Table of Contents

State/Territory Name: Delaware

State Plan Amendment (SPA) #: 26-0002

This file contains the following documents in the order listed:

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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

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.

Sincerely,

[redacted]

Nicole McKnight
Acting Director, Division of Program Operations

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26 — 0002

2. STATE: DE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
07/01/2026

5. FEDERAL STATUTE/REGULATION CITATION
• §1902(a)(42)(b) of the Social Security Act • The Patient Protection a

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 0
b. FFY 2027 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment General Program Administration and Table of Contents Page 36a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment General Program Administration and Table of Contents Page 36a

9. SUBJECT OF AMENDMENT
Medicaid Recovery Audit Contractor's (RAC) Program

10. 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
( ) OTHER, AS SPECIFIED:

11. DocuSigned by: [redacted] AGENCY OFFICIAL

12. Andrew Wilson

13. TITLE
Director

14. DATE SUBMITTED
4/14/2026

15. RETURN TO
Andrew Wilson, Director, DMMA, P.O. Box 906 New Castle, DE19720

FOR CMS USE ONLY

16. DATE RECEIVED
04/14/2026

17. DATE APPROVED
07/09/2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
07/01/2026

19. SIGNATURE OF APPROVING OFFICIAL [redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Nicole McKnight

21. TITLE OF APPROVING OFFICIAL
Acting Director, Division of Program Operations

22. REMARKS

Instructions on Back

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