

## **Table of Contents**

**State/Territory Name: Michigan**

**State Plan Amendment (SPA) #: 25-0003**

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 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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March 6, 2025

Ms. Meghan E. Groen  
Senior Deputy Director  
Behavioral and Physical Health and Aging Services Administration  
Michigan Department of Health and Human Services  
400 S Pine Street, 7th Floor  
Lansing, MI 48933-2250

Re: Michigan State Plan Amendment (SPA) 25-0003

Dear Ms. Groen:

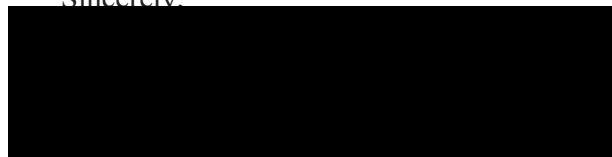
The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0003. This amendment proposes an exception to the Recovery Audit Contractor (RAC) Program.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations. This letter informs you that Michigan's Medicaid SPA TN 25-0003 was approved on March 5, 2025, effective April 1, 2025 through March 31, 2027.

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

If you have any questions, please contact Christine Davidson at (312) 886-3642 or via email at [Christine.Davidson@cms.hhs.gov](mailto:Christine.Davidson@cms.hhs.gov).

Sincerely,



James G. Scott, Director  
Division of Program Operations

Enclosures

cc: Erin Black, MI DHHS  
Erin Emerson, MI DHHS  
Toree Harris-Turner, CMCS  
Keri Toback, CMCS

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

1. TRANSMITTAL NUMBER

25 — 0003

2. STATE

MI3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT

TO: CENTER DIRECTOR

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

3. PROPOSED EFFECTIVE DATE

April 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

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

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$0

b. FFY 2026 \$0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

General Program Administration, Page 36a of Section  
4.5(a)(1)8. PAGE NUMBER OF THE SUPERSEDED PLAN  
SECTION OR ATTACHMENT (If Applicable)General Program Administration, Page 36a of  
Section 4.5(a)(1)  
(TN# 23-0004)

9. SUBJECT OF AMENDMENT

This SPA updates the time period for the existing exception to the Recovery Audit Contractor (RAC) requirements.

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:

FICIAL

11. TYPED NAME

Meghan Groen

12. TITLE

Senior Deputy Director

13. DATE SUBMITTED

February 13, 2025

15. RETURN TO

Behavioral and Physical Health and Aging Services  
Administration  
Office of Strategic Partnerships & Medicaid Administrative  
Services – Federal Liaison  
Capitol Commons Center – 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933

Attn: Erin Black

**FOR CMS USE ONLY**

16. DATE RECEIVED

February 13, 2025

17. DATE APPROVED

March 5, 2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

April 1, 2025

1

20. TYPED NAME OF APPROVING OFFICIAL

James G. Scott

21. TITLE OF APPROVING OFFICIAL

Director, Division of Program Operations

22. REMARKS

Revision: HCFA-PM-88-10 (BERC)  
 SEPTEMBER 1988  
 State: \_\_\_\_\_

MICHIGAN

Citation

4.5(a)(1)

Medicaid Recovery Audit Contractor Program

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.

☒ The State is seeking an exception to establishing such program effective April 1, 2025, through March 31, 2027, for the following reasons:

Due to program integrity policies and procedures now in place on the front end and the fact that the Michigan Medicaid population is predominately managed care, the existing Recovery Audit Contractor (RAC) indicated it was not interested in continuing. The State Of Michigan was unable to secure a new RAC who is interested and meets the minimum standards despite posting a request for proposal (RFP) multiple times in 2017.

The State of Michigan has entered into a Joint Operating Agreement (JOA) with the CMS Unified Program Integrity Contractor to conduct audits on Michigan Medicaid providers. The state requests that it be granted an exception to the RAC requirements to allow the State to expand utilization of this JOA to include RAC audits.

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

☐ 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.

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.

☐ 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.