 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.</p>
Section 1902 (a)(42)(B)(ii)(IV)(bb) of the Act	<p>___ The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.</p>
Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act	<p>___ 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.</p>

State Plan TN # MS-11-027Effective 7/1/16Superseded TN # MS-11-002Approved 6/30/16