

## **Table of Contents**

**State/Territory Name:**                      **New Jersey**

**State Plan Amendment (SPA) #:**      **24-0002**

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

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May 7, 2024

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

Re: New Jersey State Plan Amendment (SPA) – #24-0002

Dear Assistant Commissioner Jacobs:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) #24-0002. This SPA proposes 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.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations at section 1902(a)(42)(B)(i). This letter informs you that New Jersey's Medicaid SPA TN #24-0002 was approved on May 6, 2024, with an effective date of January 1, 2024, through December 31, 2025.

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

If you have any questions, please contact Terri Fraser at (410) 786-5573 or via email at [Terri.Fraser@cms.hhs.gov](mailto:Terri.Fraser@cms.hhs.gov).

Sincerely,

A large black rectangular redaction box covers the signature of James G. Scott.

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 0 2

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, 2024**

5. FEDERAL STATUTE/REGULATION CITATION

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

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a FFY 2024 \$ 0  
b FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Section 4.5 pages 1, 2, and 3**

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 PAGENUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

~~same~~ **#22-0003 Section 4.5 pages 1, 2, and 3**

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, ASSPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME

Sarah Adelman

13. TITLE

Commissioner, Department of Human Services

14. DATE SUBMITTED

3/27/24

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

03/27/2024

17. DATE APPROVED

05/06/2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

01/01/2024

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

**4/30/24 - The state requested a P&I change in Box 8.**

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 through December 31, 2025 for the following reasons:</p> <ol style="list-style-type: none"> <li>1. 42 CFR 455.S06(a)(1) provides that states may exclude Medicaid managed care claims from review by Medicaid RACs. As of October 2023, 97% of all Medicaid/NJ FamilyCare beneficiaries participate in managed care.</li> <li>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.</li> <li>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 \$31,425,721 during SFY 2022 through SFY 2023.</li> </ol> <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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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>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>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>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.