

Table of Contents

State/Territory Name: Kentucky

State Plan Amendment (SPA)#: 22-0001

This file contains the following documents in the order listed

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, Missouri 64106-2898



Medicaid and CHIP Operations Group

February 18, 2022

Ms. Lisa Lee
Commissioner, Department for Medicaid Services
Commonwealth of Kentucky
Cabinet for Health and Human Services
275 East Main Street, 6 West A
Frankfort, KY 40601

RE: State Plan Amendment (SPA) Transmittal Number 22-0001

Dear Ms. Lee:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #20-0004 Effective Date: From 4/1/2022 thru 3/31/2024
Approval Date: 2/17/2022

If you have any questions regarding this State Plan Amendment, please have a member of your staff contact Keri Toback at 312 353 1754 or by email at keri.toback@cms.hhs.gov.

Sincerely,



James G. Scott, Director
Division of Program Operations

Enclosures

cc: Sharley Hughes, KY DMS

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 2 — 0 0 1

2. STATE

Kentucky

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

4/1/2022

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

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

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)(i) of the Social Security Act

7. FEDERAL BUDGET IMPACT

a. FFY 2022 \$ -9000
b. FFY 2023 \$ -9000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Page 36.a and 36.a1

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Page 36.a - same
Page 36.a1 - new

10. SUBJECT OF AMENDMENT

The purpose of this SPA is to request an extension of our approved exception to establishing a recovery audit contractor. In 2019, CMS approved KY SPA 19-006, which approved an exception through April 1, 2022.

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

16. RETURN TO

13. TYPED NAME

Lisa D. Lee,

14. TITLE

Commissioner

15. DATE SUBMITTED

1/25/2022

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

01/25/2022

18. DATE APPROVED

02/17/2022

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

04/01/2022

20. SIGNATURE OF REGIONAL OFFICIAL

[Redacted Signature]

21. TYPED NAME

James G. Scott

22. TITLE

Director, Division of Program Operations

23. REMARKS

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5.1 Medicaid Recovery Audit Contractor Program

- | | | |
|---|-------------------------------------|---|
| Citation

Section 1902(a)(42)(B)(i)
Of the Social Security Act | <input 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 checked="" type="checkbox"/> | The State is seeking an exception to establishing such program for the following reasons: |

On 8/16/19, the Commonwealth of Kentucky was informed by our current RAC, Optum that they will not be interested in contracting with the Commonwealth after the contract ends in 3/31/20. Optum has been our sole respondent to our last two (2) RFP postings RFP 758 1700000001 (current contractual agreement effective 4/4/17)) and RFP 758 1000000342 (prior contractual agreement effective 10/4/10).

After consulting with CMS and observing the trends in other states (and our experience with lack of responses in the bidding process), the Commonwealth did not believe it was practical to put out a proposal at that time. The Commonwealth also believed that by utilizing alternative resources that provider recovery will be more successful than utilizing a Recovery Audit Contractor that in our experience struggled with the implementation of MCO recovery. We believed our alternative resources would align with federal guidelines and program initiatives to detect and protect the State Medicaid Program from fraud and abuse by providers and recipients as applicable.

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5.1 Medicaid Recovery Audit Contractor Program (EXCEPTIONS)

Our Alternative Resources are as follows:

The Commonwealth intends to continue the utilization of the Joint Operating Agreement with the CMS Unified Program Integrity Contractor (UPIC), CoventBridge Group, to include audits of the providers that the Kentucky RAC previously conducted. We have expanded our Managed Care Organizations (MCO) audits with CoventBridge Group to include data driven analytics (algorithms) to identify overpayments (and underpayments as applicable). We had begun this process, but implementation was slowed due to COVID-19. The Commonwealth is also researching the possibility of contracting with a state university to identify possible overpayments (and underpayments if applicable) on both MCO encounters (and the actual claims if necessary) and Fee for Service (FFS) claims. The Commonwealth would first like to explore the effectiveness of our UPIC before implementing next steps and contracting with another entity. Additionally, we also have added resources to our Audits and Compliance Branch in the Division of Program Integrity that may lead to additional identification of overpayments and possible referrals to the UPIC on providers that require an intensive medical record review.