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## **Table of Contents**

**State/Territory Name: Idaho**

**State Plan Amendment (SPA) #: 18-0009**

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Seattle Regional Office  
701 Fifth Avenue, Suite 1600, MS/RX-200  
Seattle, WA 98104



Division of Medicaid & Children's Health Operations

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November 19, 2018

Russell S. Barron, Director  
Department of Health and Welfare  
PO Box 83720  
Boise, ID 83720-0036

**RE: ID State Plan Amendment (SPA) Transmittal Number #18-0009 – Approval**

Dear Mr. Barron:

We have reviewed the proposed amendment to the Administration of Medicaid section of your Medicaid State plan submitted under transmittal number (TN) 18-0009. This SPA provides Idaho with an exception to 42 CFR 455.502(b) – which requires contracting with a Recovery Audit Contractor (RAC).

We are pleased to inform you that Medicaid State plan amendment 18-0009 is approved effective as of July 1, 2018. For your files, we are enclosing the HCFA-179 transmittal form and the amended plan pages.

If there are any questions concerning this approval, please contact me or your staff may contact Tom Couch at [Thomas.Couch@cms.hhs.gov](mailto:Thomas.Couch@cms.hhs.gov) or (208) 861-9838.

Sincerely,

A black rectangular box redacting the signature of David L. Meacham.

David L. Meacham  
Associate Regional Administrator

Enclosures

cc:  
Tracy Lombard, DHW

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

1. TRANSMITTAL NUMBER:  
**18-0009**

2. STATE  
IDAHO

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

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

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

4. PROPOSED EFFECTIVE DATE  
**7/1/2018**

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 455.502(b)

7. FEDERAL BUDGET IMPACT:  
No fiscal impact.

8. PAGE NUMBER OF THE PLAN SECTION OR  
ATTACHMENT:  
Administration of Medicaid, 4.5b, Medicaid Recovery  
Audit Contract Program, Pages  
36b, 36bi, and 36c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):  
Administration of Medicaid, 4.5b, Medicaid Recovery  
Audit Contract Program, Pages  
36b and 36c

10. SUBJECT OF AMENDMENT:  
Idaho Medicaid is requesting an exception to 42 CFR 455.502(b), which requires contracting with a Recovery Audit  
Contractor (RAC).

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

14. TITLE:  
Administrator

Matt Wimmer, Administrator  
Idaho Department of Health and Welfare  
Division of Medicaid  
PO Box 83720  
Boise ID 83720-0009

15. DATE SUBMITTED: 9/10/18

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:  
9/10/18

18. DATE APPROVED: 11/19/18

**PLAN APPROVED – ONE COPY ATTACHED**

Digitally signed by David L. Meacham -S

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
7/1/18

20. SIGNATURE

21. TYPED NAME: David L. Meacham

22. TITLE: Associate Regional Administrator Date: 2018.11.23 10:55:47 -08'00'

23. REMARKS:

9/10/18-State authorizes a P&I change to add pages 36b and 36c to block #9

9/28/18-State authorized a P&I change to blocks #8 and 9.

10/23/18-State authorizes a P&I change to add page 36bi to block #8

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: IDAHO

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4.5b Medicaid Recovery Audit Contract Program

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.

X The State's most recent RAC contract expired on June 30, 2016, and the State is seeking an exception from the requirement to establish such a program for the following reasons:

- 1) Idaho is a rural state and the numbers of enrolled participants and Medicaid spending does not rise to levels which attract vendors to work for a contingency fee.
- 2) Idaho Medicaid facility payment methodologies do not match Medicare methodologies. For example, Idaho does not pay inpatient claims based on Diagnosis Related Groups (DRG), but rather pays a predetermined percentage of the claim line billed amount.
- 3) Idaho received no response to three RFPs, despite offers of incentives, such as extending the three-year look-back period.
- 4) Idaho has developed two contracts to enhance these efforts. Idaho recently awarded a data analytics contract to IBM-Watson. This data mining software will help identify fraud and abuse not easily identified through other means. Through proven fraud and abuse metrics and algorithms, the state will be able to increase its identification of overpayments due to fraud, waste or abuse. Also, Qlarant is our Unified Program Integrity Contractor (UPIC) and will review overpayments and credit balance issues such as the following examples.
  - Duplicate payments by different insurers
  - Billings for services that were planned but not performed
  - Billing for non-covered services
  - Errors in calculating deductible or co-insurance amounts
  - Billing for outpatient services that were included in inpatient billings

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.

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 rate 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 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.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: IDAHO

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4.5b Medicaid Recovery Audit Contract Program (continued)

- 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.

The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments: Underpayment identification will be part of the vendor's scope of work. State is unsure of the methodology that will be used for reimbursement of the contractor for work related to underpayments.

The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).

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.

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

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.