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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

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.

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  TO: CENTER DIRECTOR     CENTERS FOR MEDICAID & CHIP SERVICES     DEPARTMENT OF HEALTH AND HUMAN SERVICES  5. FEDERAL STATUTE/REGULATION CITATION 42 CFR § 455.516  7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Section 4.5 Pages 36a, 36b and 36c	1. TRANSMITTAL NUMBER  2 5 — 0 0 0 8 PA  3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT XIX XXI  4. PROPOSED EFFECTIVE DATE  June 1, 2025  6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a FFY 2025 \$ 0 b. FFY 2026 \$ 0  8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  Section 4.5 Pages 36a, 36b and 36c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:
	5. RETURN TO
	Commonwealth of Pennsylvania
12. TYPED NAME	Department of Human Services Office of Medical Assistance Programs
Valerie A. Arkoosh, MD, MPH	Bureau of Policy, Analysis and Planning
13. TITLE	P.O. Box 2675
Secretary, Department of Human Services  14. DATE SUBMITTED	Harrisburg, Pennsylvania 17105-2675
February 4, 2025	
FOR CMS USE ONLY	
16. DATE RECEIVED 102/04/2025	7. DATE APPROVED 03/05/2025
PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL 1	9
06/01/2025	
20. TYPED NAME OF APPROVING OFFICIAL 2	1. TITLE OF APPROVING OFFICIAL
James G. Scott	Director, Division of Program Operations
22. REMARKS	

Revision:

State: Pennsylvania

#### **SECTION 4 - GENERAL PROGRAM ADMINISTRATION**

### 4.5 Medicaid Recovery Audit Contractor Program

## Citation The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the Section 1902(a)(42)(B)(i) purpose of identifying underpayments and overpayments of of the Social Security Act Medicaid claims under the State plan and under any waiver of the State plan. X The State is seeking an exception to establishing the RAC Program for the following reasons: In accordance with 42 CFR Ch. IV § 455.516, a state may seek to be excepted Section 1902(a)(42)(B)(ii)(I) from some or all Medicaid RAC contracting requirements. of the Act Pennsylvania's Department of Human Services (DHS) established a RAC Program effective May 2011 through a contingency fee-based contract with CGI Federal, Inc. (CGI). CGI elected to terminate their contract in

DHS released a Request for Proposal (RFP) on November 1, 2018, to seek assistance in performing Retrospective Provider Reviews, including RAC requirements, for the Fee-for-Service and Managed Care (MC) delivery systems. No proposals were received.

2015. At that time, DHS transferred the remaining life of the contract to Health Management Systems, Inc. (HMS) effective September 2015. Pennsylvania's RAC contract with HMS expired on May 31, 2019.

HMS transferred remaining case files to DHS. DHS staff completed reviews of FFS short-stay inpatient hospital services, the scope of RAC reviews. The Department has continued these reviews and had broadened their scope by conducting routine reviews of extended-stay admissions as well as short-stay inpatient hospital services in both the MC as well as the FFS delivery systems.

Pennsylvania's program integrity activities are executed in both the FFS and MC environments with strong oversight, coordination, and follow-up by the Bureau of Program Integrity. Additionally, DHS has a well- defined oversight and monitoring process for the MCOs' program integrity responsibilities.

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Supersedes
TN <u>23-0007</u>

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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 Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act scenarios for data analyses and development of methodology for review of various provider types and scenarios. Considering the foregoing, • 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. • 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. • CMS approved a third DHS SPA request (SPA PA 23-0007) on April 11, 2023, with an expiration date of May 31, 2025. Program Integrity activities continue in the FFS and MC delivery systems. 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. 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 Section 1902 (a)(42)(B)(ii)(II)(bb) statute. of the Act 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 Section 1902 (a)(42)(B)(ii)(III) Basis for collecting overpayments. of the Act The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of Section 1902 (a)(42)(B)(ii)(IV)(aa) overpayments (e.g., the percentage of the contingency fee): of the Act 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. Section 1902(a)(42)(B)(ii)(IV(bb) of the Act 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.

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Section 1902 (a)(42)(B)(ii)(IV)(cc) Of the Act	<ul> <li>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.</li> <li>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):</li> </ul>
	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.

TN No. \_\_\_25-0008\_\_\_\_\_ Supersedes TN \_\_23-0007\_\_\_\_\_

Approval Date: <u>03/05/2025</u> Effective Date: <u>June 1, 2025</u>