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State/Territory Name: Tennessee

State Plan Amendment (SPA) #:17-0001

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

May 10, 2017

Wendy Long, MD Director, Bureau of TennCare 310 Great Circle Road Nashville, TN 37243

Re: TN SPA 17-0001 (RAC SPA)

Dear Dr. Long:

Enclosed is an approved copy of Tennessee's State Plan Amendment (SPA) 17-0001 which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 31, 2017. SPA 17-0001 requested an exemption to the required Medicaid Recovery Audit Contractor (RAC) Program. Due to Tennessee's Medicaid program being operated as a managed care delivery system, the state has determined that a RAC vendor is difficult to obtain and maintain because little to no revenue can be generated.

Based on the information provided, the Medicaid State Plan Amendment 17-0001 was approved on May 10, 2017. The effective date of this SPA is January 1, 2017. The signed 179 and approved plan pages are enclosed.

If you have questions regarding this amendment, please contact Kenni Howard at (404) 562-7413 or via email at kenni.howard@cms.hhs.gov.

Sincerely,

//s//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER: TN-17-0001	2. STATE TENNESSEE
STATE PLAN MATERIAL	111-17-0001	TENNESSEE
FOR: HEALTH CARE FINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE	
CENTERS FOR MEDICARE & MEDICAID SERVICES	January 1, 2017	
HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		
5. TYPE OF PLAN MATERIAL (Check One):		
	CONSIDERED AS NEW PLAN	x AMENDMENT
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AME 6. FEDERAL STATUTE/REGULATION CITATION:	NDMENT (Separate Transmittal for each 7. FEDERAL BUDGET IMPACT:	amendment)
Section 1902(a)(42) of the Act	a. FFY 2017 \$0)
	b. FFY 2018 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	
Section 4.5b, pages 36b and c	OR ATTACHMENT (If Applicable)	:
	Section 4.5b, pages 36b and c	
10. SUBJECT OF AMENDMENT: Section 4 – General Program Administration – Medicaid Recovery Audit Contractor Program.		
11. GOVERNOR'S REVIEW (Check One):		aveven.
x ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT ☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	☐ OTHER, AS SPE	CIFIED:
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:	
//s//	Tennessee Department of Finance and	
13. TYPED NAME:	Division of Health Care Finance and Ad Bureau of TennCare	aministration
Wendy Long	- 310 Great Circle Road	
14. TITLE: Director, Bureau of TennCare	Nashville, Tennessee 37243	
15. DATE SUBMITTED:03/31/17	Augustinas Carana Wasa I	
	Attention: George Woods	
FOR REGIONAL OF		
17. DATE RECEIVED: 03/31/17	18. DATE APPROVED: 05/10/17	
PLAN APPROVED – ON	E COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OF	FICIAL:
01/01/17	/s/	
21. TYPED NAME:	22. TITLE: Associate Regional Admin	
Jackie Glaze 23. REMARKS:	Division of Medicaid & Children Healt	in Opns
23. KUMAKKI.		

Revision:

State: Tennessee

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5b 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.	
	X The State is seeking an exception to establishing such program for the following reasons:	
	One hundred percent of Tennessee's Medicaid population is enrolled in managed care. During the period when the State retained a RAC vendor, there was not sufficient revenue generated under the contract to fund an adequate contingency fee, and the vendor requested that the contract be terminated. The State subsequently initiated a procurement for a new RAC vendor and received one proposal, but the proposer subsequently withdrew from consideration upon determining that the contract would generate insufficient revenue.	
Section 1902(a)(42)(B)(ii)(I) of the 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.	
Section 1902(a)(42)(B)(ii) (II)(aa)of the 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 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.	

TN No. 17-0001

Supersedes TN No. 11-012 Approval Date: 05/10/17

Effective Date: 01/01/17

Revision:

State: Tennessee

4.5b Medicaid Audit Contractor Program - continued.

	THE CONTRACT OF THE STATE OF TH
	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.
Section 1902(a)(42)(B)(ii) (II)(bb) of the 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):
	The Medicaid RAC will be paid an equivalent percentage contingency fee for the identification of underpayments.
Section 1902(a)(42)(B)(ii) (III) of the 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 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 Act	The State assures that the recovered amounts will be subject to State's quarterly expenditure estimates and funding of the State's share.
Section 1902(a)(42)(B)(ii) (IV)(cc) of the Act	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.

TN No. <u>17-0001</u> Supersedes TN No. <u>10-005</u>

Approval Date: 05/10/17

Effective Date: 01/01/17