

## Table of Contents

State/Territory Name: Texas

State Plan Amendment (SPA) #: 14-45

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page List
- 4) Approved SPA Pages

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**

---

November 25, 2014

Our Reference: SPA TX 14-045

Ms. Kay Ghahremani  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code H100  
Austin, Texas 78711

Dear Ms. Ghahremani:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 14-045, dated October 24, 2014. This state plan amendment reflects that the State has implemented its recovery audit contractor (RAC) program and has a RAC contract in place.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of October 1, 2014. A copy of the CMS-179 and approved plan pages are enclosed with this letter.

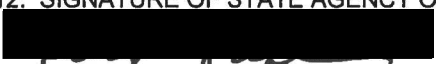

If you have questions, please contact Cheryl Rupley at (214) 767-6278.

Sincerely,

A black rectangular box redacting the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

cc: Becky Brownlee, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>14-045</b>	2. STATE:  <b>TEXAS</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE:  <b>October 1, 2014</b>	
5. TYPE OF PLAN MATERIAL <i>(Circle One)</i> :  <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 <i>(Separate Transmittal for each amendment)</i>			
6. FEDERAL STATUTE/REGULATION CITATION:  <b>Social Security Act 1902(a)(42)(B)</b>		7. FEDERAL BUDGET IMPACT: <b>SEE ATTACHMENT</b> a. FFY 2015      \$0 b. FFY 2016      \$0 c. FFY 2017      \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> :  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT:  <b>The proposed amendment reflects that the State has implemented its recovery audit contractor (RAC) program and has a RAC contract in place.</b>			
11. GOVERNOR'S REVIEW <i>(Check One)</i> :  <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <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:  <b>Kay Ghahremani State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711</b>	
13. TYPED NAME: <b>Kay Ghahremani</b>			
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>October 24, 2014</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:      24 October 2014		18. DATE APPROVED:      25 November 2014	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 October 2014		20. SIGNATURE OF REGIONAL ADMINISTRATOR: 	
21. TYPED NAME:      Bill Brooks		22. TITLE:      Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS:			

**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 14-045**

**Number of the  
Plan Section or Attachment**

**Number of the Superseded  
Plan Section or Attachment**

Basic State Plan  
Page 36b  
Page 36c

Basic State Plan  
Page 36b (TN 12-029)  
Page 36c (TN 12-021)

State: Texas  
Date Received: October 24, 2014  
Date Approved: November 25, 2014  
Date Effective: October 1, 2014  
Transmittal Number: 14-045

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

**State of Texas**

**4.5 Medicaid Agency Fraud Detection and Investigation**

**4.5b - Medicaid Recovery Audit Contractor Program**

<u>Citation</u>	
Section 1902(a)(42)(B)(i) of the Social Security Act	<input checked="" 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.
	<input type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:
Section 1902(a)(42)(B)(ii)(I) of the Act	<input checked="" type="checkbox"/> 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:
	<input checked="" type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.
	<input checked="" type="checkbox"/> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.

State: Texas  
Date Received: October 24, 2014  
Date Approved: November 25, 2014  
Date Effective: October 1, 2014  
Transmittal Number: 14-045

TN: 14-045

Approval Date: 11-25-14

Effective Date: 10-01-14

Supersedes TN: 12-029

**4.5b - Medicaid Recovery Audit Contractor Program (continued)**

<u>Citation</u>	
Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act	<p>The following payment methodology shall be used to determine State payments to Medicaid RAC(s) for recovered overpayments (e.g., the percentage of the contingency fee):</p> <p><u>  X  </u> The State attests that if the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RAC(s), as published in the Federal Register, the State will only submit for FFP up to the amount equivalent to that published rate.</p>
Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	<p><u>  X  </u> The following payment methodology will be used to determine State payments to Medicaid RAC(s) for underpayments:</p> <p>The specific payment methodology will be a contingency fee rate as agreed to in the contract.</p> <p><u>      </u> The State will submit a justification seeking to pay the Medicaid RAC(s) a contingency fee higher than the highest contingency fee rate paid to Medicare RAC(s) as published in the Federal Register.</p>
Section 1902 (a)(42)(B)(ii)(III) of the Act	<p><u>  X  </u> The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>

State: Texas  
Date Received: October 24, 2014  
Date Approved: November 25, 2014  
Date Effective: October 1, 2014  
Transmittal Number: 14-045

TN: 14-045

Approval Date: 11-25-14

Effective Date: 10-01-14

Supersedes TN: 12-021