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State/Territory Name: Maryland

State Plan Amendment (SPA)#: 24-0016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Form CMS-179
- 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

March 4, 2025

Ryan Moran
Medicaid Director
Maryland Department of Health
201 W. Preston Street, 5th Floor
Baltimore, MD 21201

Re: Maryland State Plan Amendment (SPA) 24-0016

Dear Mr. Moran:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 24-0016. This amendment proposes to request an extension of the exception from participation in the Recovery Audit Contractor's (RAC) Program.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act. This letter informs you that Maryland's Medicaid SPA TN 24-0016 was approved on March 4, 2025, effective November 1, 2024.

If you have any questions, please contact Talbatha Myatt at (215) 861-4259, or via email at Talbatha.Myatt@cms.hhs.gov.



James G. Scott, Director
Division of Program Operations

Enclosures

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 6

2. STATE

MD3. 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

November 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447.201

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 0b. FFY 2026 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Section 4 pg. 79y - 79y-1 (24-0016)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Section 4 pg. 79y - 79y-1 (17-0010)

9. SUBJECT OF AMENDMENT

This SPA allows the State to seek an exception that allows the State to waive requirements to obtain a Recovery Audit Contractor (RAC) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

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:

12. TYPED NAME
Tricia Roddy13. TITLE
Deputy Medicaid Director14. DATE SUBMITTED
12/10/2024

15. RETURN TO

Ryan Moran
Medicaid Director
Maryland Department of Health
201 W. Preston St., 5th Floor
Baltimore, MD 21201**FOR CMS USE ONLY**16. DATE RECEIVED
December 10, 202417. DATE APPROVED
March 4, 2025**PLAN APPROVED - ONE COPY ATTACHED**18. EFFECTIVE DATE OF APPROVED MATERIAL
November 1, 2024

19. SIG

20. TYPED NAME OF APPROVING OFFICIAL
James G. Scott21. TITLE OF APPROVING OFFICIAL
Director, Division of Program Operations

22. REMARKS

State/Territory: Maryland**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 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><u> X </u> The State is seeking an exception to establishing such program for the following reasons:</p> <p>Under the state's predominantly managed care delivery system, there is not sufficient fee-for-service claims volume to attract a RAC contractor. The State mitigates the need for the RAC contractor through the following agreements and processes:</p> <ul style="list-style-type: none"> • Managed care audits; • Maryland's Utilization Control Agent for hospital & long term care services' claims; • Maryland's Office of Inspector General's outlier claims analysis; • Maryland's Administrative Services Organization's audit requirements for mental and substance use disorder services; • The Independent Review Organization responsible for reviewing claims where medical necessity at issue; and • The Medical Integrity Program for dual-eligible beneficiaries. <p>This exemption will be effective from November 1, 2024 through October 31, 2026.</p>
	<p><u> </u> 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.</p> <p>Place a check mark to provide assurance of the following:</p>
Section 1902(a)(42)(B)(ii)(I) of the Act	<p><u> </u> The State will make payments to the RAC(s) only from amounts recovered.</p>
	<p><u> </u> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p>
	<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>
Section 1902(a)(42)(8)(ii)(II)(aa) of the Act	<p><u> </u> 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><u> </u> 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 will only submit for ITP up to the amount equivalent to that published rate.</p>

SECTION_4 - GENERAL PROGRAM ADMINISTRATION**4.5 Medicaid Recovery Audit Contractor Program**

	<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>
<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p>	<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):</p>
<p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p>	<p>___ The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>
<p>Section 1902 (a)(42)(I3)(ii)(IV)(aa) of the Act</p>	<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 waiver of the plan.</p>
<p>Section 1902 (a)(42)(I3)(ii)(IV)(bb) of the Act</p>	<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>
<p>Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act</p>	<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>