

Table of Contents

State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 24-0018

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355 (300)
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

March 3, 2025

Janet Mann
Director of Health and Medicaid Director
Arkansas Department of Human Services
112 West 8th Street, Slot S401
Little Rock, AR 72201-4608

Re: Arkansas State Plan Amendment (SPA) AR-24-0018

Dear Director Mann:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) AR-24-0018. This amendment proposes a Recovery Audit Contractor (RAC) Exemption for a period of two years beginning February 1, 2025.

We conducted our review of your submittal according to statutory requirements in section 1902(a) of the Social Security Act subsection 42 (B) and implementing regulations. This letter informs you that Arkansas' Medicaid SPA TN AR-24-0018 was approved on February 28, 2025, with an effective date of February 1, 2025.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Arkansas State Plan.

If you have any questions, please contact Lee Herko at 570-230-4048 or via email at lee.herko@cms.hhs.gov.

Sincerely,

Ruth A. Hughes, Acting Director
Division of Program Operations

Enclosures

cc: Elizabeth Pitman

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>2</u> <u>4</u> — <u>0</u> <u>0</u> <u>1</u> <u>8</u>	2. STATE <u>A</u> <u>R</u>
		3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 02/01/2025	
5. FEDERAL STATUTE/REGULATION CITATION 1902(a)(42)(B) of the Social Security Act		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2025</u> \$ <u>0</u> b. FFY <u>2026</u> \$ <u>0</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Page 36-1 Page 36-1a		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) 36-1; AR 13-0012; App. Date: 05/07/14 New	
9. SUBJECT OF AMENDMENT Recovery Audit Contractor Exemption			
10. GOVERNOR'S REVIEW (Check One) <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
11. SIGNATURE OF STATE AGENCY OFFICIAL 12. TYPED NAME Elizabeth Pitman 13. TITLE Director, Division of Medical Services 14. DATE SUBMITTED 10/3/24		15. RETURN TO Office of Rules Promulgation PO Box 1437, Slot S295 Little Rock, AR 72203-1437 Attn: Mac Golden	
FOR CMS USE ONLY			
16. DATE RECEIVED October 3, 2024		17. DATE APPROVED February 28, 2025	
PLAN APPROVED - ONE COPY ATTACHED			
18. EFFECTIVE DATE OF APPROVED MATERIAL February 1, 2025		19. SIGNATURE OF APPROVING OFFICIAL	
20. TYPED NAME OF APPROVING OFFICIAL Ruth A. Hughes		21. TITLE OF APPROVING OFFICIAL Acting Director, Division of Program Operations	
22. REMARKS			

Revision: February 1, 2025

State Arkansas**SECTION 4 – GENERAL PROGRAM ADMINISTRATION****4.5 Medicaid Recovery Audit Contractor Program**Citation

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

—

The State established a program under which it contracts 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 from February 1, 2025, to January 31, 2027, for the following reasons:

Section
1902(a)(42)(B)(ii)(I) of
the Act

- The majority of Medicaid covered working-aged adults in Arkansas are covered through ARHOME, which is a private option plan for the expansion population, and a small portion of Arkansans are covered in its PASSE managed care program for specialized populations. Combined with the existing program integrity operation discussed next, a RAC program is not likely to be financially feasible in the state.
- Arkansas has a robust and effective program integrity operation; therefore, a RAC is not necessary. Arkansas has numerous program integrity measures in place to combat fraud, waste, and abuse in our state's Medicaid program, including:
 - The Office of Medicaid Inspector General (OMIG) housed within the Arkansas Department of Inspector General, independent of the state Medicaid agency, serves as the state's Medicaid program integrity unit performing the following functions:
 - Prevention, detection, and investigation of fraud, waste, and abuse (FWA) within the Arkansas Medicaid program
 - Audits of Medicaid providers
 - Referral of appropriate cases for criminal prosecution
 - Recovery of improperly expended Medicaid funds;
 - OMIG uses advanced program integrity data analytics proven effective in identifying FWA;
 - Federal Unified Program Integrity Contractor;
 - The state Medicaid agency housed within the Department of Human Services (DHS) requires pre and post payment review for 1667 individual Medicaid claims and prior authorization for 7154 individual procedure codes;
 - DHS contracts with multiple vendors to perform retrospective review of clinical, hospital, and specialty population claims;
 - The DHS Office of Payment Integrity reviews Medicaid claims and program policy to identify program policy improvements that will reduce the occurrence of FWA.

TN: 24-0018Approved: 02-28-25Effective: 02-01-25Supersedes: 13-0012

Revision: February 1, 2025

State Arkansas**SECTION 4 – GENERAL PROGRAM ADMINISTRATION****4.5 Medicaid Recovery Audit Contractor Program (continued)**Citation

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

_____ The State/Medicaid agency contracts 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:

Section
1902(a)(42)(B)(ii)(I) of
the Act

_____ 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 (percentage has not been determined):

_____ 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.

_____ 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.

TN: 24-0018Approved: 02-28-25Effective: 02-01-25Supersedes: NEW