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**State/Territory Name: Pennsylvania**

**State Plan Amendment (SPA) #: 25-0008**

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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March 12, 2025

Valerie A. Arkoosh, MD, MPH  
Secretary  
Department of Human Services  
P.O. Box 2675  
Harrisburg, PA 17105-2675

Re: Pennsylvania State Plan Amendment (SPA) 25-0008

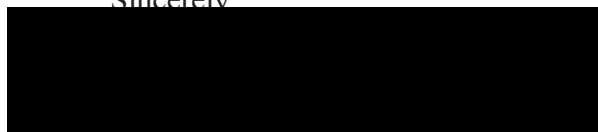
Dear Secretary Arkoosh:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0008. This amendment is a request for an exception from the Medicaid Recovery Audit Contractor (RAC) requirements.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act 1902(a)(42)(B) and Code of the Federal Regulations 42 CFR §455.516. This letter is to inform you that Pennsylvania Medicaid SPA 25-0008 was approved on March 5, 2025, with an effective date of June 1, 2025. This exception is approved for a two-year period and will expire on May 31, 2027.

If you have any questions, please contact Margaret Kosherzenko at 215-861-4288 or via email at [Margaret.Kosherzenko@cms.hhs.gov](mailto:Margaret.Kosherzenko@cms.hhs.gov).

Sincerely



James G. Scott, Director  
Division of Program Operations

cc: Sally Kozak  
Karen Fickes  
Eve Lickers  
Lacey Walker

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 8

2. STATE

PA3. 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

June 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR § 455.516

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 4.5  
Pages 36a, 36b and 36c8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)Section 4.5  
Pages 36a, 36b and 36c

9. SUBJECT OF AMENDMENT

The State is seeking an exception to the Medicaid Recovery Audit Contractor (RAC) Program

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

12. TYPED NAME

Valerie A. Arkoosh, MD, MPH

13. TITLE

Secretary, Department of Human Services

14. DATE SUBMITTED

February 4, 2025

15. RETURN TO

Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
Bureau of Policy, Analysis and Planning  
P.O. Box 2675  
Harrisburg, Pennsylvania 17105-2675**FOR CMS USE ONLY**

16. DATE RECEIVED

02/04/2025

17. DATE APPROVED

03/05/2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

06/01/2025

19.

20. TYPED NAME OF APPROVING OFFICIAL

James G. Scott

21. TITLE OF APPROVING OFFICIAL

Director, Division of Program Operations

22. REMARKS

#### 4.5 Medicaid Recovery Audit Contractor Program

TN No. 25-0008  
Supersedes  
TN 23-0007

**Effective Date: June 1, 2025**

<p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>Additionally, through a Joint Operating Agreement originating in February 2017, the CMS NE-Unified Program Integrity Contractor (UPIC) routinely conducts audits of Pennsylvania's MA providers. Work includes various scenarios for data analyses and development of methodology for review of various provider types and scenarios.</p> <p>Considering the foregoing,</p> <ul style="list-style-type: none"> <li>• CMS approved the PA DHS SPA request (SPA PA 19-001) on June 27, 2019, effective June 1, 2019, with an expiration date of May 31, 2021.</li> <li>• CMS approved a second PA DHS SPA request (SPA PA 21-0010) on June 1, 2021, with an effective date of June 1, 2021, and an expiration date of May 31, 2023.</li> <li>• CMS approved a third DHS SPA request (SPA PA 23-0007) on April 11, 2023, with an expiration date of May 31, 2025.</li> </ul> <p>Program Integrity activities continue in the FFS and MC delivery systems.</p> <p>For the foregoing reasons, DHS is requesting continued exception to having a Medicaid RAC, for two years effective June 1, 2025, through May 31, 2027.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p>	<p>_____ 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>Section 1902 (a)(42)(B)(ii)(III) of the Act</p>	<p>_____ The State will make payments to the RAC(s) only from amounts recovered.</p> <p>_____ The State will make payments to the RAC(s) on a contingent Basis for collecting overpayments.</p>
<p>Section 1902 (a)(42)(B)(ii)(IV)(aa) 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):</p> <p>_____ 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)(bb) of the Act</p>	<p>_____ 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>

Section 1902 (a)(42)(B)(ii)(IV)(cc)  
Of the Act

- \_\_\_\_\_ 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.
- \_\_\_\_\_ 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):
- \_\_\_\_\_ The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).
- \_\_\_\_\_ 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.
- \_\_\_\_\_ The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.
- \_\_\_\_\_ 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.