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State/Territory Name: Louisiana

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 Page

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Dallas Regional Office  
1301 Young Street, Suite 833  
Dallas, Texas 75202



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

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November 2, 2017

Our Reference: SPA LA 17-0007

Ms. Jen Steele, State Medicaid Director  
Department of Health and Hospitals  
628 North 4<sup>th</sup> St.  
Post Office Box 91030  
Baton Rouge, LA 70821-9030

Attention: Karen Barnes

Dear Ms. Steele:

We have reviewed the State's proposed amendment to the Louisiana State Plan submitted under Transmittal Number 17-0007 dated August 24, 2017. This state plan amendment proposes to exempt the State from participation in the Recovery Audit Contract (RAC) program.

Based on the information submitted, we have approved the amendment for incorporation into the official Louisiana State Plan with an effective date change of August 5, 2017 through August 5, 2019. A copy of the CMS-179 and approved plan pages are enclosed with this letter.

If you have any questions, please contact Cheryl Rupley at (214) 767-6278 or by email at [Cheryl.Rupley@cms.hhs.gov](mailto:Cheryl.Rupley@cms.hhs.gov).

Sincerely,

A black rectangular box redacting the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

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

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

**17-0007**

2. STATE

**Louisiana**

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

4. PROPOSED EFFECTIVE DATE

**August 5, 2017**

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

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:

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

7. FEDERAL BUDGET IMPACT:

a. FFY 2017

\$0

b. FFY 2018

\$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Pages 79(ab)1 and 79(ab)2**

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 PAGE NUMBER OF THE SUPERSEDED PLAN  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

**Same (TN 13-22)**

10. SUBJECT OF AMENDMENT: **The SPA proposes to exempt the State from participation in the Recovery Audit Contract 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:

**The Governor does not review state plan material.**

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

**Rebekah E. Gee MD, MPH**

14. TITLE:

**Secretary**

15. DATE SUBMITTED:

**August 23, 2017**

16. RETURN TO:

**Jen Steele, Medicaid Director**

**State of Louisiana**

**Department of Health**

**628 North 4<sup>th</sup> Street**

**P.O. Box 91030**

**Baton Rouge, LA 70821-9030**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

August 24, 2017

18. DATE APPROVED:

November 2, 2017

**PLAN APPROVED – ONE COPY**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

August 5, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Bill Brooks

22. TITLE: Associate Regional Administrator

Division of Medicaid & Children's Health

23. REMARKS:

Revision:

State **LOUISIANA**

## 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>_____ 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> <ol style="list-style-type: none"> <li>1. The provisions of Act 568 of Louisiana Legislature excluded claims processed or paid through a capitated Medicaid managed care program from the RAC’s scope of review.</li> <li>2. The majority of Louisiana’s Medicaid claims are processed or paid through a capitated managed care program.</li> <li>3. State law limits the potential recoveries, making it difficult to attract potential vendors. Furthermore, the Department has determined that there are adequate auditing processes currently in place through the Surveillance Utilization Review unit (SURS), the Managed Care Special Investigation units and the CMS Medicaid Integrity Contractor (MIC).</li> </ol>
<p>Section 1902(a)(42)(B)(ii)(I) of the Act</p>	<p>_____ The State/Medicaid agency will have contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts will 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>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>_____ The State will make payments to the RAC(s) only from amounts recovered.</p> <p>_____ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p> <p>Payments to the RAC will be made on a flat fee basis from a pool of funds created through the identification of overpayments not to exceed the regulatory contingency fee percentage.</p>

TN 17-0007  
Supersedes  
TN 13-22

Approval Date 11-02-17

Effective Date 8-05-17 through 8-05-19

State: Louisiana  
Date Received: 8-24-17  
Date Approved: 11-2-17  
Date Effective: 8-5-17  
Transmittal Number: 17-0007

<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p> <p>Section 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(cc) Of the Act</p>	<p>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):</p> <p>_____ 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 fees paid will not exceed the regulatory contingency fee percentage.</p> <p>_____ 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 Federal Financial Participation (FFP) up to the amount equivalent to that published rate.</p> <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> <p>Payments to the RAC will be made on a flat fee basis from a pool of funds created through the identification of overpayments not to exceed the regulatory contingency fee percentage.</p> <p>_____ The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p> <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> <p>_____ The State assures that the recovered amounts will be subject to State's quarterly expenditure estimates and funding of the State's share.</p> <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>
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