

## **Table of Contents**

**State/Territory Name: Delaware**

**State Plan Amendment (SPA) #: 26-0002**

This file contains the following documents in the order listed:

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



Medicaid and CHIP Operations Group

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July 9, 2026

Andrew Wilson  
Medicaid Director  
Division of Medicaid and Medical Assistance  
Delaware Health and Social Services  
P.O. Box 906  
New Castle, DE 19720-0906

Re: Delaware State Plan Amendment (SPA) - 26-0002

Dear Director Wilson:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 26-0002. This amendment proposes to request an extension of the exception from participation in the Recovery Audit Contractor's (RAC) requirements under section 1902(a)(42)(B)(i) of the Act.

We conducted our review of your submittal in accordance with the statutory requirements of Title XIX of the Social Security Act. This letter informs you that Delaware's Medicaid SPA TN 26-0002 was approved on July 9, 2026, effective July 1, 2026, through June 30, 2028.

This approval exemption to waive the recovery audit contractor program is good for a two-year period and requires the state to seek CMS approval biannually. Enclosed are a copy of Form CMS-179 and the approved SPA page to be incorporated into the Delaware State Plan.

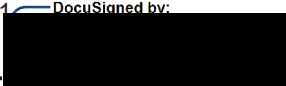
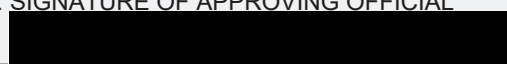
If you have any questions, please contact Taneka Rivera at (410) 786-9502, or via email at [Taneka.Rivera@cms.hhs.gov](mailto:Taneka.Rivera@cms.hhs.gov).

Sincerely,

A solid black rectangular box redacting the signature of Nicole McKnight.

Nicole McKnight  
Acting Director, Division of Program Operations

Enclosures

|                                                                                                                                                                                                                                                                                                  |  |                                                                                                                                                                |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL<br/>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>                                                                                                                                                                       |  | 1. TRANSMITTAL NUMBER<br><u>2</u> <u>6</u> — <u>0</u> <u>0</u> <u>0</u> <u>2</u>                                                                               | 2. STATE<br><u>DE</u> |
| TO: CENTER DIRECTOR<br>CENTERS FOR MEDICAID & CHIP SERVICES<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES                                                                                                                                                                                           |  | 3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT<br><input checked="" type="radio"/> XIX <input type="radio"/> XXI                                  |                       |
|                                                                                                                                                                                                                                                                                                  |  | 4. PROPOSED EFFECTIVE DATE<br><u>07/01/2026</u>                                                                                                                |                       |
| 5. FEDERAL STATUTE/REGULATION CITATION<br>• §1902(a)(42)(b) of the Social Security Act • The Patient Protection and Affordable Care Act                                                                                                                                                          |  | 6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)<br>a. FFY <u>2026</u> \$ <u>0</u><br>b. FFY <u>2027</u> \$ <u>0</u>                                        |                       |
| 7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT<br><br>Attachment General Program Administration and Table of Contents<br>Page 36a                                                                                                                                                              |  | 8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)<br><br>Attachment General Program Administration and Table of Contents<br>Page 36a |                       |
| 9. SUBJECT OF AMENDMENT<br><br>Medicaid Recovery Audit Contractor's (RAC) Program                                                                                                                                                                                                                |  |                                                                                                                                                                |                       |
| 10. GOVERNOR'S REVIEW (Check One)<br><input checked="" type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT<br><input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED<br><input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL<br><input type="radio"/> OTHER, AS SPECIFIED: |  |                                                                                                                                                                |                       |
| 11. DocuSigned by:<br><br>AGENCY OFFICIAL                                                                                                                                                                      |  | 15. RETURN TO<br><br>Andrew Wilson, Director, DMMA, P.O. Box 906 New Castle,<br>DE19720                                                                        |                       |
| 12. NAME OF AGENCY OFFICIAL<br>Andrew Wilson                                                                                                                                                                                                                                                     |  |                                                                                                                                                                |                       |
| 13. TITLE<br>Director                                                                                                                                                                                                                                                                            |  |                                                                                                                                                                |                       |
| 14. DATE SUBMITTED<br>4/14/2026                                                                                                                                                                                                                                                                  |  |                                                                                                                                                                |                       |
| <b>FOR CMS USE ONLY</b>                                                                                                                                                                                                                                                                          |  |                                                                                                                                                                |                       |
| 16. DATE RECEIVED<br>04/14/2026                                                                                                                                                                                                                                                                  |  | 17. DATE APPROVED<br>07/09/2026                                                                                                                                |                       |
| <b>PLAN APPROVED - ONE COPY ATTACHED</b>                                                                                                                                                                                                                                                         |  |                                                                                                                                                                |                       |
| 18. EFFECTIVE DATE OF APPROVED MATERIAL<br>07/01/2026                                                                                                                                                                                                                                            |  | 19. SIGNATURE OF APPROVING OFFICIAL<br>                                    |                       |
| 20. TYPED NAME OF APPROVING OFFICIAL<br>Nicole McKnight                                                                                                                                                                                                                                          |  | 21. TITLE OF APPROVING OFFICIAL<br>Acting Director, Division of Program Operations                                                                             |                       |
| 22. REMARKS                                                                                                                                                                                                                                                                                      |  |                                                                                                                                                                |                       |

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE/TERRITORY: **DELAWARE**

4.5 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.

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

- ☒ The State is seeking an exception to establishing such program for 2 years (7/1/26-6/30/28), for the following reasons:

Although the Delaware Division of Medicaid and Medical Assistance (DMMA) previously had a Recovery Audit Contract (RAC) vendor, that contract is no longer in place. DMMA posted a Request for Proposals (RFPs) in an attempt to attract a new RAC vendor but received no bids. The majority of Delaware's Medicaid population is enrolled in managed care and the providers treating them are not subject to audit recovery contracting. There is not sufficient revenue generation to fund an adequate contingency fee. Program review and assessment indicate RAC requirements as impractical and not cost-effective for Delaware's Medicaid program. The State does not use RAC program because Delaware has an agreement with the Unified Program Integrity Contractor (UPIC) to assist with auditing and collections of overpayments for the state's Medicaid program.

- ☐ 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. Delaware RFP for RACs is completed.

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

TN No. SPA# 26-0002

Supersedes

TN No. 24-0016

Approval Date July 9, 2026

Effective Date July 1, 2026