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State/Territory Name: Rhode Island

State Plan Amendment (SPA) #: 20-0010

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

July 29, 2020

Womazetta Jones, Secretary
Executive Office of Health and Human Services State of Rhode Island
3 West Road
Cranston, Rhode Island 02920

Dear Secretary Jones:

Enclosed is an approved copy of Rhode Island's (RI) State Plan Amendment (SPA) No 20-0010 entitled, "*Exemption from the Recovery Audit Contractor Program*," which transmitted language to the NH Title XIX to extend the current exemption to the Recovery Audit Contractors (RACs) requirement to have a vendor that identifies and corrects improper Medicaid payments through the collection of overpayments and reimbursement of underpayments from July 1, 2020 to June 30, 2022.

This state plan amendment was submitted in the quarter ending June 30, 2020 for an effective date of July 1, 2020. If you have any further questions, please contact Joyce Butterworth at (857) 338-0554 or by e-mail at Joyce.Butterworth@cms.hhs.gov.

Sincerely,

James Scott, Director
Division of Program Operations

cc: Benjamin Shaffer, Deputy Secretary and Medicaid Director
Melody Lawrence, Director of Policy and Delivery System Reform

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

1. TRANSMITTAL NUMBER:
20-0010

2. STATE
RI

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

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
July 1, 2020

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN XX 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 2020 \$ 0
b. FFY 2021 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 36b and Page 36c *

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Page 36b and Page 36c; TN 17-009 *

10. SUBJECT OF AMENDMENT:

Exemption from the Recovery Audit Contractor 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

XX OTHER, AS SPECIFIED:
See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/s/

13. TYPED NAME: Womazetta Jones

14. TITLE: Secretary

15. DATE SUBMITTED: June 30, 2020

16. RETURN TO:

EOHHS
3 West Rd, Virks Building
Cranston, RI 02920

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 30, 2020

18. DATE APPROVED: July 29, 2020

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
July 1, 2020

20. SIGNATURE OF REGIONAL OFFICIAL: /s/

21. TYPED NAME: James G. Scott

22. TITLE: Director
Division of Program Operations

23. REMARKS:

* Pen and ink change to include all page numbers and record superseded plan page.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Rhode Island

4.5b Medicaid Recovery Audit Contractor Program

<p>Citation Section 1 902(a)(42)(B)(i) of the Social Security Act</p>	<p><u> </u> 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> <ul style="list-style-type: none"> • The state maintains a low rate of errors in Medicaid payments, as is evidenced by the most recent PERM review which found an overall a 3.81 error rate; • The last RAC contractor found few recoveries during two years of review. Based upon the small recovery, the contractor elected not to exercise the two option years under the contract. • The State’s estimate of errors to be recovered beyond the substantial controls are currently in place • Prior to the expiration of the exception, the State will analyze the most recent PERM results and the most timely audit results from other programs • According to recovery audit firms contacted by EOHHS, it is not cost-beneficial for auditing firms to submit bids due to the small number of enrollees and claims in our non-managed care programs; • EOHHS has strong and effective controls that minimize the risk of improper payments. These include a robust pre- and post - payment automated review mechanisms and numerous additional audit controls to prevent and detect improper payments, implemented in collaboration with the agency’s fiscal agent. Additionally, EOHHS has contractual relationships with a Pharmacy Benefit Manager, to ensure that through robust claims processing controls, concurrent and retrospective review of claims, and referrals to Program Integrity as needed, our beneficiaries receive medically necessary medications in the most cost-effective manner. • EOHHS Program Integrity staff works closely with the Medicaid Fraud Control Unit (MFCU) on areas of focus that are aligned with the agency’s strategic plan. <ul style="list-style-type: none"> - Several federal and state agencies conduct periodic reviews of the Medicaid eligibility systems, the claims processing function, and the Program Integrity unit
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Section 1902(a)(42)(B)(ii)(I) of the Act	<p>___ The State/Medicaid agency has contracts of the type(s) listed in section 1 902(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>___ 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>
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 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.</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 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>
Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	<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): The state will pay a contingency fee rate at the same percentage as for overpayments</p>
Section 1902 (a)(42)(B)(ii)(III) of the Act	<p>___ The State has an adequate appeals 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>

TN No: 20-0010

Supersedes

TN No: 17-009Approval Date: 07/29/2020Effective Date: July 1, 2020