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State/Territory Name: **New Jersey**

State Plan Amendment (SPA) #: **22-0003**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 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

February 8, 2022

Jennifer Langer Jacobs
Assistant Commissioner
NJ Department of Human Services
Division of Medical Assistance and Health Services
PO Box 712
Trenton, NJ 08625-0712

Re: New Jersey State Plan Amendment (SPA) #NJ-22-0003

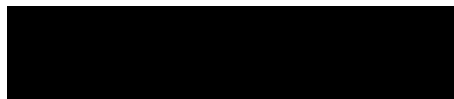
Dear Ms. Jacobs:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of New Jersey's state plan amendment (SPA) submitted under transmittal number #NJ-22-0003 on January 31, 2022. The state has proposed to suspend the Medicaid Recovery Audit Contractor Program, a requirement in section 1902(a)(42)(B)(i) of the Social Security Act, for a two year-year period because ninety-seven percent of Medicaid beneficiaries participate in managed care.

CMS has conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security. Based on the information that the state shared, CMS has approved #NJ-22-0003 on February 7, 2022 with an effective date of January 1, 2022, through December 31, 2023.

If you have any questions or wish to discuss this SPA further, please contact Terri Fraser of this office. Ms. Fraser may be reached by email at Terri.Fraser@cms.hhs.gov or by telephone at (410) 786-5573.

Sincerely,



James G. Scott, Director
Division of Program Operations

cc: Nicole McKnight
Terri Fraser
Gwen Braxton

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

1. TRANSMITTAL NUMBER

2 2 — 0 0 0 3

2. STATE

NJ

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

January 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION

Social Security Act 1902(a)(42)(B)(i)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2022 \$ 0
b. FFY 2023 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Section 4.5 pages 1, 2, and 3

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Same

9. SUBJECT OF AMENDMENT

State Plan Amendment requesting an extension to the exception from the Recovery Audit Contractor (RAC) program 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME
Sarah Adelman

13. TITLE
Acting Commissioner, Department of Human Services

14. DATE SUBMITTED
January 31, 2022

15. RETURN TO

Jennifer Langer Jacobs, Assistant Commissioner
Division of Medical Assistance and Health Services
P.O. Box 712, Mail Code #26
Trenton, NJ 08625-0712

FOR CMS USE ONLY

16. DATE RECEIVED
01/31/2022

17. DATE APPROVED
02/07/2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
01/01/2022

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL
James G. Scott

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

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY

4.5 Medicaid Recovery Audit Contractor Program

<p><u>Citation</u></p> <p>Section 1902(a)(42)(B)(i) of the Social Security Act</p> <p>Section 1902(a)(42)(B)(ii)(I) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>NA The State established a program under which it contracts 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> <p>X The State is seeking an exception to utilizing such program until January 1, 2024 for the following reasons:</p> <ol style="list-style-type: none"> 1. 42 CFR 455.506(a)(1) provides that states may exclude Medicaid managed care claims from review by Medicaid RACs. As of October 2021, 97% of all Medicaid/NJ FamilyCare beneficiaries participate in managed care. 2. Two of the larger RAC projects previously performed as RAC projects were removed from the RAC purview and delegated to two other RFPs: (a) the State’s TPL vendor, managed by MFD, assumed responsibility for seeking recoveries based on Long Term Care patient liability and credit balance claims; and (b) DMAHS’ hospital audit vendor assumed responsibility to perform utilization reviews for inpatient hospital claims. 3. Additionally, the MFD has robust Audit, Investigation and Data Mining Units that seek recoveries based on fraud, waste or abuse in both the Fee-for-service and Medicaid Managed Care areas. From these efforts, MFD recovered \$26,364,537 during SFY 2020 through SFY 2021. <p>NA 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> <p>NA The State will make payments to the RAC(s) only from amounts recovered.</p> <p>NA The State will make payments to the RAC(s) on a contingent Basis for collecting overpayments.</p>
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TN No. 22-0003

Supersedes TN No. 20-0002

Approval Date: 02/07/2022

Effective Date: 01/01/2022

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY

4.5 Medicaid Recovery Audit Contractor Program

<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 identification and recovery of overpayments (e.g., the percentage of the contingency fee): (rate has not yet been determined)</p>
<p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p>	<p>NA 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>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p>	<p>NA 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.</p>
<p>Section 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p>	<p>NA 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)(IV)(cc) Of the Act</p>	<p>NA 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): Contingency based on underpayments identified.</p>
<p></p>	<p>NA The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>
<p></p>	<p>NA 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 a waiver of the plan.</p>
<p></p>	<p>NA The State assures that the recovered amounts will be subject a State's quarterly expenditure estimates and funding of the State's share.</p>

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY

4.5 Medicaid Recovery Audit Contractor Program

	NA 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.

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