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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
August 31, 2022

Cheryl J. Roberts, Acting Director
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, VA  23219

Re:  Virginia State Plan Amendment 22-0019

Dear Ms. Roberts:

The Centers for Medicare & Medicaid Services (CMS) has reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 22-0019. This amendment requests an extension of the current exception from the Recovery Audit Contractor Program.

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 §455.51. This letter is to inform you that Virginia Medicaid SPA 22-0019 was approved on August 29, 2022, with an effective date of July 1, 2022. This exception will expire on July 1, 2024.

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

1. TRANSMITTAL NUMBER: 220019
2. STATE: VA
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: XIX
4. PROPOSED EFFECTIVE DATE: 07/01/2022
5. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 455
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: Pre-Print Page, Page 36b
8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   Same as box #8

9. SUBJECT OF AMENDMENT:
Recovery Audit Contractor (RAC) - Exemption Request

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

11. SIGNATURE OF STATE AGENCY OFFICIAL:

12. TYPED NAME:
    Cheryl J. Roberts

13. TITLE:
    Acting Director

14. DATE SUBMITTED:
    06-27-2022

15. RETURN TO:
    Department of Medical Assistance Services
    600 East Broad Street, #1300
    Richmond VA 23219
    Attn: Policy, Regulations, and Manuals Supervisor

FOR CMS USE ONLY

16. DATE RECEIVED:
    08/08/2022

17. DATE APPROVED:
    08/29/2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL:
    07/11/2022

19. SIGNATURE OF APPROVING OFFICIAL:

20. TYPED NAME OF APPROVING OFFICIAL:
    James G. Scott

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

22. REMARKS:

Instructions on Back
STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of VIRGINIA

4.5b 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 purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan. |
| § 1902(a)(42)(B)(i) of the Social Security Act | X The State is seeking an exception to establishing such program for the following reasons: Virginia submitted a request for an exception with SPA VA-20-0003 in May, 2020 and was granted an exception, with an expiration date of July 1, 2022. The state is seeking an extension to its current exception, as VA still maintains a large managed care population in the state. DMAS transitioned to a 95% managed care program environment in 2021, such that the claims-eligible RAC review has been rendered largely obsolete. Additionally, a search to secure a vendor to operate an efficient RAC program, in this new environment, proved unviable and cost inefficient for Virginia Medicaid. |
| § 1902(a)(42)(B)(ii)(I) of the Act |  |
| § 1902(a)(42)(B)(ii)(II)(aa) 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 basis for collecting overpayments. |

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. |